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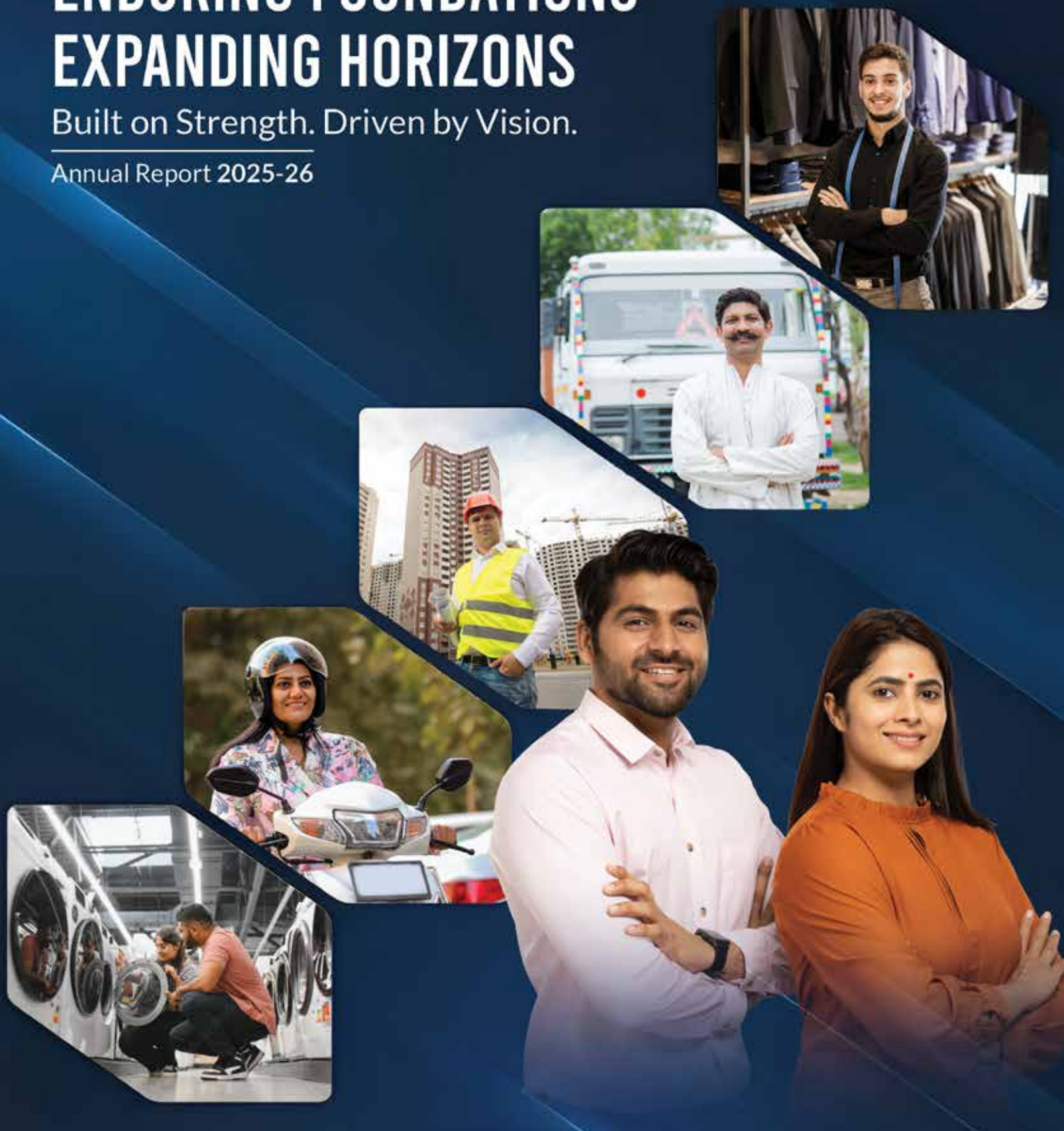
HDB FINANCIAL SERVICES

ENDURING FOUNDATIONS EXPANDING HORIZONS

Built on Strength. Driven by Vision.

Annual Report **2025-26**



About HDBFS 8

About the Report

Basis of Reporting

This report offers an overview of both the financial and non-financial performance of the Company. Additionally, it highlights the significant initiatives undertaken to meet the needs of the wider community.

Approach to Reporting

Through this report, the Company aims to offer stakeholders a comprehensive view of the business' value-creation ability, competitive advantages, operating context, performance highlights, future prospects, risks, opportunities, governance structure and approach towards long-term sustainability.

Reporting Period, Scope and Boundary

The reporting period for this Annual Report is April 01, 2025 to March 31, 2026. It provides an overview of the Company's operations and business development activities. The content of this report has been reviewed by the senior management of the Company and approved by the Board of Directors to ensure accuracy, completeness and relevance of the information presented.

14 Financial Excellence

32 People

Products

36

Management Assurance

The Board of Directors provides assurance to stakeholders regarding the accuracy and reliability of the information presented in this Annual Report. With a commitment to transparency and accountability, the management affirms that the report reflects the Company's performance, financial position and strategic endeavours faithfully.

Investor Information

CIN	L65993GJ2007PLC051028
BSE Code	544429
NSE Symbol	HDBFS
Dividend Declared	Final Dividend @20% i.e. ₹2/- on each Equity Share
AGM Date	June 25, 2026
AGM Mode	Video Conferencing / Other Audio Visual Means

Across the Pages

Corporate Overview 02-59

Theme Introduction	02
Key Performance Indicators: FY 2025-26	04
Our IPO Story	06
About HDBFS	08
Journey	12
Financial Excellence	14
Chairman's Message	18
MD & CEO's Message	20
Operating Context	24
Value Creation Model	28
Pillars of Growth	30
Sustainability	50
Environmental	52
Governance	54
Awards	57
Corporate Information	58

Statutory Reports 60-211

Notice	60
Directors' Report	83
Management Discussion and Analysis	94
Report on Corporate Governance	120
Business Responsibility and Sustainability Report	157

Financial Statements 212-325

Scan this QR Code to access the Investor Relations page:

Disclaimer: This document contains statements about expected future events and financials of HDB Financial Services Limited ('the Company') which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

ENDURING FOUNDATIONS EXPANDING HORIZONS

Built on Strength. Driven by Vision.

Institutions are not built in a single year. They are built through the discipline of holding course when conditions shift, the clarity to invest where it matters and the patience to let foundations compound into scale.

For HDB Financial Services (HDBFS), FY 2025-26 was a year that bore out exactly this thought. The Company emerged demonstrably stronger, anchored by disciplined governance, a diversified portfolio and a robust risk framework. These strengths enabled it to navigate global uncertainties with stability, deliver consistent double-digit growth and maintain a high-quality, granular portfolio.

Underpinning this is a clear vision: to be India's most admired NBFC by delivering innovative products that serve the evolving needs of an aspirational India. HDBFS completed its initial public offering in July 2025, a milestone that marks a defining shift in institutional maturity.

The engine behind this was calibrated, high-quality growth. Through its phygital model, combining 1,730 branches with advanced digital sourcing and analytics, the Company strengthened its presence across underpenetrated Tier 2, 3 and 4 markets while enhancing credit underwriting, customer engagement and operational responsiveness. Simultaneously, it continued to build a more agile and future-ready operating model. This model is better equipped to adapt to changing market conditions, regulatory developments and the emerging contours of a post-AI financial ecosystem.

Scale, however, was never the only measure. Through responsible lending, strong governance, a focused ESG approach and impactful CSR initiatives, the Company continues to balance ambition with resilience and growth with purpose.

These are the marks of an institution built to last and grow. **Enduring Foundations** have been laid. **Expanding Horizons** now beckon. **Built on Strength. Driven by Vision.**

Key Performance Indicators: FY 2025-26

Measurable Strength

Expanding Scale

Operational Highlights

31
Presence across States & Union Territories

1,730
Branches

22.9 Mn
Customers as on March 31, 2026

Financial Highlights

₹1,187.33 Bn
AUM

₹25.44 Bn
PAT

₹686.09 Bn
Disbursement

2.19%
ROA

13.94%
ROE

Digital Highlights

14.1 Mn
App Downloads

Sustainability Highlights

98.31%
Paperless Onboarding

1.51 Mn
Women Borrowers

₹589.2 Mn
CSR Spend

429
Water Conservation Structures Restored

88,162
Total Number of Employees

2
Women Directors

A Landmark Listing

A New Chapter Begins

In July 2025, HDBFS completed its maiden IPO, stepping into a new phase of institutional maturity through its successful public listing. The listing expanded the Company's visibility and opened a powerful platform to pursue emerging opportunities and solidify its leadership in the financial landscape. At 17x oversubscription, the market's response spoke clearly to the Company's business fundamentals, calibrated growth strategy and long-term value creation potential. The symbolic ringing of the bell signalled the beginning of a more ambitious chapter.

₹12,500 Crore
Issue Size

~13%
Listing Premium

₹740
Issue Price

₹835
Per Share Listing Price

17x
Oversubscribed

HDBFS: A Diversified, Retail-Focused NBFC

HDB Financial Services Limited (also referred as 'HDBFS' or 'The Company') is a non-deposit taking non-banking finance company (NBFC). The Company is dedicated to addressing the credit needs of individuals, emerging businesses and micro enterprises. Established in 2007 as a subsidiary of HDFC Bank Limited, HDBFS is categorised as an 'Upper Layer' NBFC by the Reserve Bank of India (RBI). The Company serves a wide and growing customer base through a diversified lending portfolio, delivered across an omni-channel distribution network. Its lending solutions are expertly delivered through the three core business verticals: Enterprise Lending, Asset Finance and Consumer Finance.

One of the leading, diversified retail-focussed NBFCs in India

Categorised as an Upper Layer NBFC (NBFC-UL) by the RBI

One of India's largest and fastest growing customer franchises

Key Supporting Strengths

Certified Upper Layer NBFC

Conservative liability franchise

CARE & CRISIL
AAA/STABLE
(for Long-term Debt and Bank Facilities)

CARE & CRISIL
A1+
(for Commercial Papers)

1,730 branches spread across **1,161** cities and towns

Top **20** largest borrowers contribute **~0.30%** of loans

22.9 Mn Customers

What We Stand for

- Best-in-class governance practices through a pedigreed parentage
- Focused on prudent, purposeful, resilient growth
- Customers, people and stakeholders at the heart of everything we do

Vision

To be India's most admired NBFC, through great execution, driving simplicity and developing humility

Values

Integrity

We ensure that the highest standard of professional conduct is embedded in every corner of the organisation. It defines how we go about our business and treat our people, customers and stakeholders.

- We are transparent and ethical in the way we conduct ourselves.
- We are honest and fair and base our conclusions on facts.
- We have a strong moral code and take responsibility of our actions.

Respect

As we continue to increase our reach in every corner of the country, we value those who work with us and the contributions that they make to our business.

- We respect our people's individuality and diversity.
- We conduct ourselves in a manner that reflects the spirit of inclusion and humility.
- We treat all our customers, employees and stakeholders with respect and empathy.

Simplicity

We keep our customers, employees and stakeholders at the heart of everything we do.

- We focus on removing complexities.
- We deliver solutions that are simple and relevant.
- Our communication, policies and processes are simple to understand and easy to follow.

Mission

To deliver innovative products and services to cater to the growing needs of aspirational India, serving both individual and business clients

Collaboration

We believe that success is achieved not by any one individual but by teams that work together.

- We operate in a spirit of collaboration and teamwork.
- We support and encourage people to use their expertise and experience to solve everyday challenges.
- We embrace a mindset of openness and trust that helps in breaking silos.

Agility

We proactively respond to the changing market environment and evolving needs of our customers.

- We strive to deliver the highest sustainable standards through efficient and timely execution.
- Our speed of action reflects our readiness to continuously improve and our openness to change and discovery.
- We are flexible and constantly look for ways to enhance efficiencies.

Excellence

In our journey of becoming India's most admired NBFC, we want to excel and set high standards in every aspect.

- We aim to execute flawlessly and deliver the highest quality of service and value through simple, relevant solutions.
- We challenge ourselves to meet our goals and pursue excellence.
- We consistently strive to exceed the expectations of our customers, colleagues and stakeholders.

Our Foundational Pillars

Each of the pillars outlined below is further elaborated in detail in the sections that follow.

- People
- Processes
- Products
- Partnerships

Customer Categories We Cater to

- Small Business Owners
- Millennials
- Women
- Entrepreneurs
- Farmers
- Corporates
- Salaried Person

Journey of Enduring Growth

The trajectory of HDBFS reflects a disciplined evolution from an emerging financial player into a systemically important, scale-led institution. Defined by a strategic expansion of product capabilities and a pervasive national footprint, this journey has culminated in the Company's milestone transition to an independently capitalised, publicly-listed entity. These structural achievements solidify the foundation upon which HDBFS will execute its next phase of sustainable and inclusive value creation.

FY 2007–08

Opened the first branch in Chennai, Tamil Nadu.

FY 2009–10

Introduced commercial vehicle loans and loans against gold.

FY 2010–11

- Accredited with CARE AAA credit rating for non-convertible debentures issue and reached 100 branches across India.
- Launched auto loans and commercial equipment loans.

FY 2011–12

Achieved AUM of ₹10,000 Crore.

FY 2014–15

Expanded branch network to 500 locations across India.

FY 2025–26
Listed on July 02, 2025.

FY 2024–25
Crossed AUM of ₹1,00,000 Crore.

FY 2015–16
Reached 1,000 branches and introduced consumer durables loans.

FY 2018–19
Achieved AUM of ₹50,000 Crore.

FY 2020–21
Reached AUM of ₹60,000 Crore.

FY 2017–18
Rolled out two-wheeler loans.

FY 2019–20
Introduced microfinance and lifestyle finance loans.

FY 2022–23
- Expanded branch network to 1,500 locations across India.
- Categorised as an Upper Layer NBFC (NBFC-UL) by the RBI.

FY 2016–17
Launched tractor finance loans and digital product loans.

Built on Strength

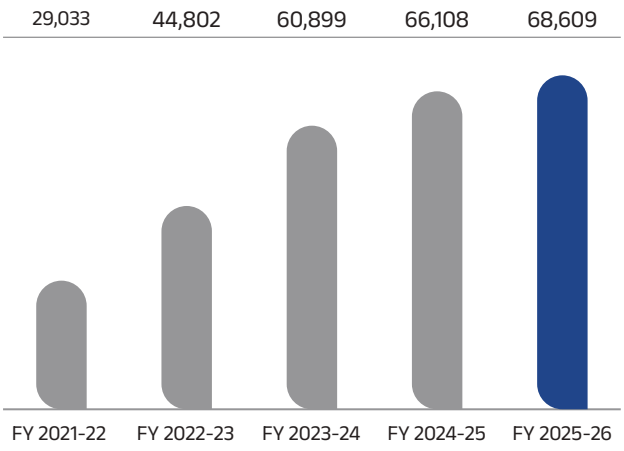
Driven by Financial Vision

FY 2025-26 was a defining year for HDBFS, marked by strategic progress, sustained operational execution and strengthened market positioning. The Company continued to expand its customer franchise and lending portfolio with consistency, crossing ₹1,187.33 Bn in AUM during the year.

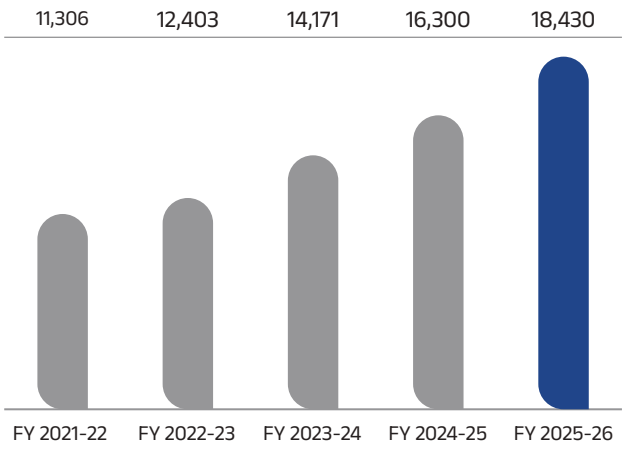
The growth momentum was supported by strong core profitability, stable Net Interest Margins (NIMs) and continued focus on operational efficiency and productivity enhancement. Asset quality remained a key strategic priority, with disciplined underwriting practices and proactive collection mechanisms enabling resilience across business cycles.

The successful completion of the Company's IPO in July 2025 further strengthened its capital base, enhanced market visibility and positioned HDBFS strongly to pursue its next phase of sustainable long-term growth.

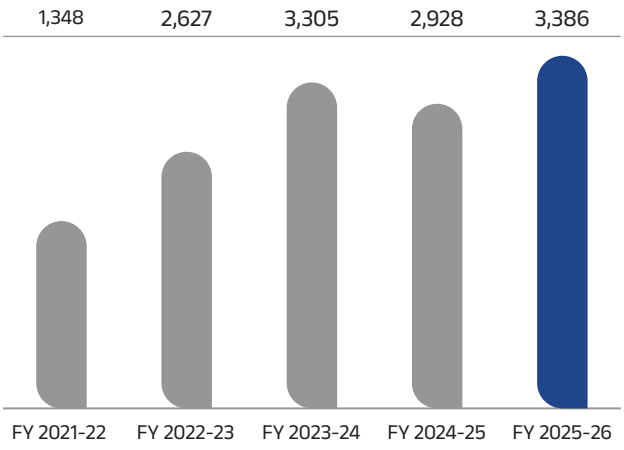
Total Disbursements
(₹ in Crore)



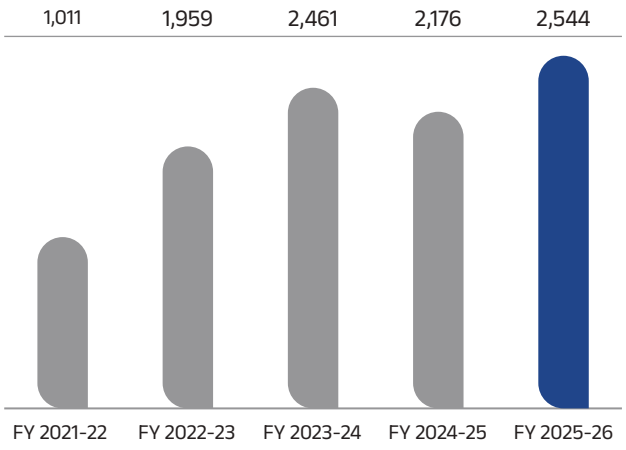
Total Revenue
(₹ in Crore)



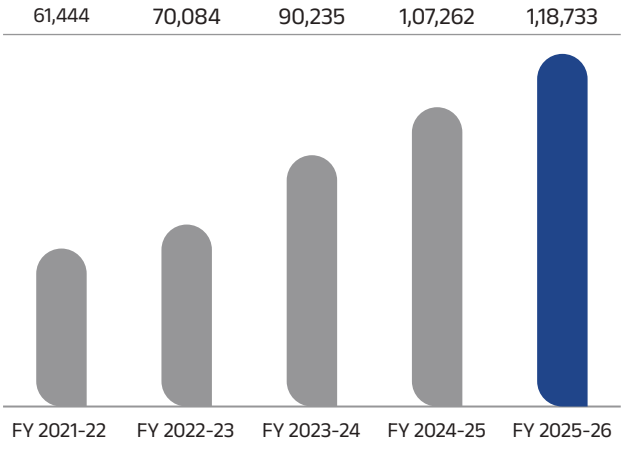
Profit Before Tax
(₹ in Crore)



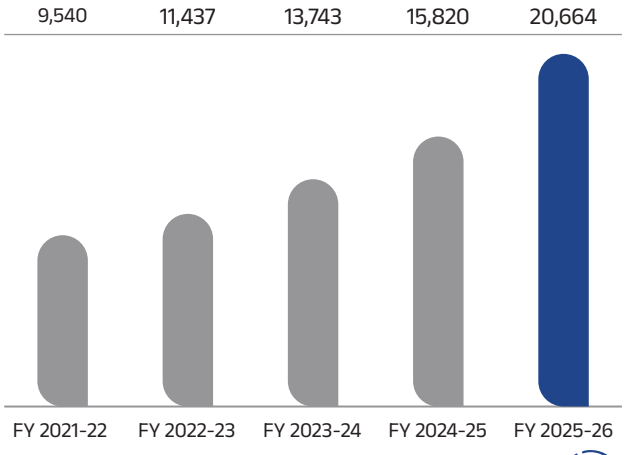
Profit After Tax
(₹ in Crore)



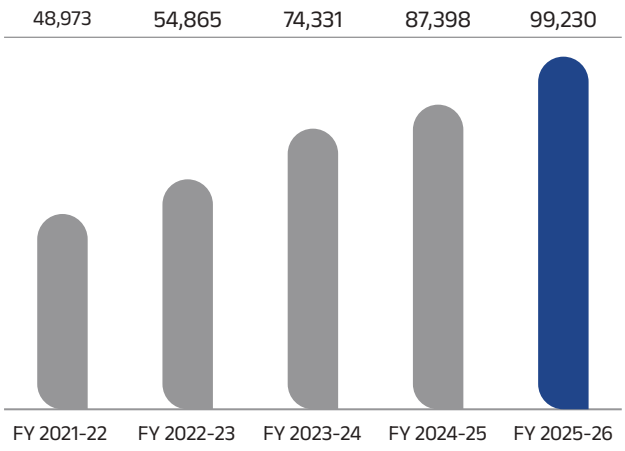
Assets Under Management
(₹ in Crore)



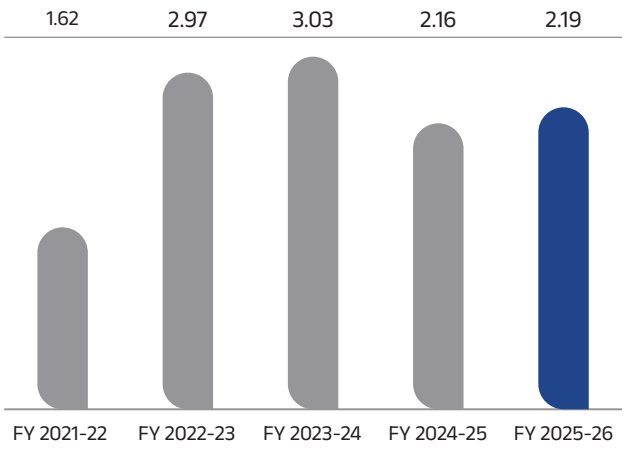
Shareholders' Funds
(₹ in Crore)



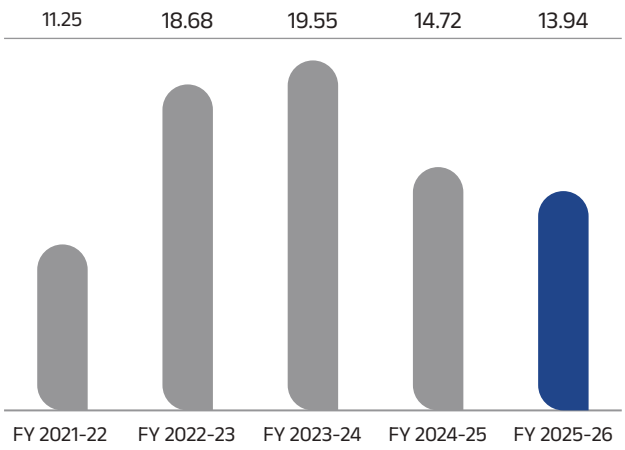
Borrowings
(₹ in Crore)



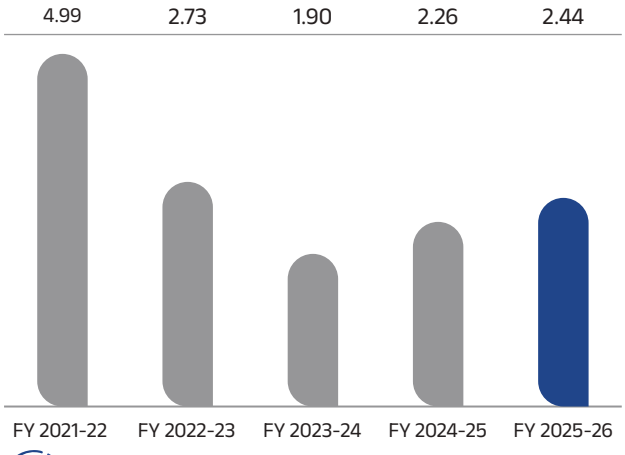
Return on Assets
(In %)



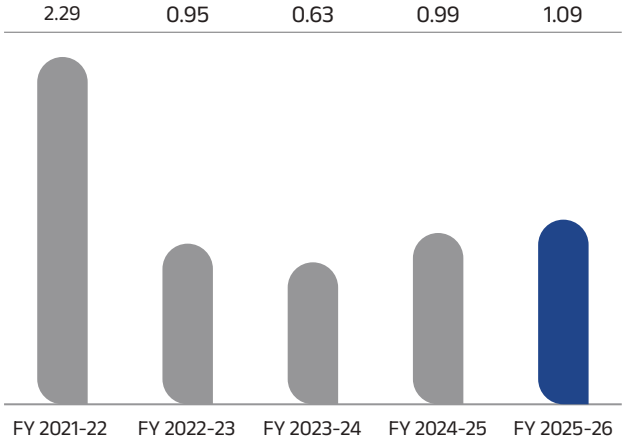
Return on Equity
(In %)



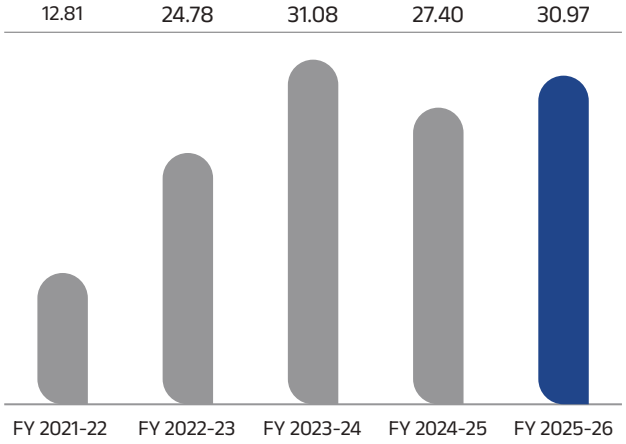
Gross NPA
(In %)



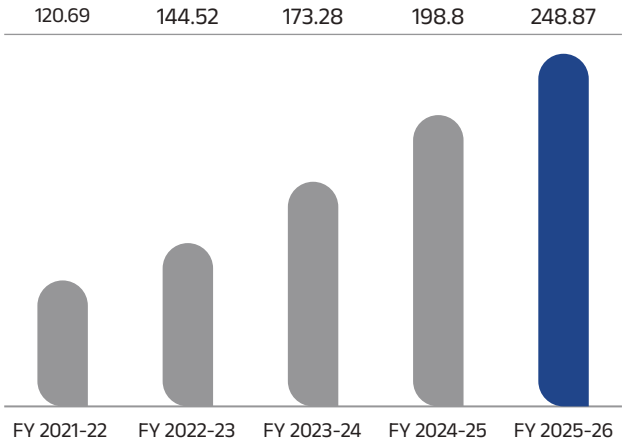
Net NPA
(In %)



Earnings Per Share
(₹)



Book Value Per Share
(₹)



SDG Linkages

Note from the Chairman

It is a privilege for me to assume the role of Non-Executive Chairman of HDB Financial Services Limited with effect from May 14, 2026, subsequent to the close of the financial year under review. Accordingly, this message reflects my initial perspectives on the Company, while acknowledging the performance delivered during FY 2025-26 under the stewardship of the Board and management team during that period.

During FY 2025-26, the Company achieved a key milestone of listing on

the National Stock Exchange of India Limited and BSE Limited, which laid the foundation for the next stage of its evolution as a listed company. It was another important year in the Company's journey, marked by continued business growth, operational resilience and disciplined execution amidst a dynamic macroeconomic and regulatory environment. The Company continued to strengthen its franchise across customer segments and geographies while maintaining a balanced approach towards growth, risk management and customer service.

India's economic fundamentals remain strong, supported by sustained public investment, expanding formalisation of the economy, digital adoption and rising aspirations across households and enterprises. Financial services institutions have an important role to play in enabling inclusive growth by widening access to responsible and affordable credit. In this context, NBFCs continue to serve as a critical complement to the broader financial system through their ability to address diverse customer requirements with agility and innovation.

Against this backdrop, the Company has built a diversified and scalable business model supported by a widespread distribution network, customer-centric approach, strong risk management practices and technology-led processes. The Company's continued focus on prudent underwriting, portfolio quality, governance standards and operational discipline has contributed to the strength and resilience of its franchise.

The financial services sector continues to evolve rapidly, shaped by changing customer expectations, increasing digitalisation, regulatory developments and advances in data and technology. Institutions that combine growth ambition with strong governance, sound risk culture and long-term orientation will be best positioned to create enduring value for all stakeholders. The Company is well placed to participate meaningfully in the opportunities emerging from India's long-term growth trajectory. While the medium-term outlook for the Indian economy remains constructive, the near-term global environment continues to be marked by geopolitical tensions, financial market volatility, currency movements and evolving trade dynamics. Developments in the Gulf region and associated uncertainties in energy markets and capital flows may contribute to periods of heightened volatility across economies and financial systems. In such an environment, institutions with strong governance frameworks, prudent underwriting standards, balanced growth strategies and robust risk management capabilities will be better positioned to navigate uncertainty and sustain long-term value creation.

As a listed entity, the Company's responsibilities extend beyond financial performance to encompass high standards of governance, transparency, compliance and stakeholder engagement. The Board remains committed to supporting the management team in fostering a culture of integrity, accountability and responsible business conduct, while maintaining a focus on sustainable value creation.

I would also like to place on record my appreciation for the contributions of the previous leadership of the Board, the management team and all employees, whose commitment and professionalism continue to strengthen the organisation. I also thank our customers, shareholders, lending partners, regulators and other stakeholders for their continued trust and support.

As I begin my association with the Company, I am encouraged by the strength of its franchise, the quality of its leadership team and the opportunities that lie ahead for the financial services sector in India. I look forward to working closely with the Board and management in supporting the Company's continued progress with prudence, responsibility and a long-term stakeholder perspective.

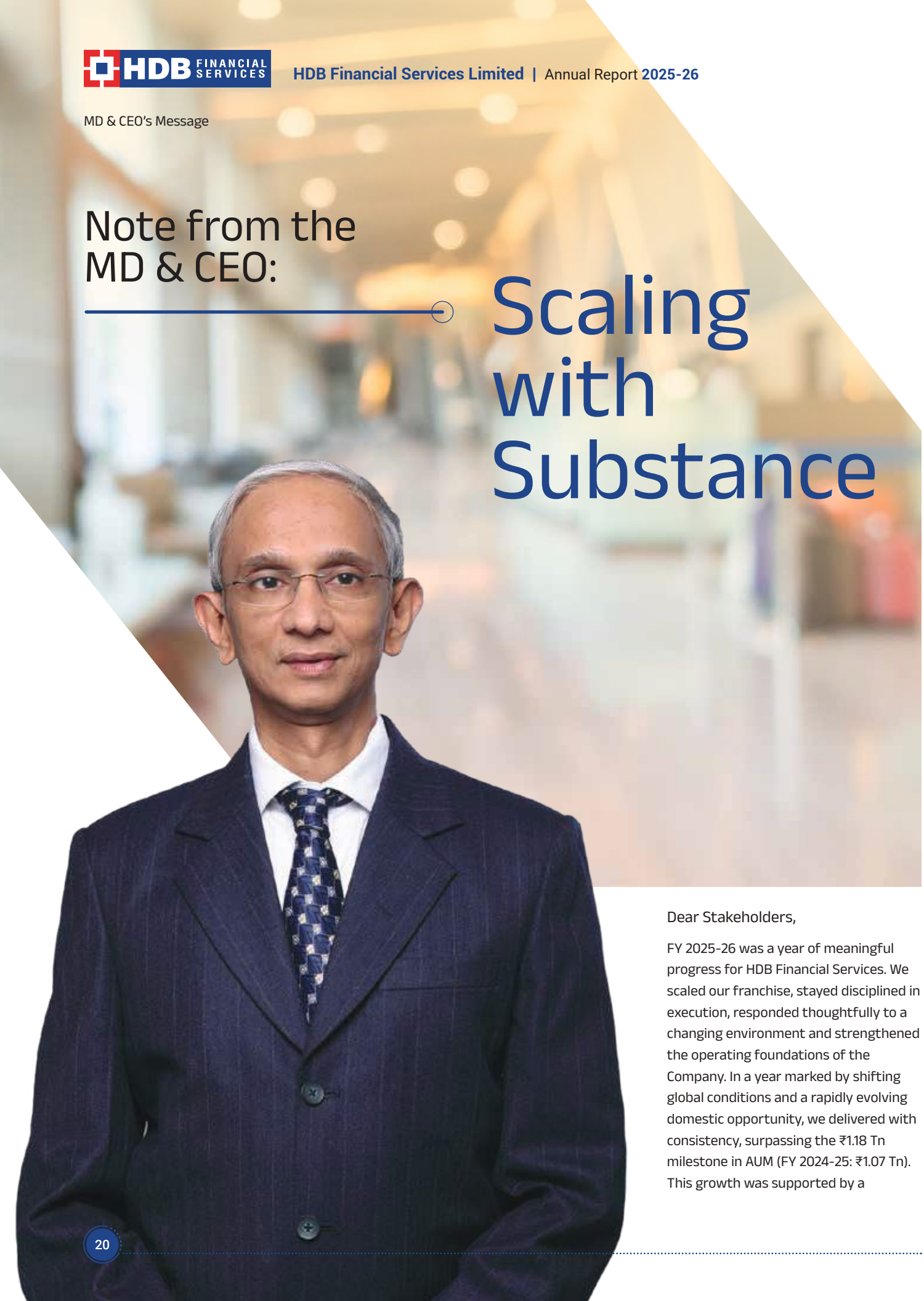
Warm regards,

Natarajan Srinivasan
Chairman

The financial services sector continues to evolve rapidly, shaped by changing customer expectations, increasing digitalisation, regulatory developments and advances in data and technology

Note from the MD & CEO:

Scaling with Substance



Dear Stakeholders,

FY 2025-26 was a year of meaningful progress for HDB Financial Services. We scaled our franchise, stayed disciplined in execution, responded thoughtfully to a changing environment and strengthened the operating foundations of the Company. In a year marked by shifting global conditions and a rapidly evolving domestic opportunity, we delivered with consistency, surpassing the ₹1.18 Tn milestone in AUM (FY 2024-25: ₹1.07 Tn). This growth was supported by a

balanced mix of business momentum, disciplined underwriting and continued customer trust. We also expanded our customer franchise to over 22.9 Mn, while deepening the institutional foundations that will carry us forward.

The year was also marked by a defining milestone: the successful completion of our ₹12,500 Crore IPO and our listing on the stock exchanges in July 2025. For us, this was not only a capital market event, but also the culmination of a longer journey, one shaped by scale, governance discipline, portfolio granularity and operating resilience. It has widened our shareholder base, sharpened our public market accountability and strengthened the platform for our next phase of growth.

This year was defined by our operational agility to sustain performance with the ongoing market shifts and regulatory developments and business opportunities without losing momentum or discipline. Our focus remained unchanged: to serve aspirational India through responsible lending, strong execution and a balanced growth approach. We believe growth is most meaningful when it is profitable, sustainable and anchored in prudent risk management and when it consistently creates long-term value for all stakeholders. This includes our customers, employees, investors, partners and the wider ecosystem in which we operate. This philosophy continued to guide our decisions through the year.

Global & Indian Economic View

The global economy in FY 2025-26 was shaped significantly by geopolitical developments, including trade frictions and tariff-related uncertainty, alongside the escalation of the West Asia conflict in the final quarter. Energy markets tightened sharply, with Brent Crude crossing US$ 110 per barrel in March 2026. Maritime trade routes were disrupted and inflationary pressures resurfaced. Emerging market currencies experienced volatility reflecting heightened global risk aversion.

India held its ground. Real GDP grew at 7.6% in FY 2025-26, driven by domestic consumption and high-intensity investment. Retail inflation remained well-contained. The RBI maintained the repo rate at 5.25% through April 2026, keeping a neutral stance amidst global uncertainty. In its April 2026 resolution, the MPC noted that while domestic activity is resilient, intensified West Asia conflicts and disruptions in the Strait of Hormuz pose downside risks to growth and upside risks to inflation. Highlighting severe global supply chain disruptions, the Committee projected FY 2026-27 GDP growth at 6.9% and CPI inflation at 4.6%. The MPC adopted a 'wait and watch' approach, remaining data-dependent to ensure inflation aligns durably with the target while supporting growth. For an NBFC like ours, lower rates, resilient domestic demand and improving affordability together created a constructive operating environment, even as external pressures persisted.

Industry Dynamics and Regulatory Evolution

The NBFC sector continued to outpace bank credit growth, with AUM projected to expand over 15% and cross the ₹50 Lakh Crore mark by FY 2026-27, marking a significant milestone for the sector. This reflects the structural credit gap that NBFCs are uniquely positioned to address. NBFCs sit close to this gap by design and our ability to serve smaller towns, self-employed borrowers and underbanked households remains central to our opportunity.

FY 2025-26 also marked an important stage in the evolution of the regulatory architecture for large NBFCs. The Scale-Based Regulation framework has brought greater clarity to how systemically important non-banking institutions are expected to operate, with higher standards around governance, disclosures, capital and risk oversight. As an Upper Layer NBFC, we view this as a framework that strengthens trust, sharpens accountability and reinforces institutional credibility. Over the years, we have built the governance discipline, risk architecture, compliance orientation and operating resilience required for this environment. Our listing in July 2025 was a natural progression in that journey, reinforcing our position as an independently governed institution accountable to a broad base of public shareholders.

> **This year was defined by our operational agility to sustain performance with the ongoing market shifts and regulatory developments and business opportunities without losing momentum or discipline**

A Franchise Built to Provide Credit to the Aspirational India

India's credit opportunity continues to deepen, particularly across the underbanked and underserved segments that have long been central to our mission. Rising formalisation, growing consumption, improving digital infrastructure and increasing aspiration across households and small businesses are together expanding the demand for timely, relevant and accessible credit. Our mission is to serve this aspirational India by delivering innovative products and services that cater to the evolving needs of both individual and business clients.

This mission is backed by the institutional strength of our parentage. As a subsidiary of HDFC Bank, we benefit from the deep heritage, brand equity and disciplined risk culture of our promoter. This relationship provides us with a stable foundation and long-term strategic support, while allowing us to operate with the agility of an independent institution. Our strategy is executed by a stable and experienced management team, many of whom have been with the Company since its early years, ensuring a consistent approach to serving our target segments.

Leveraging these strengths, we are uniquely positioned to bridge the credit gap for customers who are often at the early stages of their financial journey. We are privileged to support them for their diverse needs: whether they are buying a first vehicle, expanding a small business or managing a cash flow gap. Meeting these needs requires local presence and digital capability in equal measure. Our strength lies in our pan-India distribution network of 1,730 branches across 1,161 cities, which provides the trust and contextual understanding that matter most in semi-urban and rural markets. This physical reach is complemented by our digital platform which adds the speed and consistency that customers increasingly expect. Together, they give us a model that is both scalable and genuinely useful to the people we serve.

Operational Performance and Segmental Excellence

FY 2025-26 was a year of progressive momentum, as we successfully scaled our operations while maintaining disciplined execution across our verticals. We exited the year on a significantly stronger footing, with our customer franchise expanding to 22.9 Mn - a growth of 19.7% year-on-year. This scale is supported by our extensive distribution network covering 1,161 towns and cities across 31 States and Union Territories.

Our Total Gross Loan Book increased to ₹1,18,493 Crore in FY 2025-26, as compared to ₹1,06,878 Crore in FY 2024-25, reflecting a year-on-year growth of 10.87%. This growth was supported by our three business verticals – Enterprise Lending, Asset Finance and Consumer Finance. Total disbursements for the year reached ₹68,609 Crore (FY 2024-25: ₹66,108 Crore), while maintaining a granular, 100% retail loan book with an average exposure per customer of approximately ₹1.66 Lakhs. Our Profit after Tax (PAT) grew to ₹2,544 Crore in FY 2025-26, compared to ₹2,176 Crore in FY 2024-25, reflecting a year-on-year growth of 16.91%.

This momentum reflects both improving business conditions and our readiness to accelerate from a stronger base. Across our verticals, we have maintained a clear focus on segments that offer resilient demand and sustainable risk-adjusted returns.

Our three-vertical structure gives us the benefits of diversification, allowing us to participate across multiple credit needs while preserving portfolio balance and the ability to calibrate growth by segment. This approach contributed to a healthy Net Interest Income (NII) of ₹8,968 Crore for the year, representing a 20.45% year-on-year increase.

Asset Quality Resilience

Asset quality remains a core priority. The first half saw some stress in select segments, largely due to unseasonal factors that affected repayment capacity among small operators. We responded with timely and proactive monitoring, targeted collections support and credit recalibration. These actions resulted in a steady and measurable recovery in the second half and our Gross Stage 3 ratio for the full year stood at 2.44% (FY 2024-25: 2.26%). The resilience of our book comes from our robust and comprehensive underwriting and collections processes, with 74% of our portfolio being secured. We believe these outcomes are a direct result of our philosophy that risk is not managed as a standalone function or a separate overlay. Instead, it is intrinsically embedded in the full lending lifecycle; from how we originate and underwrite to how we monitor and collect.

The 'Phygital' Advantage and Cybersecurity

Our physical presence through branches and other retail distribution touchpoints, including OEMs and dealers, is supported by a strong digital presence that extends our reach and sharpens execution.

Our technology platform connects the full lending lifecycle, including sourcing, onboarding, underwriting, collections and servicing, in a single integrated architecture. The real value of digital, for us, is not the customer-facing interface alone; it is the improvement in throughput, decision quality and process control that it enables throughout.

Our continued investments in technology are delivering tangible outcomes across the Company. We are currently running five large AI-powered business initiatives across the Company, yielding positive results in marketing, customer service and collections. Additionally, our customer facing application, HDB On-the-Go crossed 14.1 Mn downloads (FY 2024-25: 9.2 Mn) and over 97% of our loans are now digitally originated.

With that scale of digital adoption comes commensurate responsibility. We treat cybersecurity as a board-level priority, governed by the IT Strategy Committee. Our ISO 27001:2022 certification has been maintained and we conduct regular simulation drills to stress test our systems against evolving threats.

Driving Responsible Growth: Environmental Stewardship

Scale brings responsibility. In FY 2025-26, paperless operations reached 98.31% (FY 2024-25: 97.01%). We have planted over 500,000 trees since inception and financed 1,870 electric vehicles (EVs) during the year, a direct and measurable contribution to lower-carbon mobility. These aspects reflect a genuine conviction that an institution of our size has an obligation to grow in a way that does not cost the environment more than it gives back.

Nurturing Talent: The Engine of Growth

None of what we have built would have been possible without the foundation of our ~90,000 employees. Recognised at the AmbitionBox Employee Choice Awards 2025 for the fourth consecutive year, reaffirming the Company's strong workplace culture and employee-centric values. The Company was acknowledged among India's top-rated financial services and mega companies based on employee and ex-employee reviews. Our Best Blended Learning Strategy recognition reflects the seriousness with which we approach capability building. Our six core values, Integrity, Collaboration, Agility, Respect, Excellence and Simplicity, remain the non-negotiable anchors of how we work.

Strategic Outlook: Building to Last

India offers a long runway for well-run NBFCs that can serve aspirational borrowers with responsibility, consistency and relevance.

As we look ahead, we remain optimistic about the opportunities before us. HDBFS stands on a foundation of scale, prudence and consistency. Our strategic priorities remain clearly defined: Growth with substance, controlled credit cost and improving asset quality, enhancing stakeholder's values.

Every milestone we reach is a collective effort and I am grateful to our entire team for their commitment to building something that is designed to last. We move forward with confidence, discipline and a clear strategic focus.

Warm regards,

Ramesh G.
Managing Director & Chief Executive Officer

An Evolving Landscape

An Expanding Opportunity

1 Institutional Resilience: The NBFC-UL Regulatory Era

The operating environment for large NBFCs has become structurally more rigorous. Under the RBI's Scale-based Regulation framework, Upper Layer (NBFC-UL) institutions now represent a distinct class of systemically important entities subject to tighter governance, disclosure and prudential expectations. As per the RBI's Financial Stability Report, December 2025, NBFCs remained robust, supported by strong capital buffers, sound earnings and improving asset quality.

For HDBFS, operating within this framework has reinforced systemic stability and deepened stakeholder trust alongside the Company's expanding footprint.

The NBFC-UL Standard

- **Enhanced Oversight**
- **Stronger Governance**
- **Greater Institutional Credibility**

The NBFC-UL Standard

2 The Growth Runway: India's Structural Credit Opportunity

India's credit landscape offers a long runway for organised lenders. The Economic Survey FY 2025–26 highlighted resilient domestic demand, with private final consumption expenditure (PFCE) growing by 7.0% to reach 61.5% of GDP, marking its highest share since FY 2011-12. Credit penetration levels point to significant headroom for further financial deepening, supported by healthier household and corporate balance sheets. In parallel, the CRISIL Ratings Report on NBFC AUM released in November 2025 projected the industry's assets under management to grow at a steady 18–19% annually across both FY 2025–26 and FY 2026–27 and cross ₹50 Lakh Crores by March 2027, sustained by benign inflation and policy drivers such as GST rate rationalisation. This trajectory aligns directly with the Company's diversified, retail-focused model, built around individuals, emerging businesses and micro enterprises across a broad credit spectrum.

₹50 Lakh Crores

Projected NBFC Sector AUM by March 2027

3 Strategic Pivot: The Shift towards Secured Lending

A defining shift in the lending environment has been the increasing preference for secured and risk-calibrated products. While aggregate asset quality improved through FY 2025–26, the RBI flagged the need for continued vigilance in parts of the unsecured retail segment. Collateral-backed products gathered momentum, reflecting greater emphasis on balance sheet resilience, recoverability and risk-adjusted returns.

HDBFS is well placed within this evolving environment as on March 31, 2026. The secured lending portfolio accounted for 74% of the loan portfolio in FY 2025–26 and spans loan against property, gold loans, the asset finance vertical, auto and two-wheeler finance. This diversified mix supports balance across the portfolio and reinforces resilience across credit cycles.

Secured Lending Gains Ground

- **Better Risk Calibration**
- **Stronger Recoverability**
- **Greater Portfolio Resilience**

4 The Productivity Frontier: Digitalisation and Data Integration

Digitalisation is no longer a channel innovation. It has become a productivity engine for the lending industry. The RBI issued the Digital Lending Directions, 2025 on May 08, 2025, which strengthened the regulatory architecture around customer protection, data privacy, disclosure and the governance of digital lending applications. The Account Aggregator framework, launched in 2021, continued to deepen consent-based financial data sharing, improving underwriting precision, decision speed and process control.

HDBFS has built this shift into digitally assisted journeys, a hybrid underwriting model and a digital ecosystem. With 98.31% digital sourcing in FY 2025–26 and over 4.9 Mn app downloads, the Company integrated digital capabilities with local credit assessment to enhance both responsiveness and control.

The Productivity Frontier

Digital Lending Directions

Faster and Sharper Underwriting

5

The Bharat Engine: Tier 2, Tier 3 and Beyond

The centre of gravity in credit demand is moving beyond the metros. Rising aspirations, deeper formalisation and improving digital and financial access across smaller towns are driving this shift. As per the Fintech Association for Consumer Empowerment (FACE) report on digital lending in March 2026, 39% of digital NBFC sanction value originated from Tier 3 towns and beyond, while 27% came from Tier 2 cities (as of December 2025).

In this environment, distribution models that combine physical reach with digital efficiency carry a distinct advantage. HDBFS' phygital model is built precisely for this. More than 80% of its branches are located beyond India's 20 largest cities, where physical presence remains essential for trust, onboarding and credit assessment, with digital efficiency layered on top.

39%

Digital NBFC Sanction Value from Tier 3 Towns and Beyond

6

Financial Inclusion: Expanding the Reach of Formal Credit

India's financial inclusion journey continues to deepen, widening the addressable borrower universe for organised lenders. As of February 2026, the Pradhan Mantri Jan Dhan Yojana (PMJDY) had crossed 57.78 Crore accounts, with 78.2% in rural and semi-urban areas and 55.8% held by women. This reflects both the breadth of formal banking access and the steady expansion of financial participation across previously underserved segments.

For HDBFS, this widening ecosystem directly strengthens the long-term relevance of its locally anchored, scalable credit delivery model. As more customers enter the formal financial system and build transaction histories, the opportunity to serve credit needs across individuals, micro enterprises and underpenetrated markets grows more tangible. Financial inclusion, in this sense, is a structural enabler of sustainable credit growth.

57.78 Crore

PMJDY Accounts in India

Creating Enduring Value Expanding Impact for All

Inputs

Financial Capital
- Well-capitalised equity base
- Stable & secured asset portfolio
- Disciplined borrowing structure
- Diverse funding relationships

Manufactured Capital
- Extensive branch footprint
- Centralised head office
- Multi-channel distribution network
- Scalable operating model

Intellectual Capital
- Data analytics and technology stack
- Seamless E-NACH, E-Sign integration
- Cybersecurity framework
- Hybrid underwriting model
- HDBFS OnTheGo app

Human Capital
- Structured employee benefits framework
- Continuous learning and capability development
- Active employee engagement programmes

Social and Relationship Capital
- Growing customer franchise
- Broad CSR impact and reach
- Strategic partner alliances
- Strong engagement with investors, lenders and rating agencies

Natural Capital
- Resource optimisation initiatives
- Emission reduction initiatives
- Tree plantation drives
- Water conservation practices

HDBFS' Business Portfolio

Enterprise Lending

Asset Finance

Consumer Finance

Fee-based Products/Services

BPO Services

HDBFS Values

- Integrity
- Excellence
- Collaboration
- Respect
- Simplicity
- Agility

Investors
Customers
Communities
Shareholders
Partners/Vendors
Employees
Regulators
Partners

Financial Capital
Human Capital
Manufactured Capital
Social and Relationship Capital
Intellectual Capital
Natural Capital

Output	Stakeholders Impacted	Trade Offs	SDGs Impacted
10.70% AUM Growth ₹2,544 Crore Net Profit ₹30.97 EPS 2.19% ROA 13.94% ROE			8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 16 Peace, Justice and Strong Institutions
1,730 Branch Presence 31 States & UTs Presence 1,050 Tier 4 Cities Served 1,161 Towns & Cities			8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure
Over 90% Digital Collections 3 Fintech Partners 6 Digital Channels for Customers 98.31% Customer Acquisition through Digital Channels 14.1 Mn App Downloads App Rating - Android 4.6 and iOS 4.0			8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 12 Responsible Consumption and Production
13.78 Average Training Hours per Employee 23% of Women Employees 34,46,170 ESOPs Granted			3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
1,87,915 CSR Beneficiaries 22.9 Mn Customer Base AAA/Stable (CARE and CRISIL Ratings for Long-term Debt & Bank Facilities) A1+ (CARE and CRISIL Ratings for Commercial Papers)			1 No Poverty; 2 Zero Hunger; 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 10 Reduced Inequalities; 11 Sustainable Cities and Communities
63,650 Saplings planted 1,870 EVs Financed IGBC Gold Certificate for Corporate Office 429 Water Conservation structures Restored			11 Sustainable Cities and Communities; 13 Climate Action; 15 Life on Land

Four Pillars

One Enduring Foundation

HDBFS' growth rests on four strategic pillars that strengthen its operating model, deepen customer relevance and enable long-term value creation. Each pillar reflects a focussed approach to building capabilities, driving efficiency and deepening stakeholder engagement.

People
Page 32

Building Strong Foundations Enabling Enduring Performance

The Company continues investing in a future-ready workforce through continuous learning, inclusive practices and performance-driven culture. The result is stronger engagement, sharper capabilities and greater organisational resilience.

Processes
Page 34

Driving Efficiency Strengthening Foundations

The Company is strengthening its processes through digital integration, governance frameworks and streamlined workflows. This improves efficiency, scalability and risk management.

Products
Page 36

Enhancing Relevance Expanding Offerings

The Company is expanding and refining its product portfolio to meet evolving customer needs with a strong focus on accessibility, innovation and customer-centricity across segments.

Partnerships
Page 40

Creating Impact Expanding Horizons

Through strategic partnerships and community-focused initiatives, the Company drives inclusive growth and social impact, strengthening relationships with key stakeholders and partners.

Pillar 1

People Building Strong Foundations

Enabling Enduring Performance

People are at the heart of HDBFS' ability to grow with consistency, responsiveness and care. As the Company expands across markets and customer segments, its focus is on building a workforce that is capable, engaged and future ready. A culture of learning, inclusion, well-being and recognition keeps employees aligned with the Company's growth ambitions and the values that underpin them.

Learning as a Strategic Enabler

HDBFS views learning as an ongoing part of the talent lifecycle. The Company's approach centres on continuous capability-building, linked to business outcomes, future-readiness, ethical conduct and leadership development. Programmes are designed to respond to changing regulatory requirements, digitalisation and evolving customer expectations, keeping employees agile in a dynamic environment.

Learning that Scales with the Company

Continuous Learning

Business-aligned Capability

Future-ready Workforce

Building Digital and Leadership Readiness

As digital platforms and analytics become integral to the business, HDBFS is building employee readiness across digital tools, data interpretation, portfolio monitoring and cyber-security awareness. Structured learning journeys, micro-learning modules and simulation-based programmes reinforce adoption of new systems and risk-aware decision making.

Leadership development is structured through structured pathways such as **Preparing Rising Individuals for Managerial Excellence (P.R.I.M.E.), Change Maker's Hub,** which builds an internal facilitator ecosystem and **TransformHERS,** which supports high-potential women leaders. Together with management trainee, mentorship and role-based development programmes, collectively build the next line of managers and leaders for a growing Company.

Building Readiness for a Changing Business

Digital Capability

Risk Awareness

Leadership Depth

Inclusive Access to Growth

The Company's learning ecosystem is designed to reach employees across functions, roles and geographies. Mobile-first platforms, vernacular modules, blended learning formats and role-based journeys extend development to frontline, field and corporate teams alike. The result is capability-building that is consistent, accessible and relevant across the Company.

Diversity, Equity, & Inclusion

HDBFS fosters a workplace that values diversity, inclusion, respect and empathy. Employees are encouraged to grow professionally and personally, supported by structured development opportunities, employee-friendly policies and a continuous learning environment. Varied perspectives are valued and an inclusive culture is actively nurtured, with people recognised as the primary drivers of performance and long-term growth.

Pillar 2

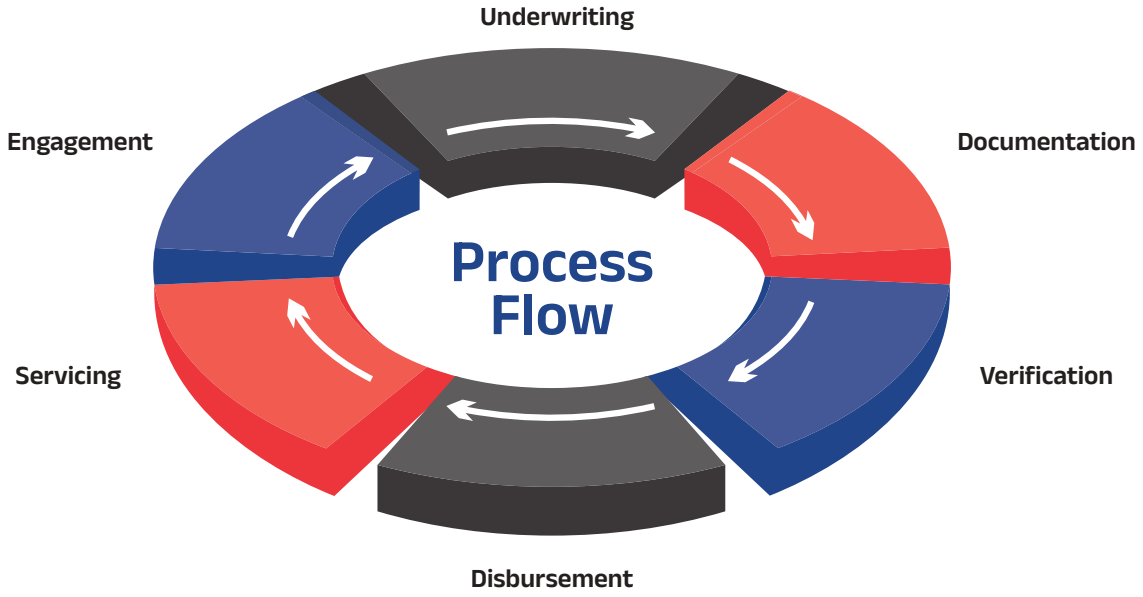
Processes Driving Efficiency

Strengthening Foundations

Processes at HDBFS are built to drive operational efficiency, scalability and consistency across the Company. As the business expands across products, geographies and customer segments, strong process architecture ensures that customer experience, underwriting discipline, compliance rigour and service delivery remain aligned. The Company strengthens this architecture through technology integration, standardised workflows and embedded control mechanisms.

End-to-End Digital Credit Lifecycle

HDBFS has integrated sourcing, onboarding, underwriting, documentation, verification, disbursement and servicing into a connected, digitally enabled process framework. This reduces friction, improves turnaround times and strengthens consistency in execution across stages. The Company's digital architecture, supported by assisted-digital journeys, extends accessibility across customer segments and geographies.



Digital Efficiency across the Lifecycle

- Near real-time loan processing within 120 seconds, enabling faster decision-making at the underwriting stage
- Digital onboarding coverage of 100% in Consumer Finance, strengthening the engagement and onboarding phase
- 98.31% of applications processed digitally, improving throughput across the lifecycle

Technology as a Process Enabler

At HDBFS, technology drives both decision quality and operational throughput. As on March 31, 2026, a very digital sourcing percentage reflected the growing role of digital origination, while HDB OnTheGo, with over 4.9 Mn downloads, enabled customers to self-serve across key queries digitally, reducing dependence on branch visits and strengthening servicing efficiency. The Company deploys centralised automated scorecards, digital customer acquisition systems and analytics-led monitoring to strengthen control across the lifecycle.

Process at Scale

97%
Digital Sourcing

14.1 Mn
App Downloads

1.06 Mn
Queries Resolved Digitally

Balancing Automation with Judgement

HDBFS balances automation with local judgement, a distinction that shapes how the process framework operates across product types. Smaller-ticket products are increasingly supported through centralised scorecards and automated workflows, while larger-ticket exposures retain physical verification and local risk controls. This hybrid model combines speed and standardisation with market understanding and prudence, making processes scalable without losing touch with on-ground realities.

Embedded Controls and Risk Intelligence

Scaling without compromising trust requires controls that are built in, not bolted on. HDBFS integrates risk intelligence at each stage of the credit lifecycle, ensuring security, compliance and operational resilience.

100%
Employee Coverage Under Cybersecurity and Compliance Training

Cybersecurity and information security awareness are reinforced through mandatory training and regular simulation exercises. Access controls, compliance structures and monitoring systems maintain process integrity across layers. Together, these mechanisms ensure adherence to data privacy and information security regulations across all process layers.

Pillar 3

Products Enhancing Relevance

Expanding Offerings

HDBFS' product portfolio is built to address the diverse and evolving financial needs of customers across segments. This includes expanding accessibility, deepening relevance and strengthening the Company's ability to serve both emerging and underserved markets. The strength of the portfolio lies not only in its breadth, but also in its balance across customer needs, asset classes and risk profiles.

A Diversified Portfolio

HDBFS' lending portfolio is organised across three business lines: Enterprise Lending, Asset Finance and Consumer Finance. Together, these verticals help the Company address a broad spectrum of credit needs, from business growth and asset ownership to mobility and lifestyle-led consumption. At the end of FY 2025–26, the gross loan book mix stood at 38% Enterprise Lending, 38% Asset Finance and 24% Consumer Finance. This reflects a diversified and well-distributed portfolio structure.

Enterprise Lending

Enterprise Loans provide secured and unsecured credit solutions to MSMEs, self-employed individuals and salaried customers, with a strong emphasis on asset-backed lending and portfolio stability.

Product Portfolio

Loan Against Property

Enterprise Business Loan

Business Loan

Salaried Personal Loans

Gold Loans

Highlights of the Year

- Gold loans showed significant growth during the year
- Gradual improvement in business lending environment enabled calibrated expansion
- Secured lending focus supported portfolio resilience

Performance Highlights

37.8%
Share of Gross Loan Book

99.5%
Growth in Gold Loan portfolio

65.9%
Secured loans as % of Enterprise portfolio

Asset Finance

The Asset Finance vertical provides financing options to customers for income-generating assets across commercial vehicles, construction equipment and tractors, catering to transport operators and small businesses.

Highlights of the Year

- Strategic rebalancing towards an optimal mix of new and used assets
- Strengthened underwriting and collections frameworks supported portfolio stability
- Enhanced strategic partnerships with OEMs and dealers

Product Portfolio

Commercial Vehicle Loans

Construction Equipment Loans

Tractor Loans

Performance Highlights

37.7%
Share of Gross Loan Book

67%
CV New as % of Portfolio

33%
CV Used as % of Portfolio

Consumer Finance

The Consumer Finance vertical offers a range of consumer loan products addressing financial requirements of customers to purchase household assets, luxury goods or similar lifestyle choices through a wide network of OEMs & dealers, supported by digitally enabled journeys.

Product Portfolio

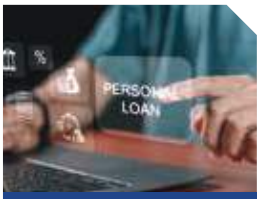
Consumer Durable Loans

Digital Product Loans

Lifestyle Product Loans

Auto Loans

Two-Wheeler Loans



Relationship Personal Loans

Micro Lending

Highlights of the Year

Continued demand across auto, two-wheelers and consumer durables segments

The phygital sourcing model improved reach, turnaround time and customer convenience

Strong cross-sell momentum strengthened customer relationships and portfolio depth

Fee-based Products/ Insurance Services

The Company holds a Corporate Insurance Agent licence from the Insurance Regulatory and Development Authority of India (IRDAI) and is authorised to offer both Life and General (Non-Life) insurance products.

Life Insurance

HDFC Life — Sar utha ke jiyo!
Aditya Birla Capital
digit LIFE INSURANCE

General Insurance

HDFC ERGO GENERAL INSURANCE
digit
TATA AIG INSURANCE — WITH YOU ALWAYS
acko

Highlights of the Year

Continued integration with lending journeys

Supported customer engagement and cross-sell objectives

Performance Highlights

19.4%
Loan Book Growth

24.4%
Share of Gross Loan Book

BPO Services

The BPO Services segment provides operational support, including billing and centralised collections to HDFC Bank, contributing recurring income alongside the core lending business.

Service Offerings

Collection Services

Back Office and Sales Support

Highlights of the Year

Delivered consistent profitability with stable margins

Performance Highlights

₹81.22 Crore
Annual PBT Contribution

2.40%
Share of Total Profits Before Tax

Pillar 4

Partnerships Creating Impact

Expanding Horizons Together

For HDBFS, partnerships are a deliberate extension of its business model. Across customer-facing channels, regional brand associations and community-led interventions, HDBFS uses its partner ecosystem to convert institutional reach into genuine access, responsiveness and relevance for the people and markets it serves.

Strengthening Regional Relevance

Sporting partnerships have been central to HDBFS' regional brand strategy this year. During the year, HDBFS partnered Kovai Kings in the Tamil Nadu Premier League to deepen its connect in Tamil Nadu through the localised Vetri Nichchayam platform. In North India, its association with Haryana Steelers in the Pro Kabaddi League reinforced the Jeet Pakki narrative in a format that resonated with aspirational audiences in Tier 2 and 3 markets. Both collaborations demonstrate how the Company uses sport to build brand trust in the markets that matter most to its growth.

For the Customers: Expanding Access, Enhancing Experience

Enterprise Delivering Seamless Customer Experiences at Scale

HDBFS has built a partner ecosystem spanning OEMs, dealers, DSAs and digital touchpoints, giving the Company structured access to customers across urban, semi-urban and rural markets. During FY 2025-26, this ecosystem deepened last-mile reach, improved convenience and strengthened service delivery across segments. The Company's phygital model brings together branch presence, assisted digital journeys and self-service capabilities into a single, coherent customer experience.

As customer engagement shifts increasingly to digital platforms, the Company has simplified onboarding, sharpened servicing responsiveness and reduced friction at every touchpoint. This makes the customer journey faster, more connected, and more accessible than before.

- Average onboarding time: Upto **120 seconds**
- Paperless loan submissions via mobile and tablet devices
- Customer queries resolved fully online: **1.06 Mn**
- Real-time customer assistance across app, web, WhatsApp, and call centre
- Branch locator and digital assistance features enabled

For the Community: Building Sustainable Impact Ecosystems

The Company's CSR programme is structured around partnerships, with implementation agencies, community institutions and local bodies, that ensure interventions are grounded, scalable and effective at the last mile. This model moves beyond transactional giving towards the sustained presence that meaningful social impact requires.

Across healthcare access, sanitation infrastructure and livelihood enhancement, these partnerships reinforce one another, building community resilience that outlasts any single programme or intervention.

Healthcare & Community Well-being

The Company deepened its healthcare presence during FY 2025-26, delivering preventive care, early diagnosis and community awareness across underserved geographies through three focussed programmes. This makes the customer journey faster, more connected, and more accessible than before.

Transport Aarogyam Kendras (TAKs)

In CY 2021, the Company launched India's first full-time physiotherapy programme for truck drivers, addressing the needs of a workforce that operates in physically intensive conditions and remains significantly underserved by mainstream healthcare. The programme has since expanded steadily across key transport hubs.

8+
Active Transport Aarogyam Kendras

61,000+
Truck Drivers Reached during FY 2025-26

Sneha: Anaemia & Women's Health

Through the Sneha programme, the Company continued to address nutritional anaemia among women, combining early diagnosis and treatment with sustained behavioural awareness to drive lasting health outcomes.

360+
Diagnostic Health Camps Conducted

66,000+
Beneficiaries Screened

30,000+
Women Supported with Treatment

Mobile Health Clinics

Mobile medical units brought primary healthcare directly to remote communities, bridging the distance between underserved populations and the care they need.

- Primary care, diagnostics and medicine distribution delivered at doorstep
- Priority focus on women, children, and vulnerable groups
- Referral linkages built for cases requiring advanced treatment
- 400+ OPDs conducted, 11,000+ individuals reached

Hospital Collaborations

The Company partnered with charitable hospitals to make quality healthcare more affordable and accessible to patients, expanding patient intake capacity and upgrading medical infrastructure at partner facilities.

1
Operation Theatre Constructed

116
Beds Established

WASH & Sanitation Infrastructure

HDBFS expanded sanitation infrastructure across schools and transport hubs, pairing physical construction with behavioural change initiatives to drive lasting improvements in hygiene practice among children and adults.

30
Sanitation Blocks Established in Schools

6
Sanitation Blocks Established in Transport Hubs

16,000+
Individuals Gained Access to Safe Sanitation

Environmental Sustainability

The Company deepened its environmental commitments through afforestation and livelihood-linked plantation models. These simultaneously support farmer incomes through fruit-bearing plantations and contribute to carbon sequestration and soil and moisture conservation.

Development of Watersheds for Climate Resilience

Across four water-scarce regions, HDBFS worked with implementation partners to treat uncultivable land, channelise rainwater flow through trenches and bunds, and increase water storage capacity at surface and sub-surface levels to recharge groundwater tables.

429
Water Harvesting Structures Constructed and Refurbished

7,000
Farmers Reached

Mission Million Trees

Mission Million Trees is a community-driven plantation model that links environmental conservation directly to farmer livelihoods. Fruit-bearing and horticultural saplings are distributed to small and marginal farmers, enabling them to build climate-resilient agro-forestry income streams while contributing to regional green cover and carbon sequestration goals.

63,650+
Trees Planted

200
Farmers Supported

270 Acres
of Green Cover Enabled

Trash Shield

HDBFS supported the installation of floating trash barriers across waterways to intercept waste before it reaches rivers, seas and oceans. Beyond waste diversion, the initiative has formally trained and integrated local waste-pickers into the municipal waste management value chain, turning an environmental intervention into a livelihood programme.

800+
Tonnes of Floating Waste Intercepted and Diverted

6+
Trash Barrier Sites

MaatiGruha

The Company established anaerobic waste management hubs at vegetable markets to treat degradable waste that would otherwise go unattended. Waste is collected, organised and converted into organic compost by women-led self-help groups, combining an environmental solution with a women's livelihood programme.

6
MaatiGruha Established

~50
Tonnes Waste Treated

20%
of Compost Sold

Literacy and Livelihood Initiatives

HDBFS approaches literacy and livelihood not as separate objectives but as reinforcing ones. Through targeted vocational training and grassroots enterprise development, the Company builds sustainable non-farm and agro-linked livelihoods for rural women, youth and persons with disabilities.

Youth Employability Programme

To strengthen employment prospects in urban and semi-urban markets, the Company supports specialised skill development programmes aligned with demand in the BFSI and healthcare sectors. Certification courses are designed around current market requirements and have enabled thousands of young people and women to transition into formal wage employment or establish independent micro-enterprises.

6,100+
youth trained

up to **70%**
placement rate

Aarthik Aarogyam Kendra

Aarthik Aarogyam Kendra is the Company's financial literacy initiative, offering personalised counselling to micro and nano entrepreneurs on savings management, credit discipline, micro-insurance and government social security schemes. The programme also educates citizens on safe digital banking practices to protect against cyber fraud, recognising that financial inclusion is only meaningful when it is accompanied by financial awareness.

10,000+
Entrepreneurs Sensitised

150+
Financial Literacy Workshops Conducted

Project Samruddhi

Project Samruddhi was introduced in aspirational districts to build an integrated rural development model that promotes sustainable and climate-smart agricultural practices, improving yields and strengthening earnings for small and marginal farmers.

4
FPOs Formed

4
Custom Hiring Centres Established

11
Bio-Resource Centres Established

7,000+
Farmers Sensitised on Efficient Agricultural Practices

Community Service & Employee Volunteering:

Relief in Jammu & Kashmir

When Operation Sindoor brought renewed stress to communities already living with geographical isolation and border conflict, the Company acted swiftly. Working with The Akshaya Patra Foundation and local authorities, relief material was delivered to families across conflict-sensitive areas of Jammu & Kashmir.

7,500
Families Reached across

14
Panchayats

Honouring Brave: Saluting the Fallen Heroes

On the occasion of the 77th Republic Day, HDBFS honoured the heroes of the Indian Armed Forces for their extraordinary bravery, resilience and service to the nation. The gesture was a reaffirmation of the Company's solidarity with those who bear the cost of the country's safety.

Acts of Simple Kindness

Acts of Simple Kindness (ASK) is an employee volunteering initiative through which HDBians mark the new year by giving back to the communities around them. Employees engage voluntarily across a wide range of causes, supporting frontline workers, senior citizens, children, vulnerable adults and environmental initiatives, guided by nothing more than the spirit of generosity.
Through the programme, HDBians distribute essentials including blankets, cooked meals, rations, clothing, books, stationery, water purifiers, air coolers and musical instruments to schools, shelter homes and individuals in need. What ASK builds, beyond the material support it delivers, is a culture of empathy and shared purpose within the Company.

920
Branches Participated

23,000+
Employees Volunteered

28,000+
Lives Touched

Marketing & Brand Campaigns

HDBFS strategically leverages high-impact sporting partnerships and localised narrative campaigns to build deep emotional connections with consumers, enhance regional market presence, and drive brand recall across India's diverse growth markets.

TNPL – Kovai Kings

Focus Area

Strengthening presence in Tamil Nadu and South India markets

Campaign Theme

'Vetri Nichchayam' – localised extension of the 'Jeet Pakki' philosophy

Key Impact

Enhanced regional affinity, cultural connect, and brand resonance across Tamil Nadu

PKL – Haryana Steelers

Focus Area

Expanding visibility across North Indian and aspirational Tier 2 & Tier 3 markets

Campaign Theme

'Jeet Pakki' Campaign

Key Impact

Improved brand recall, salience, and emotional connect with growth-driven audiences

Tamil Nadu Premier League (TNPL): Kovai Kings

Why:

To deepen HDBFS's brand penetration in South India, specifically Tamil Nadu, a high-priority growth market characterised by intense regional pride and loyal cricket fandom.

How:

HDBFS signed on as the Official Lending Partner of the Kovai Kings. The association was anchored by prominent front-of-jersey branding, on-field activations, and digital fan engagements. To build strong cultural resonance, the campaign translated the national 'Jeet Pakki' brand philosophy into the localised Tamil expression 'Vetri Nichchayam' (Assured Success).

Outcome:

The hyper-local campaign dramatically amplified brand recall, established HDBFS as a culturally attuned financial partner, and accelerated customer acquisition across Tamil Nadu.

Pro Kabaddi League (PKL): Haryana Steelers

Why:

To drive high-impact brand salience and emotional engagement in key North Indian markets (including Haryana, Punjab, Uttar Pradesh, and Delhi-NCR) where kabaddi enjoys monumental viewership and roots.

How:

HDBFS partnered with the Haryana Steelers in the Pro Kabaddi League, integrating the team's relentless grit with the brand's core narrative. The campaign integrated extensive on-ground branding, television/digital broadcast spots, and social media fan challenges centred around the core philosophy of 'Jeet Pakki'.

Outcome:

The PKL partnership successfully reinforced HDBFS' positioning as an energetic, aspirational, and trustworthy brand, leading to elevated brand equity and strong top-of-mind recall in critical North Indian agrarian and semi-urban hubs.

Building Sustainable Foundations

Expanding Community Impact

HDBFS is deepening its sustainability approach, embedding ESG principles at the core of its business. The Company recognises that sustainable growth requires balancing economic, environmental and social considerations. Its strategy is aligned accordingly, with measurable impact, ethical practices and stakeholder expectations at the centre.

HDBFS' Priorities

The Company's ESG priorities are grounded in a materiality assessment of where its operations, lending activities and stakeholder interactions carry the most significant impact

- Climate Resilience
- Sustainable Sourcing
- People and Culture
- Customer Centricity
- Community Development
- Stakeholder Trust
- Ethical Governance

HDBFS' Framework

The framework integrates sustainability across business strategy, risk management and operational processes. It provides clear guidelines for identifying, assessing and managing ESG-related risks and opportunities, enabling consistent monitoring and transparent reporting.

- **Integrating ESG Ideology:** ESG considerations are embedded into business decisions, with structured identification of ESG-related risks and adverse incidents.
- **Ethical Conduct:** Business is conducted with integrity, fairness and a value-driven approach.
- **Stakeholder Commitment:** Accountability to stakeholders is maintained by addressing their expectations and sustaining long-term relationships.
- **Impact Reporting**: Environmental and social impacts are measured and disclosed in a structured, transparent manner.
- **Continuous ESG Improvement:** ESG practices are reviewed periodically, with relevant measures adopted to progressively enhance ESG maturity.
- **Robust Compliance:** Compliance with applicable statutory, regulatory and governance requirements is upheld rigorously.

Enduring Responsibility

Expanding Green Horizons

Environmental stewardship at HDBFS is approached through the lens of responsible growth. As the Company scales, it strengthens practices that reduce resource consumption, improve operational efficiency and support more sustainable ways of working across offices, branches and field operations. Practical, measurable action advances environmental outcomes while reinforcing the discipline and resilience that underpin long-term value creation.

Responsible Water Stewardship

Enhancing water efficiency within operations while supporting long-term water security in communities.

429
Water conservation structures restored

- Installation of water sensors in few offices on pilot basis to track and optimise consumption
- Adoption of biodegradable cleaning agents to reduce water pollution
- Continuous monitoring and optimisation of water usage across facilities

Sustainable Resource & Waste Management

Driving responsible consumption through sustainable materials and a reduced environmental footprint.

Transitioned to
100%
FSC-certified paper across our branch operations

- Standardisation of eco-friendly and biodegradable cleaning materials to reduce chemical waste

Energy Efficiency & Emissions Reduction

Reducing energy intensity and emissions through efficient operations and climate-aligned financing.

1,870
Electric vehicles financed

- 140 Static inverters deployed in place of DG sets at branch premises to reduce CO_2 and air emissions

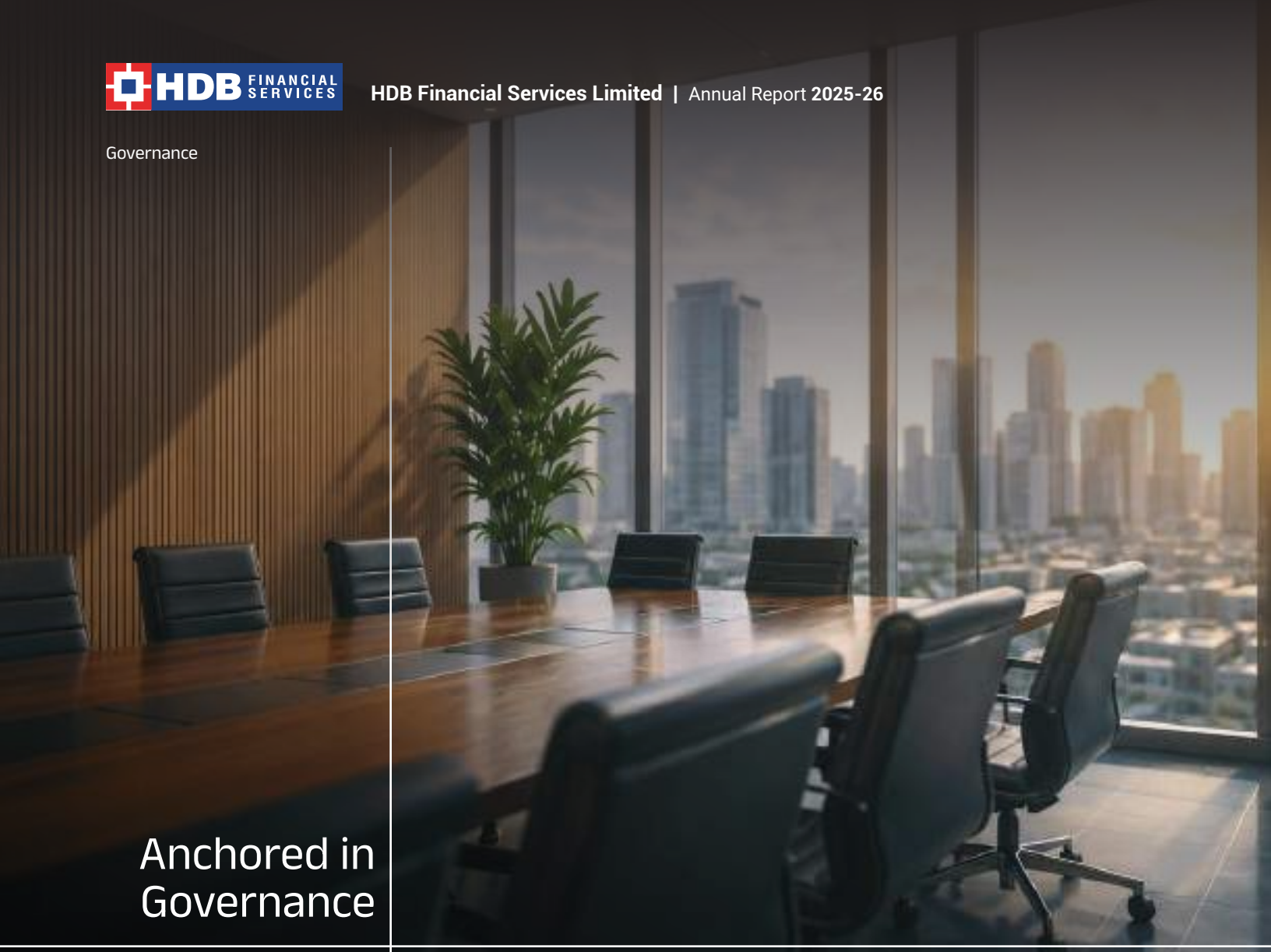
Green Buildings & Sustainable Infrastructure

Sustainability is integrated into workplace design to improve efficiency, resilience and environmental performance.

200
Energy-efficient 5-star rated air conditioners deployed

- Utilising zero ozone depletion potential R32/R410 refrigerant gases in air conditioners
- IGBC Gold Certification achieved for the corporate office
- Deployment of occupancy-linked light sensors in few offices on pilot basis to optimise energy usage

SDG Linkages



Anchored in Governance

Guided by Leadership

The Board comprises seasoned professionals with diverse experience across finance, risk, strategy and operations. It brings depth, balance and foresight to key decisions. Through active stewardship, the Board enables the Company to respond with agility, uphold compliance rigorously and create enduring value across economic cycles.

Key Initiatives

- Achieved **ISO 27001:2022** certification for a robust Information Security Management System
- Constituted ESG & CSR committee at the Board level; ESG policy framework approved by Board members
- Simulated cyberattack drills, including phishing campaigns, conducted to strengthen cybersecurity resilience
- Launched 'TRINETRA' (IT Command Centre) to strengthen our technology operations and Cybersecurity resilience
- Conducted mandatory training for all employees on POSH, cybersecurity and health and safety standards
- Achieved **ISO 22301:2019** Certification for comprehensive Business Continuity Management (BCM)

Mr. Natarajan Srinivasan*

Non-Executive Chairman & Additional Independent Director

Dr. Amla Samanta

Independent Director

Mr. Adayapalam Viswanathan

Independent Director

Ms. Arundhati Mech

Independent Director

Mr. Jayesh Chakravarthi

Independent Director

Mr. Jayant Gokhale

Independent Director

Mr. Bhaskar Sharma

Independent Director

Mr. Jimmy Tata

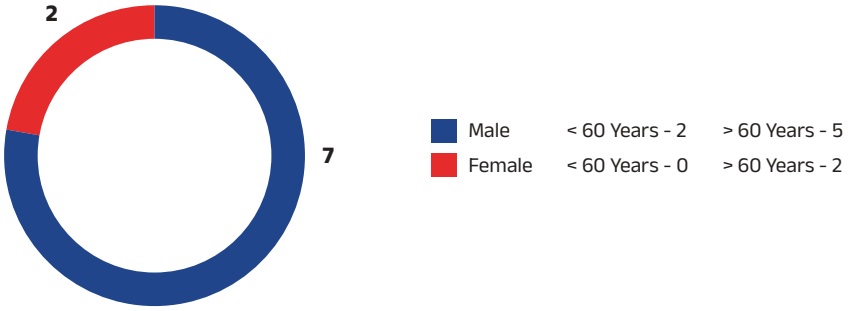
Non-Executive Director (Non-Independent)

Mr. Ramesh G.

Managing Director & Chief Executive Officer

*Mr. Natarajan Srinivasan was appointed as a Non-Executive Chairman and an Additional Independent Director w.e.f. May 14, 2026

Board Diversity



Senior Management

Mr. Ramesh G.
Managing Director & Chief Executive Officer

Mr. Sarabjeet Singh
Chief Business Officer

Mr. Manish Tiwari
Chief Business Officer

Mr. Akash Bararia
Head – Consumer Finance

Mr. Rohit Patwardhan
Chief Credit Officer

Mr. Venkata Swamy
Chief Digital & Marketing Officer

Mr. Jaykumar Shah
Chief Financial Officer

Mr. Harish Venugopal
Chief Risk Officer

Mr. Ashish Ghatnekar
Chief – People & Operations

Mr. Mathew Panat
Chief Technology Officer

Mr. Premal Brahmbhatt
Head – Internal Audit

Ms. Dipti Jayesh Khandelwal
Company Secretary & Head Legal

Mr. Vinod Raghavan
Chief Compliance Officer

Mr. Vishal Patel
Head – Investor Relations

Awards

Built on Excellence

Recognised for Strength

Afaqs BankFin 360 Awards

Honoured with Best Digital Onboarding Strategy Award at Afaqs 2025

Chalo Bharat Marketing Conclave & Awards 2026

Honoured with Gold – Best Use of Animation & Silver – Best CGI Integration Award at Chalo Bharat Marketing Conclave & Awards 2026

HDBFS CSR film Veerangana has been recognised for its powerful storytelling and emotional tribute to the Veer Naaris of India

9th L&D Awards 2025

HDBFS Won Best Blended Learning Strategy of the year at 9th L&D Awards 2025

5th Edition of the Great Indian BFSI Award 2025

HDBFS honoured with Marketing Campaign of the Year 2025 award at the 5th Great Indian BFSI Awards

Most Innovative Digital Lending NBFC & Best Digital NBFC of the Year awards at the Indian NBFC Summit 2025

Ranked among the Top 15 Mega Companies by Ambition Box, reflecting strong employee satisfaction

Corporate Information

Key Managerial Personnel

Mr. Ramesh G.
Managing Director & Chief Executive Officer

Mr. Jaykumar Shah
Chief Financial Officer

Ms. Dipti Jayesh Khandelwal
Company Secretary and Head – Legal

Joint Statutory Auditors

M/s. Kalyaniwalla & Mistry LLP
(ICAI FRN: 104607W/W100166)
M/s. G.D. Apte & Co. (ICAI FRN: 100515W)

Secretarial Auditors

M/s. N L Bhatia & Associates,
Practising Company Secretaries
UIN: P1996MH055800

Registered Office

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad – 380 009
Tel No.: +91 9898078768
Website: www.hdbfs.com
Email: investorcommunications@hdbfs.com

Corporate Information Number

L65993GJ2007PLC051028

Corporate Office

HDB House, Tukaram Sandam Marg,
A-Subhash Road,
Vile Parle (E), Mumbai – 400 057
Tel No.: +91 22 49116300
Fax: +91 22 49116666

Bankers

- Axis Bank
- Bank of America
- Bank of Baroda
- Bank of India
- Canara Bank
- Deutsche Bank
- HDFC Bank
- HSBC Bank
- ICICI Bank
- IDBI Bank
- Indian Bank
- IndusInd Bank
- Jammu & Kashmir Bank
- Karnataka Bank
- Kotak Mahindra Bank
- MUFG Bank
- Punjab & Sind Bank
- Punjab National Bank
- Small Industries Development
- South Indian Bank
- Standard Chartered Bank
- State Bank of India
- Union Bank of India

Registrar & Share Transfer Agent

(Equity, Commercial Papers & Non-Convertible Securities)

M/s. MUFG Intime India Private Limited (Formerly M/s. Link Intime India Private Limited)

C – 101, Embassy 247, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083

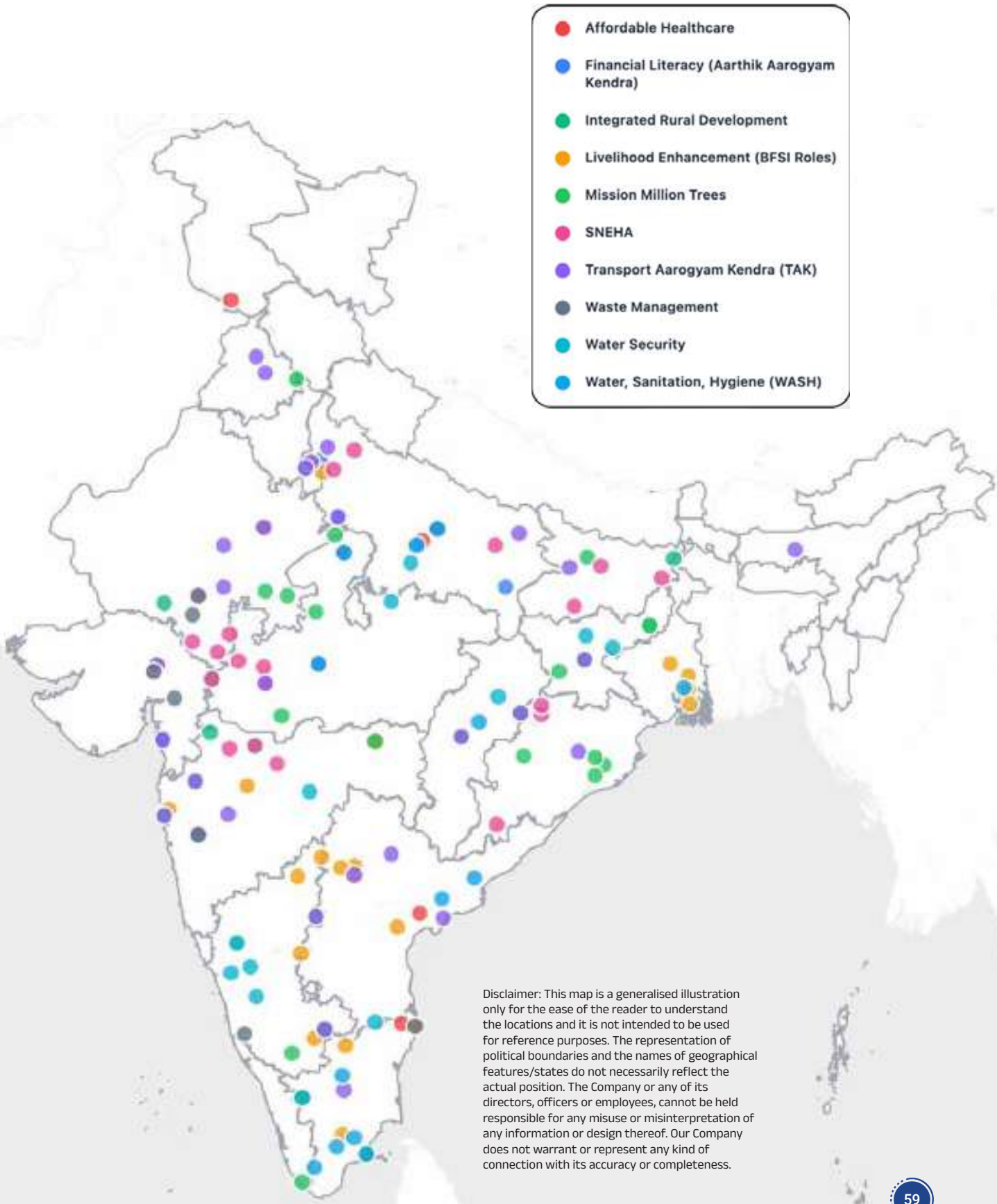
Website: https://web.in.mpms.mufg.com/office-network.html

Email: investor.helpdesk@in.mpms.mufg.com/ bonds.helpdesk@in.mpms.mufg.com /

Debenture Trustees

M/s. IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P M Road,
Fort, Mumbai – 400 001
Tel.: +91 22 40807000
Fax: +91 22 66311776
Email: itsl@idbitrustee.com

M/s. Axis Trustee Services Limited
Ground Floor, Axis House, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Tel.: +91 22 62300446
Fax: +91 22 62300700
Email: debenturetrustee@axistrustee.in



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. Our Company does not warrant or represent any kind of connection with its accuracy or completeness.

NOTICE

HDB FINANCIAL SERVICES LIMITED

Corporate Identification Number: L65993GJ2007PLC051028

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

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

Tel: +91 22 4911 6300; **Fax:** +91 22 4911 6666, **Website:** www.hdbfs.com **E-mail:** investorcommunications@hdbfs.com

NOTICE OF 19TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th (Nineteenth) Annual General Meeting ("AGM") of HDB Financial Services Limited ("the Company") will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") on Thursday, 25th day of June, 2026 at 11:00 AM (IST), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Report of the Board of Directors and Auditors thereon for the financial year ended March 31, 2026.
2. To declare a dividend at 20% i.e. ₹ 2/- (Rupees Two Only) per Equity Share for the financial year ended March 31, 2026.
3. To appoint a Director in place of Mr. Jimmy Tata (DIN: 06888364), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To approve the appointment of Mr. Natarajan Srinivasan (DIN: 00123338) as a Non-Executive Chairman and Independent Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 197 read with Schedule IV, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules made thereunder, Regulation 17 and 25(2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), relevant circulars/guidelines issued by the Reserve Bank of India ("RBI") from time to time, (including any amendments, modifications, variations or re-enactments thereof), the provisions of the Articles of Association of the Company and any other applicable provisions, in supersession of the resolution passed by the Members through Postal Ballot on March 13, 2026, in relation to Profit-Related Commission payable to the Independent Directors and pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors of the Company, Mr. Natarajan Srinivasan (DIN: 00123338), who has provided his consent in form DIR-2 for appointment as an Independent Director of the Company and submitted a declaration that he satisfies the criteria for independence as prescribed under Section 149(6) of the Act and the SEBI Listing Regulations, in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director and who is eligible for appointment as an Independent Director of the Company, the consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Natarajan Srinivasan as a Non-Executive Chairman and an Independent Director of the Company for a period of three (3) years commencing from May 14, 2026 up to May 13, 2029 (both days inclusive), not be liable to retire by rotation and shall be paid remuneration of ₹ 30,00,000 (Rupees Thirty Lakhs Only) per annum, payable on monthly basis in addition to the sitting fee that may be paid to him in terms of the appointment letter;

   RESOLVED FURTHER THAT all Independent Directors of the Company, other than Mr. Natarajan Srinivasan (DIN: 00123338) shall receive Profit-Related Commission, as approved by the Members vide resolution passed through Postal Ballot on March 13, 2026;

   RESOLVED FURTHER THAT in case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites as approved by the Nomination and Remuneration Committee / Board of Directors shall be as per Schedule V of the Companies Act, 2013;

NOTICE (CONTD.)

RESOLVED FURTHER THAT the Board (which term shall include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and/ or Officer(s) of the Company to give effect to this resolution."

5. To approve selling, assignment, securitisation of receivables / book debts of the Company up to ₹ 13,000 Crore and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force) and the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee constituted / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) to sell / assign / securitise substantial assets including present and / or future receivables / book debts of the Company in favour of banks / financial institutions, other investing agencies, Asset Reconstruction Companies and Trustees for the holders of Debentures / Bonds / Pass Through Certificates / Security Receipts and other instruments and also to issue covenants for negative pledges / negative liens in respect of the said assets and properties in such form and manner as the Board may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to execute the required documents including power of attorney in favour of all or any of the persons, firms, bodies corporate, banks, financial institutions, trustees etc., from time to time, provided that the aggregate amount of such transactions shall not exceed ₹ 13,000 Crore (Rupees Thirteen Thousand Crore Only);

RESOLVED FURTHER THAT the Board be and is hereby authorised to negotiate, finalise and execute with the Lender(s) / Debenture Trustees / Financial Institutions / Asset Reconstruction Companies such documents / agreements / undertakings / indemnities / guarantees as may be required and to propose / accept any modifications to the terms and conditions thereto and to do all such acts, deeds and things as may be required, with power to settle all questions, difficulties or doubts that may arise in this regard, as it may in its sole and absolute discretion deem fit and to delegate all or any of their powers herein conferred to any Committee and / or Director(s) and / or Officer(s) of the Company, to give effect to this resolution."

6. Authority to issue redeemable non-convertible debentures and / or other debt instruments on private placement basis and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any of the Companies Act, 2013 ("Act"), read with the Companies (Share Capital and Debentures) Rules, 2014, Companies (Prospectus and Allotment of Securities) Rules, 2014, Reserve Bank of India (Non-Banking Financial Company - Miscellaneous) Directions, 2025 ("RBI Directions"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, read with the Securities and Exchange Board of India's Master Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other law, rules, guidelines, regulations for the time being in force and any other circulars, notifications and / or clarifications issued by any relevant authority (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force) and subject to such terms, conditions and modifications as may be considered necessary and proper by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of the Board constituted /

NOTICE (CONTD.)

to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and / or invite for issue of non-convertible securities whether secured or unsecured, listed, fixed rate or market / benchmark linked and / or any other debt instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital under the provisions of the RBI 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 non-convertible securities pursuant to the authority under this resolution shall be aggregating up to ₹ 32,824.72 Crore (Rupees Thirty Two Thousand Eight Hundred Twenty Four Crore and Seventy Two Lakh Only) under one or more General Information Document(s) read with the relevant Key Information Document(s) and private placement offer letter(s) as may be issued by the Company and in one or more tranches / series as the Board may decide and within the overall limit of borrowing as approved by the Members pursuant to Section 180(1)(c) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and to negotiate, finalise, amend, execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid resolution as it may in its sole discretion deem fit and to delegate all or any of their powers herein conferred to any Committee and / or Director(s) and / or Officer(s) of the Company, to give effect to this resolution."

7. To approve increase in borrowing limit of the Company from ₹ 1,35,000 Crore to ₹ 1,50,000 Crore and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of all the resolutions passed earlier in this regard, the consent of the Members of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution) to borrow from time to time, any sum or sums of monies, inter-alia, by way of loan, facility, financial assistance, issue of partly / fully convertible / non-convertible debentures / bonds (including subordinated or perpetual debentures or other forms of debt instruments) / Tri-Party Repo Settlement (TREPS), issue of commercial papers, availing external commercial borrowings and all of the above can either be availed / issued in Indian Rupee or any other currency as permissible under applicable law, whether secured or unsecured and whether in India or abroad, notwithstanding that the loan, facility, financial assistance, partly / fully convertible / non-convertible debentures / bonds, TREPS, commercial papers, external commercial borrowings to be availed together with the monies already borrowed by the Company, may exceed the aggregate of the paid-up share capital, its free reserves and securities premium (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), provided that the total amount so borrowed by the Board shall not, at any given point of time, exceed ₹ 1,50,000 Crore (Rupees One Lakh Fifty Thousand Crore Only), on such terms and conditions as the Board at its sole discretion may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to negotiate, agree and execute the required documents in this regard with any banks, financial institutions, companies, firms, individuals, persons, body corporate, associations, partnership, sole proprietorship, societies, or any government or semi-government bodies, whether state or central, whether in India or abroad (hereinafter referred to as "the Lender") for borrowing funds on such terms as may be mutually agreed between the Company and the Lender;

NOTICE (CONTD.)

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof) be and are hereby authorised to do all such acts, deeds and things as may be required and to finalise the terms and conditions and execute all such agreements, documents, instruments applications etc., as may be required with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to sub-delegate all or any of their powers herein conferred to any Committee and / or Director(s) and / or Officer(s) of the Company, to give effect to this resolution."

8. To approve increase in limit for creation of charge on the assets of the Company up to an amount of ₹ 1,50,000 Crore to secure its borrowings and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of all the resolutions passed earlier in this regard, the consent of the Members of the Company be and is hereby accorded under Sections 180(1)(a) and 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s), amendment(s), or re-enactment(s) thereof, for the time being in force), to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution) to create such encumbrances, charges, mortgages or hypothecations, in addition to the existing encumbrances, charges, mortgages or hypothecations created by the Company, on such movable and immovable properties and / or assets of the Company, both present and future and in such manner as deemed fit, in favour of the lenders / creditors of the Company (including but not limited to bank(s), financial institution(s), investing agencies, trustees for the holders of debentures / bonds / other debt instruments) and also to issue covenants for negative pledges / negative liens in respect of the said assets and properties, in such form and manner as the Board may deem fit and for the said purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and also to execute the required documents including power of attorney in favour of all or any of the persons, firms, bodies corporate, banks, financial institutions, trustees etc., to secure such loans, facility, issue of debentures / bonds (whether partly / fully convertible or non-convertible), issue of market linked securities or any other form of debt availed (hereinafter collectively referred to as "Loans") provided that the total amount of Loans for which the charge is to be created, shall not, at any time exceed ₹ 1,50,000 Crore (Rupees One Lakh Fifty Thousand Crore Only);

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee(s) constituted / to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof) be and are hereby authorised to negotiate, finalize and execute with the lender(s) / trustees / persons, such documents / agreements / undertakings / indemnities / guarantees as may be required for creating the aforesaid encumbrances, mortgages, hypothecations, charges in any other manner and to propose / accept any modifications to the terms and conditions thereto and to do all such acts, deeds and things as may be required, with power to settle all questions, difficulties or doubts that may arise in this regard, as it may in its sole and absolute discretion deem fit and to sub-delegate all or any of their powers herein conferred to any Committee and / or Director(s) and / or Officer(s) of the Company, to give effect to this resolution."

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

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

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

Place: Mumbai
Date: May 14, 2026

NOTICE (CONTD.)

Notes:

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 ("Act"), as amended, read with the relevant rules made thereunder and Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, setting out the material facts and reasons in respect of Item Nos. 4 to 8 of this Notice, is annexed hereto. Additional information for Item No. 4 as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is also annexed to the Notice.

2. In accordance with the Ministry of Corporate Affairs ("MCA"), Government of India, vide General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 21/2021 dated December 14, 2021, General Circular No. 2/2022 dated May 05, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 9/2023 dated September 25, 2023, General Circular No. 9/2024 dated September 19, 2024 and General Circular No. 03/2025 dated September 22, 2025 (collectively referred to as "**MCA Circulars**"), electronic copies of the Annual Report for the Financial Year ("FY") 2025-26 and this AGM Notice, inter-alia, indicating the process and manner of e-Voting along with instructions to attend the AGM through Video-Conferencing / Other Audio-Visual Means (VC/OAVM) are being sent by e-mail to those Members, Trustees for the Debenture-holders of any debentures issued by the Company, holders of Non-Convertible Securities and to all other persons so entitled whose e-mail IDs have been made available to the Company / Registrar and Transfer Agent ("RTA") i.e., MUFG Intime India Private Limited (previously known as "Link Intime India Private Limited") (hereinafter referred to as "RTA / MUFG") or with Depository Participants ("DPs") unless the Member has specifically requested for a hard copy of the Annual Report.

   Members may note that the Annual Report for the FY 2025-26 and the AGM Notice will also be available on the Company's website at https://www.hdbfs.com/investors and on the website of BSE Limited at www.bseindia.com and the National Stock Exchange of India Limited at www.nseindia.com The Notice is also available on the website of the e-Voting service provider engaged by the Company viz. National Securities Depository Limited ("NSDL") at https://www.evoting.nsdl.com

3. Pursuant to the MCA Circulars and in compliance with the applicable provisions of the Act, the 19th (Nineteenth) AGM will be held through VC / OAVM and physical attendance of Members has been dispensed with; and in accordance with the requirements of Regulation 44(4) of SEBI Listing Regulations, the requirement to send proxy forms is not applicable to general meetings held only through electronic mode. Accordingly, the facility to appoint a proxy to attend and vote at the AGM on behalf of a Member will not be available and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

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

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

6. Members seeking any information relating to the accounts or any matter to be placed at the AGM are requested to submit their queries in advance from their registered e-mail address. The e-mail should mention their name, DP ID and Client ID / folio number, PAN and mobile number and should be sent via e-mail at investorcommunications@hdbfs.com, on or before Monday, June 22, 2026. The same will be replied by the Company suitably during the AGM.

7. The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum for the AGM under Section 103 of the Act. Members attending the AGM through VC / OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-Voting, may vote during the AGM through e-Voting for the business specified in the Notice. The Members who have exercised their right to vote by remote e-Voting may attend the AGM but cannot vote again.

NOTICE (CONTD.)

8. The venue of the AGM shall be deemed to be the Registered Office of the Company at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad – 380 009.

9. The Members desiring to inspect the documents referred to in this Notice and other statutory registers are requested to send an e-mail to dipti.khandelwal@hdbfs.com with a copy marked to investorcommunications@hdbfs.com mentioning their name, folio no. / client ID and DP ID and the documents they wish to inspect, with a self-attested copy of their PAN card. An extract of such documents would be sent to the Members on their registered e-mail address. The said documents would also be available for virtual inspection on all working days.

10. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

11. Dividend Related Information

    The record date for determining the names of Members eligible for dividend on Equity Shares, if declared at the AGM, is Thursday, June 18, 2026.

    The final dividend, as recommended by the Board of Directors, if approved at the AGM, will be paid on or after Friday, June 26, 2026, to the Members, after deduction of Tax Deduction at Source (TDS), as applicable. Payment of such dividend will be made to all beneficial owners in respect of shares, whose names appear in the list of beneficial owners furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') as at the close of business hours on the record date.

    Members holding shares in dematerialised form are requested to intimate any change in their address or bank account details (including 9-digit MICR no., 11-digit IFSC Code and Core Banking Account Number) to their respective Depository Participants with whom they are maintaining demat accounts on or before Thursday, June 18, 2026.

    SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. As directed by SEBI, Members holding shares in physical form are requested to submit particulars of their bank account in Form ISR 1 along with the original cancelled cheque bearing the name of the Member to MUFG / Company. Members holding shares in demat form are requested to update their bank account details with their respective Depository Participant ("DP"). The Company or MUFG cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the Depository Participants of the Members. Members are requested to ensure that their bank account details in their respective demat accounts are updated, to enable the Company to provide timely credit of dividend in their bank accounts.

    Send a request to our RTA at investor.helpdesk@in.mpms.mufg.com by providing the following details along with Form ISR 1:

    a) Folio No., Name of the Member/s;

    b) Name and Branch of the Bank in which you wish to receive the dividend;

    c) Bank Account type;

    d) Bank Account Number allotted by their bank after implementation of Core Banking Solutions;

    e) 9 digit MICR Code Number; and

    f) 11 digit IFSC Code

    Along with the request, attach the scanned copy of Share Certificate (front and back), PAN (self-attested scanned copy of PAN card), scanned copy of cancelled cheque bearing the name of the first Shareholder.

    Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account(s), shall be transferred, under Section 124 of the Act, to the Investor Education and Protection Fund ("IEPF"), established under Section 125 of the Act. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

    Members may note that as per the Income Tax Act, 2025 ("IT Act"), dividends paid or distributed by the Company shall be taxable in the hands of the Members and the Company shall be required to deduct TDS at the prescribed rates from the dividend to be paid to Members, subject to approval of the dividend by the Members in the ensuing AGM. The TDS rate would vary depending on the residential status of the Member and

NOTICE (CONTD.)

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 393(1) [Table: Sl. No.7] read with Section 393(4) [Table Sl. No. 10] of the IT Act on the amount of dividend declared and paid by the Company in the Tax Year 2026-27 provided valid PAN is registered by the Members. If the valid PAN is not registered or linked to Aadhar, the TDS is required to be deducted at the rate of 20% under Section 397(2) of the IT Act.

However, no tax shall be deducted on the dividend paid to resident individuals if aggregate dividend distributed or likely to be distributed during the Tax Year 2026-27 does not exceed ₹ 10,000. Even in the cases where the members provide valid Form 121 (for all individuals including those whose age is 60 years or above, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) 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 under Schedule VII (Table: Sl. No. 20 or 21) of section 11 of the IT Act along with self-attested copies of registration documents and PAN card;

iii. **Alternative Investment Fund (AIF) established in India:** Declaration that the shareholder is eligible for exemption under Schedule V [Table: Sl. No. 1] of Section 11 of the IT Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.

iv. **New Pension System Trust:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

v. **Other shareholders:** Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.

vi. Shareholders who have provided a valid certificate issued under Section 395(1) of the IT Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

b. **For Non-Resident Shareholders,** (including Foreign Portfolio Investors) Tax is required to be withheld in accordance with the provisions of Section 393(2) [Table Sl. No 17] read with section 207(1) [Table Sl. No. 1] of the IT Act at applicable rates in force. As per the relevant provisions of the IT Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. However, as per Section 159 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:

i) Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities;

ii) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

iii) Form 41, needs to be filed online on the income tax portal as required under Section 159(1) and 159(2) of the Act, 2025. Form 41 submitted online along with the acknowledgment generated from the income tax portal shall be submitted. Forms submitted in any other format will be considered as invalid;

iv) Self-declaration by the non-resident shareholder of meeting treaty eligibility requirement and satisfying beneficial ownership requirement.

NOTICE (CONTD.)

v) In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.

vi) 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 Member.

Accordingly, in order to enable the Company to determine the appropriate TDS / withholding tax rate applicable, we request the Members to provide these details and documents as mentioned above on or before Thursday, June 18, 2026.

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

Members are requested to upload the relevant documents on the link: https://web.in.mpms.mufg.com/formsreg/submission-of-Form-121-41.html on or before Thursday, June 18, 2026, in order to enable the Company to determine and deduct TDS at applicable rates. Failure to do so, will attract higher TDS rates as mentioned in the above paragraphs. Incomplete and / or unsigned forms and declarations will not be considered by the Company. No communication on the tax determination / deduction received after Thursday, June 18, 2026, shall be considered for payment of dividend for FY 2025-26, if approved, at the ensuing AGM.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details / documents from the Members, there would still be an option available with Members to file the return of income and claim an appropriate refund, if eligible. No claim shall lie against the Company for such taxes deducted.

12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, SS-2, Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the Company is providing remote e-Voting facility to all its Members to enable them to cast their vote on the matters listed in the Notice by electronics means and business may be transacted through the e-Voting services. For this purpose, the Company has engaged services of NSDL for providing e-Voting services.

    - Remote e-Voting facility will be available from 09:00 a.m. on Monday, June 22, 2026 and ends at 05:00 p.m. on Wednesday, June 24, 2026, after which the facility will be disabled by NSDL and remote e-Voting shall not be allowed beyond the said date and time. During this period Members of the Company, holding shares , as on the cut-off date i.e. Thursday, June 18, 2026 may cast their vote electronically.
    - Instructions for e-Voting are given at point no.15.
    - The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. Thursday, June 18, 2026.

    The facility for voting, through the electronic voting system shall also be made available at the AGM for Members who have not already cast their vote prior to the AGM by remote e-Voting.

13. The Members, who have cast their vote prior to the AGM by remote e-Voting may also attend the AGM but shall not be entitled to vote again at the meeting. Once a vote is cast by a Member, such Member shall not be allowed to alter it subsequently.

14. **Procedure for registration of e-mail address:** The Members who have not yet registered their e-mail address are requested to get their e-mail addresses registered by following the procedure given below:

    i. Members who have not registered their e-mail IDs, are requested to kindly register the same on the website of the Company's RTA agent at the link https://web.in.mpms.mufg.com/emailreg/email_register.html as physical copies of AGM Notice as

NOTICE (CONTD.)

well as the other documents will not be sent to them in physical mode and will be sent only by e-mail, in accordance with the MCA Circulars. Post successful registration of the e-mail, the Member would get soft copy of the AGM Notice and the procedure for e-Voting along with the User ID and Password to enable e-Voting for this AGM. In case of any queries, Member may write to investor.helpdesk@in.mpms.mufg.com Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants in case the shares are held in dematerialised form and with the Company / RTA in case the shares are held in physical form.

ii. In terms of Regulations 36 and 58 of the SEBI Listing Regulations, a letter providing the weblink, including the exact path where the complete details of the Annual report are available along with a static Quick Response Code has been sent to the Members / Debenture Holders who have not registered their e-mail address with the DPs / Company / RTA.

iii. It is clarified that for permanent registration of e-mail address, the members are requested to register their e-mail address, by contacting Depository Participants and registering e-mail ID and mobile number in demat account, as per the process advised by the Depository Participants.

iv. Members holding shares in physical mode are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16, 2023, shall register the e-mail ID, mobile number, postal address with PIN code for their corresponding folio numbers. Members can register / update the contact details through submitting the requisite ISR-1 form along with the supporting documents. ISR-1 Form can be obtained by following the link: https://www.hdbfs.com/investors

v. ISR Form(s) and the supporting documents can be provided by any one of the following modes.

a) Through 'In Person Verification' (IPV): The authorised person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or

b) Through Post: Hard copies which are self-attested, can be sent to the address below; Name: M/s. MUFG Intime India Private Limited (Formerly M/s. Link Intime India Private Limited) E-mail: investor.helpdesk@in.mpms.mufg.com Tel: +91 810 811 6767 Timing: Monday - Friday 10:00 AM - 05:00 PM Address: C - 101, 247 Park, L.B.S. Marg, Vikhroli - West, Mumbai - 400 083

Detailed FAQ can be found on the link: https://www.hdbfs.com/sites/default/files/investor-service/HDBFSL_Shareholder_FAQs_25082025.pdf For more information on updating the e-mail and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the Demat A/c is being held.

15. Instructions for Voting through electronic means ('e-Voting'):

The details of the process and manner for remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-Voting system.

NOTICE (CONTD.)

Details on Step 1 are mentioned below:

A. Login method for remote e-Voting and joining virtual meeting for Individual Members holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client ID, PAN No., Verification code and generate OTP. Enter the OTP received on registered e-mail id / mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 3. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 4. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 5. Shareholders / Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play

NOTICE (CONTD.)

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user ID and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon and New System Myeasi Tab and then use your existing my Easi username and password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi / Easiest, option to register is available at CDSL website www.cdslindia.com and click on login and New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and E-mail as recorded in the Demat Account. After successful authentication, the user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) can login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

NOTICE (CONTD.)

B. Login method for e-Voting and joining virtual meeting for Members other than Individual Members holding securities in demat mode

How to Log-in to the NSDL e-Voting website?

1) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile.

2) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholders / Member" section.

3) A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

4) Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at https://eservices.nsdl.com/ with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

5) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

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 e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

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

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.

NOTICE (CONTD.)

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid options, you can send a request at evoting@nsdl.com mentioning your demat account number, your PAN, your name and your registered address.

d) 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 the check box.

9) Now, you will have to click on "Login" button.

10) After you click on the "Login" button, the home page of e-Voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on the NSDL e-Voting system and join the Annual General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and Annual General Meeting is in active status.
2. Select the EVEN for the Company which is 139495. For joining virtual meeting, you need to click on "VC / OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those Members whose e-mail address are not registered with the depositories for procuring User ID and password and registration of e-mail address for e-Voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to investorcommunications@hdbfs.com.
2. 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 investorcommunications@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.
3. Alternatively, Members may send a request to evoting@nsdl.com for procuring User ID and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI Circular dated December 09, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-Voting facility.

General Guidelines for the Shareholders

1. Institutional / Corporate Members (i.e. other than individuals, HUF, NRI, etc.) are required to upload their Board Resolution / Power of Attorney / Authority Letter by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab or send a scanned copy (PDF/ JPG Format) of the relevant Board Resolution / Authority letter etc., with attested specimen signature of the duly authorised signatory(ies) who

NOTICE (CONTD.)

are authorised to vote, to the Scrutiniser by e-mail to mitesh@mjshah.com with a copy marked to evoting@nsdl.com

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details / Password" option available on https://www.evoting.nsdl.com to reset the password.

3. In case of any queries relating to e-Voting you may refer to the Frequently Asked Questions ("FAQs") for Shareholders and e-Voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com or call on toll free no.: 022 - 4886 7000 or send a request at evoting@nsdl.com

4. In case of any grievances connected with facility for e-Voting, please contact Ms. Pallavi Mhatre, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. E-mail: evoting@nsdl.com or call on toll free no.: 022 - 4886 7000.

5. In case of any other queries shareholder can contact: M/s. MUFG Intime India Private Limited (previously known as Link Intime India Private Limited), C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel No: +91 8108116767, Fax No: +91 22 49186060, E-mail: investor.helpdesk@in.mpms.mufg.com

16. Instructions for members for attending the AGM through VC / OAVM are as under:

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of the AGM provided by NSDL at https://www.evoting.nsdl.com by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM 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. Members are permitted to join the AGM through VC / OAVM, 15 minutes before the scheduled time of commencement of AGM and while the AGM is in progress, by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to at least 1,000 Members on a first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship, Auditors, etc. who are allowed to attend the AGM without any restrictions pertaining to joining the AGM on a first come first served basis. Institutional Investors who are Members of the Company, are encouraged to attend the AGM and vote.

5. Please note that Members connecting from Mobile Devices, Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches. Members are also encouraged to join the meeting through Laptops for better experience.

6. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com/ 022 - 4886 7000 and 022 - 2499 7000 or contact Mr. Amit Vishal, Assistant Vice President or Mr. Abhijeet Gunjal, Assistant Manager - NSDL at evoting@nsdl.com/ 022 - 4886 7000.

7. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker shareholder by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID, PAN, mobile number at investorcommunications@hdbfs.com from Sunday, June 21, 2026 at 09:00 a.m. (IST) to Tuesday, June 23, 2026 at 05:00 p.m. (IST). Those Members who have registered themselves as a

NOTICE (CONTD.)

speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

17. Instruction for e-Voting during the AGM

The members present, who have not cast their vote on resolutions through remote e-Voting can cast their vote through e-Voting during the AGM by following the instruction as mentioned in point 15 above. The e-Voting facility will be enabled during the AGM on Thursday, June 25, 2026, at 11:00 a.m. until the conclusion of the AGM.

18. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. Thursday, June 18, 2026, may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system. However, if such person 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. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

19. Members holding shares in physical form and desiring to avail nomination facility may send their nomination details in the prescribed Form SH-13 in duplicate, duly filled in, to RTA at their address as mentioned above. Such Members who desire to opt out of or cancel the earlier nomination and record a fresh nomination, may submit the same in Form ISR-3 or SH-14 as the case may be and submit the same to our RTA. The prescribed form, in this regard, is available on the website of the Company at https://www.hdbfs.com/investors and on the website of the RTA at https://in.mpms.mufg.com/

20. As per SEBI norms securities shall be issued only in dematerialised mode while processing duplicate / unclaimed suspense / renewal / exchange / endorsement / sub-division / consolidation / transmission / transposition service requests received from physical securities holders. In view of the above and to eliminate risk associated with physical shares and to avail various benefits of dematerialisation, Members are advised to dematerialise their shares held in physical form. Any requests for transfer of securities are not permitted unless the securities are held in dematerialised form with a depository.

    Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the nearest branch of MUFG to seek guidance in the demat procedure. Members may also visit website of depositories viz. National Securities Depository Limited at https://www.nsdl.com or Central Depository Services (India) Limited at https:// www.cdslindia.com/ for further understanding the demat procedure.

21. 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.

22. The Company has designated an exclusive e-mail address i.e., investorcommunications@hdbfs.com to enable the investors to register their complaints / send correspondence, if any. Members may note that in case they have any dispute against the Company and / or its RTA, as per SEBI directives, they can file for Online Resolution of Dispute (ODR) which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian securities market. Members can use this mechanism only after they have lodged their grievance with the Company and SEBI SCORES system and are not satisfied with the outcome.

    For more details, please see the following weblinks of the stock exchanges: BSE Limited: https://bsecrs.bseindia.com/ecomplaint/frmInvestorHome.aspx

    National Stock Exchange of India Limited: https://www.nseindia.com/static/complaints/online-dispute-resolution

    Link to access ODR portal is available on Company's website at https://www.hdbfs.com/sites/default/files/investor-service/HDBFSL_Shareholder_FAQs_25082025.pdf

NOTICE (CONTD.)

23. The Scrutiniser shall submit a consolidated report of the total votes cast in favour of or against, if any, on each of the resolutions set out in this Notice, not later than two working days from the conclusion of the AGM to the Chairman. The result of the voting will be announced within two working days after the conclusion of the AGM at the Company's website at www.hdbfs.com. Based on the scrutinizer's report, the Company will submit within two working days of the conclusion of the AGM to the stock exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.

Important notice for investors holding non-convertible securities of the Company:

SEBI has released a procedural framework for dealing with unclaimed interest, dividend and redemption amounts lying with entities having listed nonconvertible securities and manner of claiming such amounts by investors. The Company has formulated a framework specifying the process to be followed by the investors for claiming their unclaimed amounts which is available on the website of the Company at https://www.hdbfs.com/investors.

NOTICE (CONTD.)

ANNEXURE 1

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS

As required under Section 102(1) of the Companies Act, 2013 ("the Act"), the following statement sets out the material facts relating to the special businesses mentioned under Resolution Nos. 4 and 8 of this Notice.

Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors at its meeting held on May 14, 2026 approved the appointment of Mr. Natarajan Srinivasan (DIN: 00123338) as a Non-Executive Chairman and Independent Director of the Company, not liable to retire by rotation, for a period of three (3) years with effect from May 14, 2026 to May 13, 2029, subject to approval of the Members.

The Company has received all requisite consents and declarations from Mr. Natarajan Srinivasan, including:

- Consent to act as a Director in terms of the Act;
- Declaration of non-disqualification under Section 164 of the Act;
- Declaration of Independence under Section 149(6) of the Act and SEBI LODR and
- Confirmation that he is not debarred from holding office of Director by virtue of any order of SEBI or any other authority

The Company has received declaration from Mr. Natarajan Srinivasan (DIN: 00123338) confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The NRC has confirmed that Mr. Natarajan Srinivasan, satisfies the fit and proper criteria as prescribed under applicable regulatory requirements. In the opinion of the Board, Mr. Natarajan Srinivasan is a person of integrity and possesses relevant expertise and experience. Mr. Natarajan Srinivasan shall be paid a remuneration of ₹ 30,00,000/- (Rupees Thirty Lakhs only) per annum, payable on monthly basis in addition to the sitting fees that may be paid to him in terms of the appointment letter dated May 14, 2026.

Further, in view of the evolving regulatory landscape and enhanced corporate governance requirements under the applicable provisions of the Act, SEBI Listing Regulations and RBI guidelines applicable to the Company, the roles, responsibilities and obligation of the Independent Directors have increased significantly, requiring greater time commitment, active participation and continued oversight across various areas including governance, risk management, compliance, financial reporting, strategy and stakeholder protection.

Mr. Natarajan Srinivasan, through his professional expertise, experience and independent judgment, will provide valuable guidance and strategic direction to the Board and Committees thereof, thereby contributing meaningfully towards the long-term growth, sustainability and governance standards of the Company. Considering the substantial contribution expected from the Chairman and the increased accountability associated with his role, the Board is of the view that payment of remuneration is appropriate, justified and commensurate with his responsibilities and contribution to the Company.

Accordingly, approval of the Members is being sought to enable payment of remuneration to Mr. Natarajan Srinivasan proposed to be appointed as Non-Executive Chairman and Independent Director, within the overall limits prescribed under the applicable provisions of the Act, as may be determined by the Board from time to time based on the recommendation of the Nomination and Remuneration Committee and approval of the Board.

Mr. Natarajan Srinivasan will receive remuneration as per the terms and conditions, elucidated herein. All Independent Directors other than Mr. Natarajan Srinivasan shall receive Profit-Related Commission as approved by the Members vide the resolution passed through Postal Ballot on March 13, 2026.

The copy of letter of appointment of Mr. Natarajan Srinivasan containing the terms and conditions of appointment, is available for inspection.

Accordingly, the approval of the Members is being sought by way of special resolution for appointment of Mr. Natarajan Srinivasan (DIN: 00123338) as a Non-Executive Chairman and Independent Director of the Company. The Board recommends the resolution set out at Item No. 4 of this Notice for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested except Mr. Natarajan Srinivasan, financially or otherwise in passing of the resolution No. 4.

Additional information about Directors pursuant to Regulation 36 of the SEBI Listing Regulations and Secretarial Standards-2 on General Meetings, issued by the Institute of Company Secretaries of India is provided in **Annexure 2** to this Notice.

NOTICE (CONTD.)

Item No. 5

The Members of the Company at the 18th Annual General Meeting held on June 12, 2025 had granted their approval by way of Special Resolution to the Board of Directors of the Company to sell / assign / securitise substantial assets including present and / or future receivables / book debts of the Company to the holders of Debentures / Bonds / Pass Through Certificates and other instruments for an aggregate amount not exceeding ₹ 9,000 Crore (Rupees Nine Thousand Crore Only).

Members of the Company are requested to note that the Company may raise funds by way of Debentures / Bonds / Pass Through Certificates of the present and / or future receivables / book debts of the Company to any Bank or Financial Institution or Asset Reconstruction Companies as per the terms approved by the Board of Directors.

The sell / assignment / securitisation of the present and / or future receivables / book debts of the Company may result into disposal of undertaking as defined in the explanation to Section 180(1)(a) of the Companies Act, 2013. As per the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of the Company shall not sell, assign or securitise the receivables / book debts of the Company without the consent of the Members of the Company, accorded at the General Meeting by means of a Special Resolution.

In view of the aforesaid, the Board of Directors at its meeting held on April 15, 2026, has subject to the approval of the Members, approved to sell / assign / securitise present and / or future receivables / book debts of the Company as approved by the Members of the Company pursuant to Section 180(1)(a) of the Act.

Accordingly, the approval of the Members is being sought by way of Special Resolution, authorising the Board of Directors to sell / assign / securitise substantial assets including present and / or future receivables / book debts of the Company, to the holders of Debentures / Bonds / Pass Through Certificates / Security Receipts and other instruments for an aggregate amount not exceeding ₹ 13,000 Crore (Rupees Thirteen Thousand Crore Only).

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

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

Item No. 6

The Company has been raising funds by offer and / or invite for issuing non-convertible debentures, secured or unsecured, listed, fixed rate or market / benchmark linked and / or any other debt instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments, Tri-Party Repo Settlement (TREPS) which may or may not be classified as being additional Tier I or Tier II capital (hereinafter referred to as "Debt Securities") on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of debentures of the company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make private placement of its debentures only after receipt of prior approval of its Members by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said Special resolution must be passed in respect of all offers / invitations for the debentures to be issued during a year and such a special resolution is required to be passed every year.

Accordingly, the Members at the 18th Annual General Meeting held on June 12, 2025 had accorded their approval to the Company for issuance of Debt Securities as mentioned below:

A. Non-Convertible Debentures (NCDs) up to a limit of ₹ 38,714.72 Crore (Rupees Thirty-Eight Thousand Seven Hundred Fourteen Crore Seventy-Two Lakh Only). As on March 31, 2026, the Company had raised NCDs of ₹ 9,333 Crore (Rupees Nine Thousand Three Hundred Thirty-Three Crore Only) and the unutilised limit of ₹ 29,381.72 Crore (Rupees Twenty-Nine Thousand Three Hundred Eighty-One Crore Seventy-Two Lakh only) is available for issuance of NCDs.

B. Subordinated Bonds (Sub Debts) up to a limit of ₹ 2,643 Crore (Rupees Two Thousand Six Hundred Forty-Three Crore only). As on March 31, 2026 the Company had raised Sub Debts of ₹ 700 Crore (Rupees Seven Hundred Crore only). The unutilised limit of ₹ 1,943 Crore (Rupees One Thousand Nine Hundred Forty Three Crore only) is available for issuance of Sub Debts.

C. Perpetual Debt Instruments (PDIs) up to a limit of ₹ 650 Crore (Rupees Six Hundred and Fifty Crore only). As on March 31, 2026, the Company has not issued any PDIs

NOTICE (CONTD.)

during the year therefore, the unutilised limit is available for issuance of Sub Debts.

The Board, at its meeting held on April 15, 2026, has approved issuance of NCDs, Sub Debts and PDIs from the above unutilised limit of Debt Securities and in addition to the above limit, has also approved new limit for issuance of PDIs of ₹ 850 Crore, subject to the approval of the Members, within the overall limit of borrowing as approved by the members pursuant to Section 180 (1)(c) of the Companies Act, 2013, from time to time, on the date of issue. Thus, the approved limit of NCDs, Sub Debts and PDIs for Issuance is ₹ 29,381.72 Crore, ₹ 1,943 Crore and ₹ 1,500 Crore respectively.

In terms of the requirements of Resource Planning Policy of the Company and business planning for the FY 2026-27, it is expected that the Company will issue Debt Securities, which shall not exceed the aforesaid limit. The Debt Securities proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

Pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 has been amended, it is now mandated that certain disclosures are required to be made in the explanatory statement annexed to the notice for Members approval under Section 42 of the Companies Act, 2013.

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

a. Particulars of the offer including date of passing of board resolution: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of Debt Securities, from time to time, for the period of 1(one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time;

b. Kinds of securities offered and price at which security is being offered: This special resolution is restricted to the private placement issuance of Debt Securities, with the terms of each issuance being determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;

c. Basis or justification for the price (including premium, if any) at which offer or invitation is being made: Not applicable at this stage. This will be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;

d. Name and address of valuer who performed valuation: Not applicable;

e. Amount which the Company intends to raise by way of such securities, as may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 of up to ₹ 32,824.72 Crore (Rupees Thirty Two Thousand Eight Hundred Twenty Four Crore and Seventy Two Lakhs Only);

f. Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of Debt Securities, from time to time, for a period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time and shall be specified in the relevant transaction documents.

In view of the aforesaid, the Board of Directors at its meeting held on April 15, 2026, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit of ₹ 1,50,000 Crore (Rupees One Hundred and Fifty Thousand Crore Only).

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 7 of this Notice authorising the Board to issue Debt Securities and / or any other debt instruments (not in the nature of equity Shares) which may or may not be classified as being Tier I or Tier II capital under the provisions of the RBI Master Directions, for an aggregate amount not exceeding ₹ 32,824.72 Crore (Rupees Thirty Two Thousand Eight Hundred Twenty Four Crore and Seventy Two Lakhs Only) on a private placement basis during a period of one year from the date of passing of the resolution.

NOTICE (CONTD.)

The Board recommends the passing of the Special Resolution as set out at Item No. 6 of this Notice, for approval of the Members.

None of the Directors and / or Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise in passing of the resolution No. 6, except to the extent of Debt Securities that may be subscribed by companies / firms in which they are interested.

Item Nos. 7 & 8

In terms of the provisions of Section 180(1)(c) and 180 (1)(a) of the Companies Act, 2013, the Members of the Company at their 18th Annual General Meeting held on June 12, 2025, had granted their approval by way of Special Resolution to the Board of Directors of the Company to borrow, from time to time, such sums of money from banks, financial institutions for an amount not exceeding ₹ 1,35,000 Crore (Rupees One Lakh Thirty-Five Thousand Crore Only) and to mortgage or create charge on all or any of the assets of the Company in favour of the concerned lenders for the purpose of securing the due repayment of the monies borrowed by the Company together with the interest and other monies thereon. As on March 31, 2026, the outstanding borrowings of the Company amounted to ₹ 99,230.05 Crore (Rupees Ninety Nine Thousand Two Hundred and Thirty Crore and Five Thousand Only) and total amount of charge created stood at ₹ 94,692 Crore (Rupees Ninety Four Thousand Six Hundred and Ninety Two Crore Only).

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

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

  or

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

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

Considering the future business growth in the loan book of the Company and to meet the funding requirement of the business in the Company and in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company, it is proposed to increase the borrowing limits of the Company to ₹ 1,50,000 Crore (Rupees One Lakh and Fifty Thousand Crore Only) by passing the resolution proposed under item no. 7 & 8 as a Special Resolution. Further, in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company up to ₹ 1,50,000 Crore (Rupees One Lakh and Fifty Thousand Crore Only), resolution under item nos. 7 & 8 is proposed to be passed as a Special Resolution.

In view of the aforesaid, the Board of Directors at its meeting held on April 15, 2026, has subject to the approval of Members, accorded their approval to increase borrowing limits of the Company and to create encumbrances, charges, mortgages and hypothecations on all or any of the assets of the Company as approved by the Members pursuant to Section 180(1)(c) and 180(1)(a) of the Act from time to time.

Accordingly, the approval of the Members is being sought by way of special resolution authorising the Board of Directors to borrow further sums of monies within an overall limit of ₹ 1,50,000 Crore (Rupees One Lakh and Fifty Thousand Crore Only) outstanding at any given point of time.

The Board recommends passing of the special resolutions as set out under item nos. 7 & 8 of this Notice for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise in passing of resolution nos. 7 & 8.

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

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad - 380009

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

Place: Mumbai
Date: May 14, 2026

NOTICE (CONTD.)

ANNEXURE 2

ADDITIONAL INFORMATION ABOUT DIRECTORS PURSUANT TO REGULATION 36 OF THE SEBI LISTING REGULATIONS AND SECRETARIAL STANDARDS-2 ON GENERAL MEETINGS, ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

Name of Director	Mr. Natarajan Srinivasan
DIN	00123338
Age	68 years
Nationality	Indian
Qualification	B Com, ACA and ACS
Nature of expertise in specific functional areas	Corporate leader with over four decades of experience in finance, strategy and business transformation
A brief resume, Experience and Nature of his expertise in specific functional areas, Recognition or awards	Mr. Natarajan Srinivasan is a seasoned corporate leader with over four decades of experience in finance, strategy and business transformation. He is a qualified Chartered Accountant and Company Secretary and has held several senior leadership positions within the Murugappa Group. He previously served as the Executive Vice Chairman and Managing Director of Cholamandalam Investment and Finance Company Limited, where he played a pivotal role in scaling and strengthening the Company's business. He also served as Managing Director and CEO of CG Power and Industrial Solutions Limited, leading its turnaround and strategic repositioning. Mr. Srinivasan has been associated with the boards of various listed and unlisted companies and is widely regarded for his expertise in financial management, governance and business restructuring.
Terms and conditions of appointment	Mr. Natarajan Srinivasan is proposed to be appointed as a Non-Executive Chairman and Independent Director of the Company, not liable to retire by rotation, for a period of three (3) years with effect from May 14, 2026 to May 13, 2029. He shall be paid a remuneration of ₹ 30,00,000/- (Rupees Thirty Lakhs only) per annum, payable on monthly basis and in addition to a sitting fee in terms of the appointment letter dated May 14, 2026.
Details of remuneration sought to be paid	Sitting fees for attending Board and Committee meetings of the Company, remuneration payable on monthly basis and reimbursement of expenses for attending Board and Committee meetings as applicable.
Details of the remuneration last drawn by such person (FY 2025-26)	Nil
Date of first appointment on the Board	May 14, 2026
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None

NOTICE (CONTD.)

The number of Meetings of the Board attended during FY 2025-26	Not applicable
Other Directorships (excluding HDB Financial Services Limited)	- 3P Investment Managers Private Limited, Chairman - Multiples Equity Fund Trustee Private Limited, Chairman - Dam Capital Advisors Limited, Independent Director - CG Semi Private Limited, Director
Membership / Chairmanship of Committees of other Board	DAM Capital Advisors Limited Nomination & Remuneration Committee – Chairman CG Semi Private Limited Audit Committee - Member
Equity listed companies from which the Director resigned in past 3 (Three) years	- CG Power and Industrial Solutions Limited - Infrastructure Leasing and Financial Services Limited - NACL Industries Limited - Coromandel International Limited

Information at a glance

Sr. No.	Particulars	Details
1	Day, Date and Time of AGM	Thursday, June 25, 2026 at 11:00 A.M. (IST)
2	Mode	Video Conferencing / Other Audio Visual Means
3	Participation through VC	Members can login at https://www.evoting.nsdl.com at any time from 10:30 A.M. (IST) on the date of the AGM
4	Contact information for VC or e-Voting related issues	E-mail id: evoting@nsdl.com Tel. No.: 022 - 4886 7000
5	Speaker Shareholder Registration before AGM	Members who would like to express their views or ask questions during the AGM may register themselves as a speaker shareholder by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID, PAN, mobile number at investorcommunications@hdbfs.com from Sunday, June 21, 2026 at 09:00 a.m. (IST) to Tuesday, June 23, 2026 at 05:00 p.m. (IST).
6	Cut-Off Date for e-Voting	Thursday, June 18, 2026
7	EVEN	139495
8	Remote e-Voting start date and time	Monday, June 22, 2026 at 09:00 A.M. (IST)
9	Remote e-Voting end date and time	Wednesday, June 24, 2026 at 05:00 P.M. (IST)
10	Remote e-Voting website	https://www.evoting.nsdl.com
11	Name of e-Voting Service Provider	National Securities Depository Limited

NOTICE (CONTD.)

Sr. No.	Particulars	Details
12	Name, address and contact details of Registrars and Transfer Agents	Name: M/s. MUFG Intime India Private Limited (previously known as Link Intime India Private Limited), Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel No: +91 8108116767, Fax No: +91 22 49186060, E-mail: investor.helpdesk@in.mpms.mufg.com
13	Registration of Members' e-mail address	The Members who have not yet registered their e-mail address, may kindly follow the process as mentioned in note no. 14, to receive the Annual Report and AGM notice.
14	Record date for Dividend	Thursday, June 18, 2026
15	Dividend payment date	On or after Friday, June 26, 2026
16	Information of tax on Dividend (FY 2025-26)	The same is available on Company's website at https://www.hdbfs.com/investors
17	Live webcast of AGM	Members will be able to view the live webcast of AGM provided by NSDL at https://www.evoting.nsdl.com

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Nineteenth Annual Report on the business and financial operations of your Company together with the audited accounts for the Financial Year ended March 31, 2026.

SUMMARY OF FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2025-26	FY 2024-25
Total Income	18,429.67	16,300.28
Total Expenditure (excluding depreciation)	14,834.12	13,178.06
Profit / (Loss) before Depreciation & Tax	3,595.55	3,122.22
Less: Depreciation	209.27	194.42
Profit before Tax	3,386.28	2,927.80
Tax Expense	842.45	751.88
Profit after Tax	2,543.83	2,175.92
Other Comprehensive Income (net of tax)	3.38	(47.88)
Total Comprehensive Income after tax	2,547.21	2,128.04
Appropriations from Profit after Tax:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	508.77	435.18
Dividend Paid	245.49	238.10
Balance carried forward to Balance Sheet	1,789.57	1502.64

Your Company posted total income and net profit of ₹18,429.67 Crore and ₹2,543.83 Crore, respectively, for the financial year ended March 31, 2026, as against ₹16,300.28 Crore and ₹2,175.92 Crore respectively, in the previous financial year.

DIVIDEND & DIVIDEND DISTRIBUTION POLICY

RBI vide Master Direction – Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025 dated November 28, 2025, has prescribed the framework for declaration of dividend by NBFCs. Accordingly, the Board of Directors of the Company, at its meeting held on April 15, 2026, has proposed a final dividend of ₹2/- (Rupees Two only) per equity share i.e. 20% (Twenty percent) on each equity share of face value of ₹10 (Rupees Ten only) for financial year March 31, 2026. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting (AGM) to be held on June 25, 2026. During the year, the Company has paid Interim Dividend of ₹2/- (Rupees Two Only) per equity share i.e. 20% on each equity share, aggregating to ₹165.91 Crore. This translates to a Dividend Payout Ratio of 13.05% of the profits for the financial year ended March 31, 2026.

The Company has formulated a Dividend Distribution Policy with an objective to provide the dividend distribution framework to the Stakeholders of the Company. The policy sets out various internal and external factors, which shall be considered by the Board in determining the dividend pay-out. The policy is available on the website of the Company and can be accessed at

https://www.hdbfs.com/sites/default/files/policies/Dividend_Distribution_Policy_23012026.pdf

TRANSFER TO RESERVE FUND

Under Section 45-IC (1) of Reserve Bank of India ('RBI') Act, 1934, non-banking financial companies ('NBFCs') are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Your Company has transferred an amount of ₹508.77 Crore to Reserve Fund under Section 45-IC of the RBI Act, 1934.

DIRECTORS' REPORT (CONTD.)

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

MATERIAL DEVELOPMENT

During the year under review, the Company has achieved significant milestone with listing of its equity shares on the National Stock Exchange of India Limited and BSE Limited. Your Company has successfully concluded its Initial Public Offer of ₹12,500 Crore (Rupees Twelve Thousand Five Hundred Crore Only) comprising of a fresh issue aggregating up to ₹2,500 Crore (Rupees Two Thousand Five Hundred Crore Only) and an offer for sale aggregating up to ₹10,000 Crore (Rupees Ten Thousand Crore Only). The Companies equity shares were listed on stock exchanges on July 02, 2025. Consequently, HDFC Bank's shareholding in the Company reduced to 74.19%.

Details of Stock Exchanges where securities of the Company are listed

BSE	NSE
Scrip code: 544429	NSE Symbol: HDBFS
Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	Address: Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051

The International Securities Identification Number ('ISIN') for Depositories (NSDL and CDSL) in respect of equity shares is INE756I01012. The Debt securities are listed on Wholesale Debt Market (WDM) segment of the BSE Limited and Commercial Papers are listed on National Stock Exchange of India Limited.

CAPITAL STRUCTURE

As at March 31, 2026, the issued, subscribed and paid-up share capital of your Company is ₹8,30,32,72,160/- (Rupees Eight Hundred Thirty Crore Thirty Two Lakhs Seventy Two Thousand One Hundred Sixty Only) comprising of 83,03,27,216 (Eighty Three Crore Three Lakhs Twenty Seven Thousand Two Hundred and Sixteen Only) equity shares of ₹10 each.

During the year, your Company has issued 3,45,50,871 equity shares. The details of which are provided below:

No. of fully paid up equity shares	Date of allotment	Purpose
6,600	April 28, 2025	Shares were issued to employees under the Employees Stock Option Scheme
3,37,83,782	June 30, 2025	Shares issued under Initial Public Offer
2,80,496	November 28, 2025	Shares were issued to employees under the Employees Stock Option Scheme
1,90,957	December 19, 2025	Shares were issued to employees under the Employees Stock Option Scheme
2,37,865	January 23, 2026	Shares were issued to employees under the Employees Stock Option Scheme
27,926	February 23, 2026	Shares were issued to employees under the Employees Stock Option Scheme
23,245	March 23, 2026	Shares were issued to employees under the Employees Stock Option Scheme

DIRECTORS' REPORT (CONTD.)

CAPITAL ADEQUACY

Capital adequacy as at March 31, 2026 under Ind-AS stood at 21.40 % which is well above the minimum regulatory norms for non-deposit accepting NBFCs.

RATINGS

The CARE Ratings Limited (CARE) and CRISIL Ratings Limited (CRISIL) and ICRA Limited have reaffirmed highest ratings for the various facilities availed by the Company, details of which are given below:

Name of the Instrument	CARE	Limit	CRISIL	Limit	ICRA	Limit
Term Loans from Banks and Financial Institutions*	CARE AAA; Stable	65,000.00	CRISIL AAA; Stable	65,000.00	-	-
Secured Redeemable Non-Convertible Debentures	CARE AAA; Stable	50,000.00	CRISIL AAA; Stable	36,339.18	-	-
Commercial Paper	CARE A1+; Stable	5,000.00	CRISIL A1+; Stable	5,000.00	-	-
Subordinated Bonds	CARE AAA; Stable	7,000.00	CRISIL AAA; Stable	7,000.00	-	-
Perpetual Bonds	CARE AAA; Stable	2,150.00	CRISIL AAA; Stable	2,150.00	-	-
Borrowing under Securitisation (Unlisted PTC)	-	-	CRISIL AAA; SO	3,027.32	ICRA AAA; SO	583.09

**Include ECB and exclude WCDL / CC*

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

BORROWINGS

Your Company has diversified funding sources from Public Sector, Private Sector, Foreign Banks, Mutual Funds, Insurance Companies, Pension Funds, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through Term Loans, Non-Convertible Debentures ("NCDs") and Commercial Papers Instruments. The details of funds raised during the year are as below:

Sr No	Borrowings / Security type	Credit rating			Amount raised (₹ In Crore)
		CARE	CRISIL	ICRA	
1	Term Loans from Banks and Financial Institutions*	CARE AAA; Stable	CRISIL AAA; Stable	-	26,910.00
2	Secured Redeemable Non-Convertible Debentures	CARE AAA; Stable	CRISIL AAA; Stable	-	9,333.00
3	Commercial Paper	CARE A1+; Stable	CRISIL A1+; Stable	-	10,065.00
4	Subordinated Bonds	CARE AAA; Stable	CRISIL AAA; Stable	-	700.00
5	Perpetual Bonds	CARE AAA; Stable	CRISIL AAA; Stable	-	-
6	Borrowing under Securitisation (Unlisted PTC)	-	CRISIL AAA; SO	ICRA AAA; SO	3,610.41

**Include ECB and exclude WCDL / CC*

DIRECTORS' REPORT (CONTD.)

No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2026. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks and financial institutions as and when they become due.

Secured Redeemable Non-Convertible Debentures, Unsecured Redeemable Subordinated Bonds, Unsecured Perpetual Debt Instruments are issued by your Company on private placement basis and the rating for various facilities indicates the highest degree of safety with regard to timely servicing of financial obligations.

Perpetual Debt Securities are 7.74% of Tier I capital of the Company. An amount of ₹1500 Crore are outstanding as on March 31, 2026.

NCDs were issued with maturity period ranging from 13 to 60 months. The interest payable on all the debt securities is either annually or on maturity. No interest was due and unpaid as on March 31, 2026. The Company had not received any grievance from the debt security holders during the year under review. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

The above mentioned Debt securities are listed on Wholesale Debt Market (WDM) segment of the BSE Limited and Commercial Papers were listed on National Stock Exchange of India Limited.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. Our endeavour is to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. To achieve this, your Company collaborates with development-focused organisations, involves local communities in the development process and works with systems & frontline staff to achieve desirable social outcomes in an effective and sustainable manner.

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

The Company's CSR interventions are designed to strengthen the healthcare services and infrastructure, impart skill training and basic literacy for better livelihoods and to promote environmentally sustainable initiatives. All CSR initiatives are implemented in accordance with the Schedule VII of the Companies Act, 2013 ("**Act**").

The brief outline of CSR Policy, including overview of the program proposed to be undertaken, the composition of the CSR Committee, average net profits of the Company for the past three financial years, prescribed CSR expenditure and details of amount spent on CSR activities during the financial year have been disclosed in "**Annexure A**" to this report, as mandated under the said Rules. Further, the Corporate Social Responsibility Policy of the Company as approved by the Board has been hosted on the website of the Company at https://www.hdbfs.com/sites/default/files/policies/CSR_Policy__final_2_23042026.pdf

As per Section 135 of the Act, the Company was required to spend an amount of ₹58.97 Crore equivalent to 2% of the 'average net profits' of the last three (3) financial years. After adjusting the excess spend of ₹0.44 Crore for FY 2024-25, the total CSR obligation of the Company was ₹58.53 Crore. During the FY 2025-26, the Company has spent an amount of ₹58.92 Crore on CSR activities as against total CSR obligation of ₹58.53 Crore.

BOARD OF DIRECTORS

As on March 31, 2026, the Board comprised of eight members consisting of one Executive Director, one Non-Executive Director and six Non-Executive Independent Directors including two Women Directors. Changes in Directors during the financial year 2025-26 are given below:

Name of the Director	Nature of change	With effect from
Mr. Arijit Basu (DIN: 06907779)	Resigned as Part-Time Non-Executive Chairman & Independent Director	January 23, 2026

The Board places on record its sincere appreciation for the valuable guidance, leadership and contributions of Mr. Arijit Basu during his tenure as Part-Time Chairman and Independent Director of the Company. The Board acknowledges his strategic insights and stewardship, which significantly support the Company's governance framework and growth journey, express its gratitude for his association

DIRECTORS' REPORT (CONTD.)

with HDBFS and extends its best wishes in his future endeavours.

Mr. Natarajan Srinivasan has been appointed as the Non-Executive Chairman and an Additional Independent Director on the Board of HDB Financial Services Limited for a period of three (3) years, commencing from May 14, 2026 to May 13, 2029, subject to the shareholders' approval. The shareholders' approval would be sought at the ensuing Annual General Meeting, scheduled on Thursday, June 25, 2026.

KEY MANAGERIAL PERSONNEL

During the financial year 2025-26, no changes were observed in the Key Managerial Personnel of the Company. As on the date of this report, following are the Key Managerial Personnel (the "KMP") as per Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

DECLARATION BY DIRECTORS

The Company has received necessary declarations / disclosures from each Independent Directors of the Company under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations that they fulfil the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

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

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

All the Directors of the Company have confirmed that they satisfy the 'fit and proper' criteria as prescribed under Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025.

All members of the Board and Senior Management have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2025-26.

Each of the Directors of the Company have confirmed that he / she is not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Further, based on these disclosures and confirmations, the Board is of the opinion that the Directors of the Company are distinguished persons with integrity and have necessary expertise and experience to continue to discharge their responsibilities as the Director of the Company.

DIRECTOR E-KYC

Pursuant to the requirement prescribed under the Companies (Appointment and Qualification of Directors) Rules, 2014, the Directors with active Director Identification Number need to file an eForm DIR-3 KYC annually on the MCA portal verifying their mobile number and personal e-mail address. All the Directors of the Company have complied with the KYC registration on the MCA portal for the FY 2025-26.

DIRECTORS & OFFICERS LIABILITY INSURANCE

The Directors and Officers (D&O) insurance is liability insurance which covers or protects Directors, Officers and Employees of the Company from claims which may arise from decisions and actions taken while serving their duty. During the FY 2025-26, the Company has taken Directors & Officers Liability Insurance for all its Board of Directors and members of Senior Management for such quantum and risks as determined by the Board.

DIRECTORS' REPORT (CONTD.)

SUCCESSION PLANNING

The Nomination and Remuneration Committee and the Board maintain a proactive, continuous oversight of succession planning and leadership transitions. At the Board level, this involves a systematic and ongoing evaluation of composition and expertise to ensure that desired skill sets are maintained and potential vacancies are addressed well in advance. Similarly, for Senior Management, including both business and assurance functions, the review process ensures leadership depth and continuity up to two levels below the Managing Director. By identifying and preparing successors before positions actually become vacant, the organisation ensures a smooth, seamless transition that preserves institutional stability.

BOARD MEETINGS

During the year, twelve Board Meetings were convened and held, the details of which are given in the report on Corporate Governance, which is forming a part of this Board Report. The intervening gap between the said Board Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations. The details of the Board and Committee Meetings and the attendance of Directors thereat, forms part of the Corporate Governance Report, which is annexed to this Directors' Report.

BOARD COMMITTEES

Your Company has nine Board Level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility & ESG Committee, Risk Management Committee, Information Technology Strategy Committee, Customer Service Review Committee, Special Committee of the Board for Monitoring and Follow-up of cases of frauds and Review Committee for Identification of Wilful Defaulters.

The details of the role and composition of these Committees, including the number of meetings held during the financial year and attendance at these meetings are provided in the Corporate Governance Section of the Annual Report. Further, the functions, roles & responsibilities and terms of reference of these committees are included in the Corporate Governance Code available on the Company's website at https://www.hdbfs.com/sites/default/files/policies/Corporate_Governance_Code_24042026.pdf

Board of Directors at its meeting held on January 14, 2026 approved dissolution of Strategic Transaction Committee with immediate effect since purpose for which Committee was constituted had been fulfilled.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Annual Performance Evaluation of the Board, its Committees, Chairman and individual Director has been carried out for the year under review. The evaluation framework covers key aspects such as composition, effectiveness, governance practices and contribution of Directors and is periodically reviewed to align with regulatory expectations and evolving best practices.

The evaluations of the Board as whole, the Individual Performance of the Independent Directors, the Committees and the Chairman of the Board were undertaken through circulation of questionnaires each for the Individual Performance of Directors, the Board, the Committees and the Chairman of the Board. The performance of the Board as whole was assessed on selected parameters related to Board Composition & Quality, Board Meetings and Procedures, Board Development, Board Strategy and Risk Management, Board and Management Relations, Stakeholder value and responsibility. The evaluation criterions for the Individual Performance of Directors were based on their Knowledge, Diligence & Participation, Leadership, Personal Attributes etc. The evaluation criteria for the Committees related to its Function and Duties, Management Relations, Committee Meetings and Procedures. The evaluation criteria for the Chairman of the Board besides the general criteria adopted for assessment of all Directors, Participation at Board / Committee Meetings, Managing Relationship, Knowledge and Skill, Personal Attributes, Independence and Leadership. The details of evaluation process of the Board, its Committees, Chairman and individual Directors have been disclosed in the Corporate Governance Report forming part of this Annual Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards are guidelines, which lays down the standard procedure and structure for undertaking specific tasks and actions within an organisation, which is in addition to the provisions of the original law i.e., Companies Act, 2013 and not in substitution of the original law. In terms of Section 118(10) of the Companies Act, 2013, every Company is required to observe the Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board Meetings and General Meetings.

DIRECTORS' REPORT (CONTD.)

The Company has complied with the applicable provisions of Secretarial Standard-1 on Meetings of the Board of Directors (SS-1) and Secretarial Standard -2 on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

i. that in preparation of the annual financial statements for the year ended March 31, 2026, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. that appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2026 and of the profits of the Company for the said year;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the annual accounts have been prepared on a going concern basis;

v. that the Company had laid down internal financial controls to be followed and that such internal financial controls are adequate and were operating effectively; and

vi. that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Act and Regulation 22 of the SEBI Listing Regulations, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company and can be accessed at https://www.hdbfs.com/sites/default/files/policies/Whistle_Blower_Policy_July25_Final_Revised_15.07.25_Website_11082025.pdf

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.

The Policy covers malpractices and events which have taken place / suspected to have taken place involving:

i) Abuse of authority

ii) Breach of Code of Conduct or employment contract

iii) Manipulation of company data / records

iv) Financial or compliance irregularities, including fraud, or suspected fraud

v) Criminal offence having repercussions on the company or its reputation

vi) Theft of confidential / proprietary information

vii) Deliberate violation of law / regulation

viii) Misappropriation or misuse of Company funds / assets

ix) Breach of employee Code of Conduct or Rules

x) Leakage / suspected leakage of unpublished price sensitive information

xi) Any other illegal, unethical, imprudent deed

The policy does not cover the following types of complaints which if made would not qualify as being reportable under this Policy:

(i) Anonymous complaints unless otherwise determined by the Whistle Blower Committee

(ii) An interpersonal conflict between two employees including with supervisor

(iii) Matter relating to a personal grievance including a decision relating to employment or engagement of employees, such as a transfer, promotion, increments, working hours or disciplinary action etc.

(iv) Allegations relating to sexual harassment – such complaints will be dealt in accordance with Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace (POSH Policy)

(v) Matters which are pending before a court of law, tribunal, other quasi-judicial bodies or any governmental authority

All Protected Disclosures made under Policy are made to the Whistle Blower Committee through e-mail or by way of a letter.

Details of whistle blower complaints received and subsequent action taken and the functioning of the whistle blower mechanism are reviewed periodically by the Audit Committee. During the FY 2025-26, a total of 13 such complaints were received, 12 complaints were closed and 1 complaint was under investigation as on March 31, 2026. As on date, the pending complaint was closed. The broad categories of whistle blower complaints were in the areas of misappropriation of Bank / customer funds, forgery related cases, improper business practices and corruption.

None of the personnel of your Company were denied access to the Audit Committee.

COMPLIANCE MANAGEMENT

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

DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 your Company has adopted a Policy on Prevention of Sexual Harassment (POSH) 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/sites/default/files/policies/POSH_Policy_21012026.pdf 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.

The policy provides guidelines for prompt redressal of complaints related to sexual harassment and in compliance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the "Act"). The policy aims at defining sexual harassment and providing a clearly stated codified redressal mechanism for any sexual harassment occurring at workplace. The main objective of the policy is to enable all those working with the Company to raise their concerns and make complaints without any fear and be heard in a fair and unbiased manner.

The details of complaints for FY 2025-26 are provided below:

#	Particulars	Counts
1	Number of complaints received	40
2	Number of complaints investigated and addressed	26
3	Number of complaints under investigation as on March 31, 2026	14

All Fourteen open complaints pertaining to the previous year ending March 31, 2025, were closed during the reporting year.

Due to ongoing enquiries, six complaints remained pending for more than 90 days as on March 31, 2026.

COMPLIANCE TO MATERNITY BENEFIT ACT, 1961

The Company has complied with the applicable provisions of Maternity Benefit Act, 1961 for female employees of the Company with respect to leaves and maternity benefits thereunder.

PROHIBITION OF INSIDER TRADING

Your Company has adopted the Code of Conduct for regulating, monitoring and reporting of Trading by insiders ('Code") for prohibition of insider trading in the securities of the Company, code of practices and procedures for fair disclosure of unpublished price sensitive information (UPSI) and policy & procedure for inquiry in case of leak or suspected leak of UPSI. Pursuant to the listing of Company's equity shares during the year and considering the existing listed debt securities, the Company has strengthened and aligned its code on prevention of insider trading in accordance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

DIRECTORS' REPORT (CONTD.)

The objective of the Code is to prevent persons who have access to UPSI relating to the Company and / or its Securities to misuse such information and / or profit from such information. The Code lays down guidance for Designated Persons and their Immediate Relatives, to understand their obligations under the PIT Regulations, including the procedures to be followed at the time of Trading in the Securities of and dealing with UPSI related to the Company or its Securities.

Company conducts periodic training sessions as well as share awareness mailers for its personnel, Designated Persons, Board and senior management, so as to sensitise them of the compliances under the PIT Regulations on an on-going basis.

Your Company has also formulated and adopted the policy for Determination of Materiality of Events or Information of the Company, in terms of Regulation 30 of the SEBI Listing Regulations. The policy for Determination of Materiality of events / Information is available on the Company's website viz, https://www.hdbfs.com/sites/default/files/policies/Policy_for_Determination_of_Materiality_of_Events_03072025.pdf

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the Company's website viz; https://www.hdbfs.com/investor/dur62-annual-returns#DISCLOSURES

PARTICULARS OF EMPLOYEES

As on March 31, 2026, the full-time employee strength of the Company was 88,162.

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 B**'. Further, the statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of Section 136(1) of the Act, the annual report and the financial statements are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Company.

STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Sections 139 and 141 of the Act and Rules made thereunder, the Shareholders in the 17th Annual General Meeting had appointed M/s. Kalyaniwalla & Mistry LLP and M/s. G D Apte & Co. as the Joint Statutory Auditors of the Company, to hold office for a continuous period of three years until the conclusion of the 20th Annual General Meeting of the Company.

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

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2025-26, 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.

During the year, Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 under sub-section (12) of section 143 of the Act, for one instance of fraud identified by the Management, has been filed with Central Government within stipulated time.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Act and Rules thereunder and Regulation 24A of the SEBI Listing Regulations, M/s. N. L. Bhatia & Associates, Company Secretaries, were appointed as the Secretarial Auditor of the Company, for a term of 5 (Five) consecutive years commencing from the financial year 2025-26.

The Report of the Secretarial Auditor in Form MR-3 is annexed as '**Annexure C**'. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in its Report for the year under review.

MAINTENANCE OF COST RECORDS

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company as the Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for the services rendered by the Company.

DIRECTORS' REPORT (CONTD.)

NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of Section 178(3) of the Act and Regulation 19 of the SEBI Listing Regulations, the Board has formulated Nomination and Remuneration Policy of the Company, which inter alia, includes the criteria for determining qualifications, positive attributes and independence of Directors, identification of persons who are qualified to become Directors, Key Managerial Personnel and Senior Management. The Nomination and Remuneration Policy also covers the Remuneration of the Directors, Key Managerial Personnel, Senior Management and other employees of the Company. The Nomination and Remuneration Policy is available on the website of the Company at https://www.hdbfs.com/sites/default/files/policies/Nomination_and_Remuneration_Policy_20052026.pdf

EMPLOYEES STOCK OPTION SCHEME (ESOS)

There are three Employee Stock Options Schemes viz; ESOS 2014, ESOS 2017 and ESOS 2022. During the FY 2025-26, the members of the Company approved the alignment of these three ESOP Schemes of the Company with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 through postal ballot.

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

The information pertaining to ESOS in terms of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 is given in '**Annexure D**'.

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. There were no contracts or arrangements entered into with related parties referred to in Section 188(1) of the Act during FY 2025-26 and hence Form AOC-2 is not required to be enclosed with Directors Report in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014. During the FY 2025-26, there were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The Related Party Transactions Policy has been hosted on the website of the Company at https://www.hdbfs.com/sites/default/files/policies/RPT_Policy_Jan_2026_for_website_28012026.pdf

CORPORATE GOVERNANCE REPORT

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by SEBI. The report on Corporate Governance of the Company forms part of the Annual Report.

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

The Report on Corporate Governance for the FY 2025-26 along with the Certificate issued by the Secretarial Auditors of the Company regarding compliance of conditions of corporate governance, is annexed as '**Annexure E**' to this Report confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of the SEBI Listing Regulations,

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

CHANGES IN NATURE OF BUSINESS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to section 186(11) of the Act, the provisions related to loans made, guarantees given and securities provided do not apply to the Company.

As regards investments made by the Company, the details of the same are provided in note no. 9 to the financial statements of the Company for the year ended March 31, 2026.

SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES

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

DIRECTORS' REPORT (CONTD.)

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 2025-26	FY 2024-25
1	Foreign exchange earnings	Nil	Nil
2	Foreign exchange expenditures	17.11	55.75

FIXED DEPOSITS

Your Company is a non-deposit taking Company. The Company has not accepted any fixed deposit during the FY 2025-26. The Company has passed a Board resolution for non-acceptance of deposits from public.

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

Pursuant to the applicable provisions of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to IEPF, after the completion of seven years. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to IEPF. During the year under review, dividend amount of ₹28,744.8 remaining unclaimed for consecutive seven (7) years from the date of its transfer to the Unpaid Dividend Account of the Company has been transferred to IEPF Authority. During the year under review, there were no equity shares due to be transferred to the IEPF Authority pursuant to IEPF Rules.

Any claimant of dividend transferred above shall be entitled to claim the dividend from Investor Education and Protection Fund (IEPF) in accordance with such rules, procedure and submission of documents as prescribed. No claim shall lie in respect thereof with the Company. As advised by MCA through their circular dated July 19, 2018, the Company has provided webpage link of IEPF Authority for refund on its website at https://www.hdbfs.com/sites/default/files/investor-service/HDBFSL_Shareholder_FAQs_25082025.pdf to facilitate refund procedure for its investors/claimants. The details of the nodal officer are available on the website https://www.hdbfs.com/investors#investor_services

RBI GUIDELINES

Reserve Bank of India ("RBI") granted the Certificate of Registration to the Company in December 2007 vide Registration No. N.01.00477, to commence the business of a Non-Banking Financial Institution without accepting deposits. Your Company is a Non-Banking Financial Company - Upper Layer (NBFC - UL). Your Company has complied with and continues to comply with applicable RBI Regulations and other regulations issued by sectoral regulators like SEBI / IRDAI as may be applicable to the entity.

DIRECTORS' REPORT (CONTD.)

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC OVERVIEW

The global economy in CY 2025 held its ground, sustaining moderate growth through a period defined more by resilience. Technology-led investment and steady services demand provided the principal support, even as elevated borrowing costs and headwinds from geopolitical tensions continued to weigh on sentiment. Consequently, the tone shifted from stabilisation to caution in the latter part of the fiscal, as downside risks increasingly dominate the outlook.

The regional picture reveals a sharp divergence. Advanced economies, constrained by various factors, are expected to remain subdued. Emerging and developing economies, by contrast, have sustained stronger momentum, supported by domestic consumption, infrastructure development and favourable demographics. Asia continues to drive incremental global growth, spearheaded by robust momentum in India and steady performance in China.

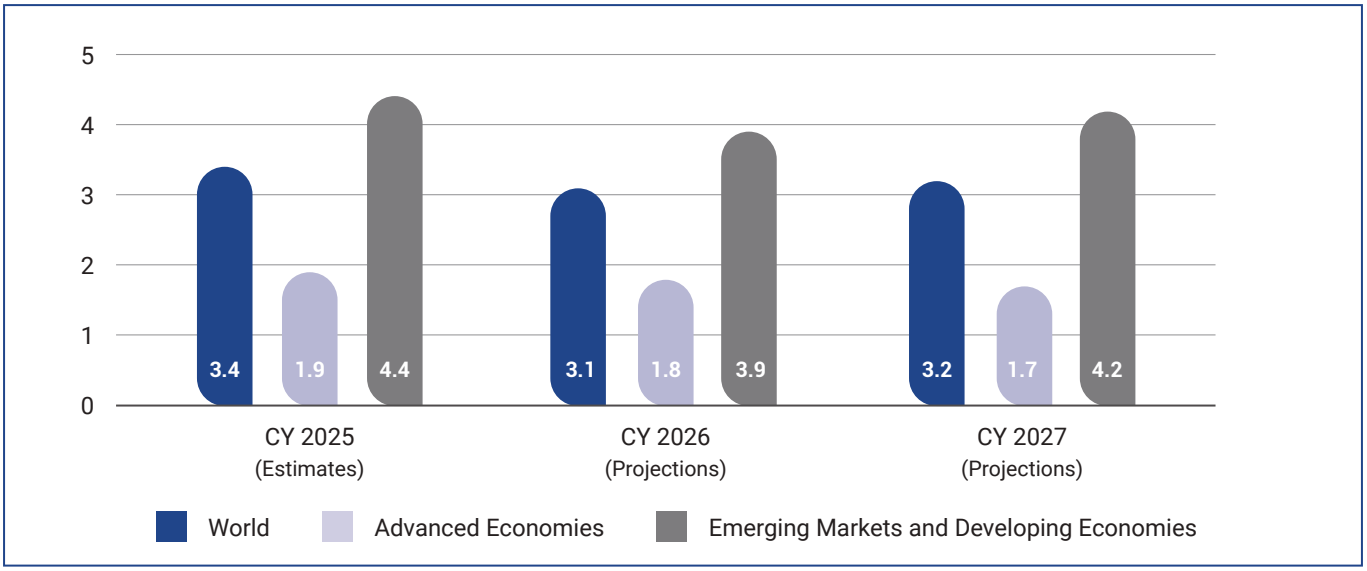
This divergence is increasingly visible in global trade flows. As demand patterns shift and policy priorities turn more inward-looking, world trade growth is expected to slow before a modest recovery. The deceleration is structurally driven by a rise in protectionist measures, which now impact over 11% of global imports. Intensifying tariff wars between major economies have disrupted trade flows, increased costs and added friction to global commerce. Ongoing tensions in the West Asia conflict have added severe supply-side uncertainties, particularly affecting energy markets and critical maritime choke points. Policy uncertainty has compounded this fragmentation further.

These trade and policy pressures are now transmitting into financial markets. This is where the implications for emerging market economies and the institutions that finance them, become most direct. Businesses are restructuring production networks, shifting from global efficiency to regional resilience through alternate sourcing strategies. While this improves supply security, it also introduces higher costs and reduces efficiency. A strong US dollar has tightened financial conditions in emerging markets and increased refinancing risks. Limited fiscal headroom, with global public debt at around 94% of GDP, restricts governments' ability to respond. The result is an equilibrium that is more fragile than headline growth numbers suggest, with monetary tightness, trade fragmentation and fiscal constraints increasingly feeding into one another.

Against this backdrop, the global economy faces a delicate balance of risks where downside scenarios now firmly dominate. Downside risks, including further geopolitical escalation in West Asia, financial market corrections particularly in AI-driven valuations and persistent inflation could severely disrupt the current stability. Conversely, a sustained easing of trade tensions and tangible productivity gains from AI adoption could support stronger medium-term growth. The trajectory for CY 2026 and ahead will therefore depend on how these interconnected forces evolve, determining whether the current stabilisation transitions into renewed expansion or remains constrained by deepening structural and geopolitical headwinds.

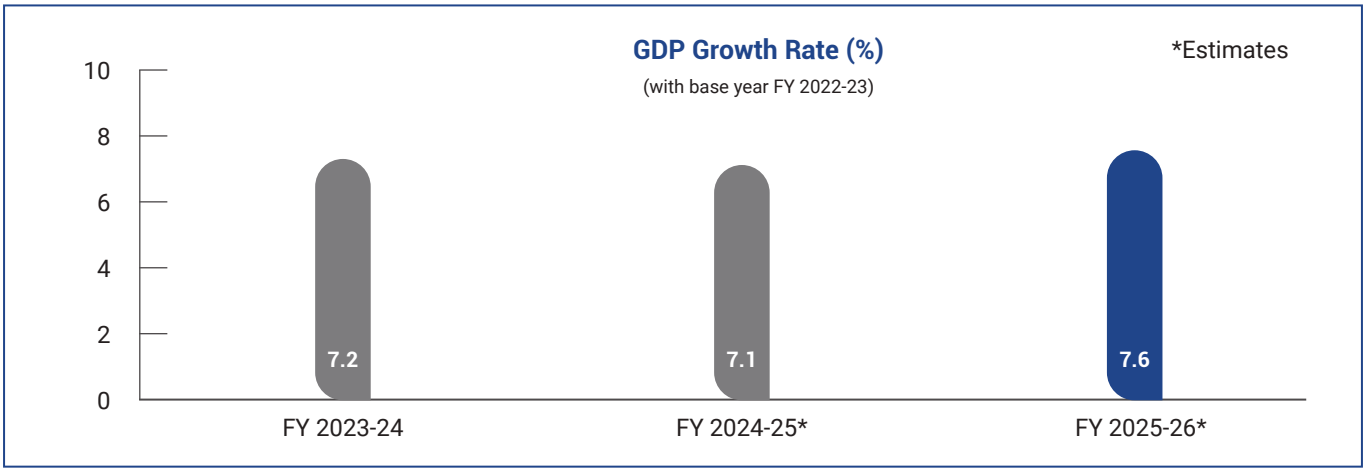
DIRECTORS' REPORT (CONTD.)

GLOBAL ECONOMIC GROWTH (%)



INDIAN ECONOMIC OVERVIEW

India entered FY 2025-26 as one of the world's fastest-growing major economies and the year reinforced that position. Real GDP is estimated to have expanded at a robust pace of 7.6% in FY 2025-26, as highlighted in the Reserve Bank of India (RBI) Monetary Policy Committee (MPC) review of April 2026, with growth remaining broad-based across consumption, investment and sectoral activity. Private Final Consumption Expenditure expanded contributing the largest share of GDP, reflecting stable urban demand and a gradual recovery in rural consumption. Gross Fixed Capital Formation rose, sustaining investment levels at around 30% of GDP, driven by infrastructure creation, manufacturing expansion and capacity additions. Services remained the primary growth engine, while industrial growth also strengthened, aided by infrastructure activity, construction momentum and improved capacity utilisation.



DIRECTORS' REPORT (CONTD.)

Underlying this aggregate performance, the rural economy provided an important stabilising force. Foodgrain production reached record levels for the FY 2025-26 crop year supported by a normal monsoon and improved crop yields. With agriculture contributing around 15-16% of GDP and supporting around 45% of the workforce, this was critical to rural income stability and consumption demand. Strengthened procurement operations, continued MSP support and direct benefit transfers supported rural liquidity during the year. Tractor sales, two-wheeler demand and FMCG volumes pointed to a gradual synchronisation of rural and urban consumption trends. Stable agricultural output also helped moderate food inflation during the fiscal year.

Narrowing to the macroeconomic policy environment, the inflation and interest rate picture shifted meaningfully during the year, with direct relevance to credit markets. CPI inflation remained subdued for much of 2025, enabling the RBI to ease the policy repo rate to 5.25% by December 2025. However, as noted in the April 2026 MPC review, the narrative and outlook have changed. Amid rising global commodity prices and renewed supply-side uncertainties stemming from the West Asia conflict, the RBI adopted a more vigilant outlook. Consequently, the MPC maintained the repo rate at 5.25% with a neutral stance, shifting focus to balance durable growth support with strict price stability against imported inflation risks. Liquidity conditions remained adequate, supported by open market operations and calibrated regulatory measures. Stable rates and improving liquidity supported credit offtake across retail, MSME and corporate segments. System-wide credit growth remained healthy, with MSME lending expanding at a faster pace, reflecting formalisation and enhanced credit penetration.

This credit momentum was underpinned by a banking system in robust health. Gross NPAs of the scheduled commercial banks continued to decline, reaching multi-year lows of around 2.0% by the end of FY 2025-26 and capital adequacy remained at comfortable levels, providing adequate buffers to support growth. Improved asset quality trends and stronger provisioning coverage contributed to a healthier credit environment. Capital markets also witnessed strong mobilisation, reflecting deepening financialisation of household savings and diversified funding avenues for NBFCs and corporates. Stable funding access, diversified liability profiles and prudent asset-liability management remain critical considerations for NBFCs as the rate cycle evolves.

On the fiscal side, the government maintained its consolidation trajectory without sacrificing growth-oriented expenditure. The fiscal deficit remained aligned with the medium-term glide path, while effective capital expenditure held at around 4% of GDP, reinforcing infrastructure creation across roads, railways, logistics, renewable energy and urban development. GST collections remained remarkably buoyant, exceeding ₹20 Lakh Crore for the full financial year FY 2025-26, reflecting formalisation and stable economic activity.

The Union Budget FY 2026-27 sustained capital expenditure at approximately ₹12.2 Lakh Crore, while strengthening MSME credit guarantee frameworks, digital infrastructure and skilling initiatives. These measures are structurally positive for credit demand, entrepreneurship and employment generation.

Externally, India demonstrated resilience even as global trade conditions became more complex. Total exports remained robust in FY 2025-26, supported by strong services exports exceeding US$ 418.3 Bn. Foreign exchange reserves remained comfortable, crossing the US$ 700 Bn mark by early 2026, providing a strong buffer against external volatility. Stable remittance inflows further supported domestic liquidity and consumption. India's diversified export base and strong domestic demand reduce vulnerability to external shocks, even as global trade fragmentation and geopolitical developments remain key risks.

Looking ahead, India is positioned to transition from cyclical recovery to a phase of more durable, structurally anchored expansion. Domestic demand is likely to remain the principal growth driver, supported by improving income dispersion across urban and rural segments, sustained public investment in infrastructure and a gradual broadening of private capital formation. Economy-wide formalisation, deepening digital integration and policy emphasis on manufacturing competitiveness and MSME development are expected to strengthen productivity and supply-side capabilities. For financial services institutions operating in this environment, the combination of a growing credit-seeking population, improving asset quality and a supportive policy backdrop present a compelling medium-term opportunity.

DIRECTORS' REPORT (CONTD.)

INDUSTRY OVERVIEW

India's NBFC sector is on a sustained growth trajectory, with assets under management (AUM) expected to surpass ₹50 Lakh Crore in FY 2026-27 excluding government-owned NBFC's, as per CRISIL Ratings. NBFC credit growth has historically outpaced India's GDP growth and this trend is expected to continue. The AUM growth trajectory reflects both its expanding relevance and demonstrated resilience within India's financial ecosystem.

For FY 2025-26, the credit growth of NBFCs is estimated at 16.7% year on year, a slight moderation from 18.4% in FY 2024-25. Amid declining interest rates, NBFCs faced intense pricing competition from banks, particularly in housing, auto and MSME loans. However, NBFCs gained significant ground in the consumer durable segment, with their market share surging to 59% in FY 2025-26. While banks remained dominant in wholesale lending, NBFCs leveraged rising disposable income and rate cuts to drive retail expansion.

The near-term outlook remains constructive. For FY 2026-27, momentum is expected to gain further pace in specialised segments like Consumer Durable financing, with NBFC market share projected to reach 63%. Growth trajectories will nonetheless vary across segments, shaped by risk calibration, regulatory oversight and funding access. Balance sheet strength and funding diversification remain the critical differentiators.

High Focus on Retail Lending Driving Financial Inclusion

Banks remain the primary financial institutions in India, though retail loans accounted for only around 40% of total banking credit as of FY 2025-26. In contrast, retail credit constituted approximately 57% of the overall NBFC loan portfolio (ex-infra NBFCs) in the same period, highlighting the sector's focus on individual borrowers and small businesses. This has created a meaningful opening for NBFCs to advance financial inclusion by catering to informal income profiles.

Rural and semi-urban markets represent a vast untapped opportunity. NBFCs have played a significant role in addressing these financing needs by complementing banks and bridging gaps in credit availability across underserved regions.

Segmental Trends

MSME, housing and auto financing continue to be the bedrock of NBFC credit. Credit outstanding to MSMEs is estimated at ₹51 Tn in FY 2025-26 (across the system), with NBFCs playing a vital role through digital lending and government credit guarantee schemes. The MSME finance landscape clocked a CAGR of 20.7% between FY 2021-22 to FY 2025-26, propelled by formalisation and GST data-based lending.

Consumer Durable (CD) financing reached an estimated ₹1,040 Bn by March 2026, maintaining a 19% CAGR (FY 2021-22 to FY 2025-26). NBFCs have successfully disrupted this space, outperforming banks who scaled back due to revised credit card reward rules. In the Personal Loan segment, growth has seen a 'measured normalisation' as lenders turned cautious due to visible stress in early-delinquency buckets.

Infrastructure remains a significant segment at approximately 27% of NBFC credit as of FY 2025-26, though its share has gradually declined from 31% in FY 2018-19 as the sector shifts towards retail and MSME lending.

Asset Quality

Asset quality across the NBFC sector remains resilient, though specific retail segments are witnessing pressure. In FY 2025-26, while overall GNPA ratios remained manageable, the GNPA ratio for NBFC personal loans rose to 8.1%, with particular stress in loans with ticket sizes below ₹50,000, where GNPA including write-offs surged to 39%. However, the systemic risk remains contained as these small-ticket loans account for only 6% of the NBFC personal loan portfolio. Across other productive segments like MSME and Consumer Durables, asset quality stayed within historical ranges, supported by tighter monitoring and improved collection efficiencies. Improving asset quality in core segments provides more comfort for mid-term growth.

DIRECTORS' REPORT (CONTD.)

COMPANY OVERVIEW

HDB Financial Services Limited ('HDBFS' or 'the Company') is a leading, diversified, retail-focused non-deposit-taking non-banking financial company (NBFC), established in 2007 as a subsidiary of HDFC Bank Limited. Classified as an Upper Layer NBFC by the Reserve Bank of India (RBI), the Company offers lending solutions to individuals, emerging businesses and enterprises across India. The Company was listed on stock exchanges on July 02, 2025. (BSE: 544429; NSE: HDBFS)

The Company operates through three core business verticals: Enterprise Lending, Asset Finance and Consumer Finance. We deliver loan products designed to address the needs of underserved and underbanked customers including salaried individuals, self-employed professionals and entrepreneurs. Our distribution platform combines physical presence and digital capabilities.

The Company leverages data-driven insights to provide tailored financial solutions beyond conventional lending, guided by integrity, transparency and responsible practices.

Geographical Presence

HDBFS maintains a deep, pan-India presence through a phygital distribution model that combines an extensive branch network with digital capabilities. As of March 31, 2026, the Company operated 1,730 branches across 1,161 cities and towns, with a strong presence beyond the top 20 cities, reflecting its focus on semi-urban and rural markets. This footprint enables the Company to serve aspirational India while mitigating concentration risk.

Each branch functions as a hub for localised sourcing, underwriting and collections, complemented by digital platforms that extend reach beyond physical locations. Data centres in Bengaluru and Mumbai and centralised operations in Hyderabad, Chennai and Noida support operational efficiency and service consistency across the network.

Products and Services

The Company operates across three core business verticals, Enterprise Lending, Asset Finance and Consumer Finance, offering a comprehensive suite of lending solutions tailored to the needs of underserved and underbanked customers. Its diversified product portfolio is supported by a robust omni-channel distribution network that integrates a widespread physical presence with advanced digital capabilities.

The Company's digital ecosystem, anchored by the HDB On-the-Go app, recorded 14.1 Mn downloads. Our loan sourcing through digital or digitally assisted channels reduced turnaround times, lowering reliance on branch infrastructure and enabling deeper penetration into Tier 2 and 4 geographies through simplified and assisted digital journeys.

HDBFS offers lending, fee-based financial solutions and business process outsourcing services, providing end-to-end support across the customer lifecycle.

Lending Products

Enterprise Lending

The Enterprise Lending vertical offers a variety of secured and unsecured loans to MSME customers, as well as salaried borrowers, primarily through our branch network. These loans are primarily aimed at providing finance for the growth and working capital requirements of our customers. The target customers are small businesses, run as proprietorships or as partnership firms. Risk management is anchored in a comprehensive 360-degree credit assessment framework that integrates centralised automated scorecards, physical verification processes, localised controls, supported by AI-driven credit scoring and machine learning-based fraud detection systems. Key offerings include:

- **Loan Against Property:** Secured loans which can be utilised for various purposes, such as supporting new business initiatives, buying office premises, business working capital or expanding existing business. These loans are backed by property as collateral.
- **Enterprise Business Loan:** Self-employed customers (including professionals), private companies and partnership firms are eligible for Enterprise Business Loans (EBLs), which aim to enhance their business activities in manufacturing, trading and services. EBL is backed by property as collateral.
- **Business Loans:** Unsecured loans to assist small businesses in fulfilling their financial needs, which may include acquiring new equipment and inventory, working capital or upgrading their outlets.
- **Salaried Personal Loans:** Personal loans to salaried employees, providing financial flexibility for both personal and professional requirements.
- **Gold Loans:** Secured loans against gold jewellery, providing quick access to credit with faster processing and disbursement.

DIRECTORS' REPORT (CONTD.)

Asset Finance

The Asset Finance vertical provides financing options to customers for acquiring new and used commercial vehicles, construction equipment and tractors, all of which are income generating assets for our customers. Customer acquisition in this segment is driven through field teams and strategic partnerships with OEMs and dealers. The offerings include:

- **Commercial Vehicle Loans:** Financing for purchase of new and pre-owned commercial vehicles, including refinancing options, for fleet operators, first-time buyers and captive users.
- **Construction Equipment Loans:** Loans for purchase of new and used construction equipment, including refinancing solutions.
- **Tractor Loans:** Financing solutions for individuals seeking to acquire tractors and related equipment.

Consumer Finance

The Company offers a range of consumer loan products addressing personal and household requirements. Our offerings are:

- **Consumer Durable / Digital Product / Lifestyle Product Loans:** Financing solutions to customers for purchase of (i) household appliances and durable goods, such as televisions, refrigerators, washing machines and air conditioners, (ii) digital products such as mobile phones, laptops, tablets and cameras (iii) lifestyle product loans which are designed to help customers purchase premium lifestyle items to elevate their standard of living such as furniture and high-end cooking ranges.
- **Relationship Personal Loans:** Personal loans to existing customers of the Company, catering to diverse needs, including life events, emergencies and home improvements, with repayment structures aligned to individual financial profiles.
- **Auto Loans:** Financing solutions for purchase of new and pre-owned vehicles, with competitive interest rates, flexible tenures and a streamlined application process for both individual and business customers.
- **Two-Wheeler Loans:** Financing for two-wheeler purchases, with minimal documentation, competitive pricing and flexible repayment plans.
- **Micro Lending:** Small-ticket loans extended through the Joint Liability Group (JLG) framework, supporting financial inclusion across underserved communities.

Fee-Based Products / Insurance Services

HDBFS operates as a Corporate Insurance Agent under an Insurance Regulatory and Development Authority of India (IRDAI) licence, distributing both life and general insurance products. The Company has partnered with several market leaders in the life insurance and general insurance industry, which enables it to offer comprehensive risk coverage alongside the lending products.

BPO Services

HDBFS provides business process outsourcing services across back office, sales support and collection services

- **Collection Services:** The Company manages collection call centres for HDFC Bank across its retail lending portfolio, operating from over 700 locations through 18 call centres with approximately 5000 agents, covering both tele-calling and on-ground collection support.
- **Back Office and Sales Support:** HDBFS supports HDFC Bank through services such as form processing, document verification, accounting operations and transaction handling, improving front-office efficiency while generating stable fee-based income.

Digital-First Approach

At HDBFS, technology is the operating architecture through which the Company sources, underwrites, disburses and services its loan portfolio. Over the past two years, the Company has made foundational investments in its technology stack. This has been done recognising that competitive differentiation in retail lending comes down to speed, data quality and the ability to reach customers outside conventional banking infrastructure. Trends in loan sourcing through digital or digitally assisted channels reflects a structural shift in how the business acquires and retains customers.

DIRECTORS' REPORT (CONTD.)

The focus on technological integration extends into the realm of **Artificial Intelligence,** where the Company is currently implementing five large-scale, AI-powered business initiatives. These investments have yielded measurable dividends across marketing, customer service and collections, further reinforcing the digital-first mandate.

- **Collections Efficiency:** An initial implementation within the collections vertical involves a scalable, bot-based intervention designed for early-stage delinquency management. By Q4 of FY 2025-26, over 50% of customers requiring a payment nudge were managed via automated calling bots. This intervention directly contributed to a 25-basis-point improvement in collection efficiencies within early buckets.
- **Customer Service Optimisation:** On the service front, the Company deployed an in-house Small Language Model (SLM) to power automated query sorting. This resulted in a 20% reduction in response time, ensuring a faster resolution for the customer base.

Technology-Enabled Customer Lifecycle Management

The Company's integrated digital platform supports the full customer journey, from onboarding and credit assessment through disbursement and servicing. This helps in connecting internal teams, external partners and customers on a unified technology backbone. It also compresses turnaround times, reduces documentation friction and delivers a consistent experience across the loan lifecycle. It is built across three functional layers:

- **Systems of Innovation:** The foundational core, comprising a product-specific Advanced Loan Origination System (LOS); an industry-standard CRM serving as the omni-channel hub for sales and customer engagement; a consolidated Data Lake for structured, access-controlled, data-driven decision-making; and technologies including Low-Code / No-Code platforms, Robotic Process Automation (RPA) and reusable components such as CKYC, eNACH and UPI 2.0 for seamless digital transactions.
- **Systems of Engagement:** The API layer through which all channels, including direct-to-customer (D2C) and assisted digital, interact with the Company's systems for acquisition and servicing. It accommodates APIs, IVR, contact centres, mobile applications, e-mail, SMS, web platforms, chatbots, social media, DSAs, aggregators and fintech collaborations, while remaining adaptable to future models.
- **Customer-Facing Infrastructure:** This comprises a redesigned Flutter-based native mobile application and Progressive Web App (PWA); a dedicated Assisted Digital App for sales, credit and collections teams; a modern API Gateway with a developer and partner portal on an Open API, self-service model; a DIY low-code platform for unassisted customer onboarding; Account Aggregator integration for pre-filled data and frictionless credit decisions; and standardised communication gateways spanning e-mail, SMS, WhatsApp, contact centres and chatbots. All these are integrated with the CRM for a seamless omnichannel experience.

The underwriting stack draws on a broad universe of data points such as geo-location, liveliness detection, alternate data, serial number verifications and AI-based RPA. This helps sharpen credit decisions and reduce onboarding time without compromising through-the-gate quality. Collections are accelerated through direct access to customer bank accounts via NACH, supported by AI-driven RPA and digital e-receipts. Servicing is managed through a centralised Customer 360 view combining FinnOne LMS and SugarCRM.

Digital Customer Service Channels

The Company operates multiple digital touchpoints to reduce branch dependency and shift routine interactions online.

- **HDB On-the-Go App:** The Company's unified loan platform recorded 14.1 Mn downloads and carries a 4.6-star app rating on Android and 4.0 star on iOS as of March 31, 2026, serving 4.76 Lakh daily active users. It offers end-to-end service journeys. Customers can access pre-approved offers, apply for loans across all three business verticals, track applications, manage repayments and raise service requests within a single platform. The app is available on Android, iOS and web and won the Best NBFC DNA Award 2024.
- **WhatsApp Account Management:** Customers receive real-time loan account updates by messaging on the Company's dedicated WhatsApp number, providing instant access via a widely used channel.
- **Chatbot Assistance (#AskPriya):** An AI-powered virtual assistant that provides instant responses to customer queries on loans and current offers, improving service efficiency and reducing contact centre load.
- **Missed Call Service:** Customers retrieve loan details via SMS by calling from their registered mobile number. This is a low-friction channel that serves customers in low-connectivity environments.

DIRECTORS' REPORT (CONTD.)

Other Key Initiatives

- **Customer Service Week:** An initiative that educates walk-in customers about HDBFS' self-service tools, covering loan account management, digital payment options, the grievance redressal system and the RBI Ombudsman Scheme. Customer feedback collected during the programme is used to drive continuous service improvements.
- **Personalised Relationship Management:** Select customers are assigned a dedicated Relationship Manager for ongoing financial support, reinforcing the hybrid model of digital efficiency and human-led trust.

  The digital infrastructure continues to evolve. HDBFS refines onboarding journeys on the app to reduce drop-offs and improve completion rates, shortens turnaround times from application to fulfilment and extends its Tier 2 and 4 market reach through assisted digital journeys. This enables scalable growth without proportionate increases in acquisition or servicing costs. The platform functions as both a retention engine and an organic growth channel. As customers use HDB On-the-Go for servicing, top-ups and repeat borrowing, the cost-to-serve falls while revenue per customer rises.
- **HDB–AWS Ideathon:** In collaboration with Amazon Web Services (AWS), HDBFS launched the HDB Ideathon, bringing together 38 fintechs, techfins and technology innovators to develop scalable, production-ready solutions across lending, risk management, customer experience and operational efficiency. Ten shortlisted teams worked closely with HDBFS and AWS mentors, leveraging cloud, data and generative AI capabilities to address real business challenges. The selected solutions are now entering pilot phases across HDBFS's pan-India network of more than 1,700 branches, with the objective of improving turnaround times, enhancing customer experience and expanding access to affordable credit through technology-led innovation.
- **Expanding Digital Partnership Ecosystem:** HDBFS continues to strengthen its digital transformation journey through strategic partnerships designed to embed financing solutions into everyday consumer ecosystems. With additional collaborations in the pipeline, the Company remains focused on building a seamless, scalable and technology-enabled lending infrastructure that enhances accessibility, improves customer convenience and supports long-term digital growth.
- **Pro Kabaddi League (PKL) – Haryana Steelers:** HDBFS partnered with the Haryana Steelers as the Official Lending Partner during the Pro Kabaddi League season to strengthen its brand presence across North India. Through strategic jersey branding, in-stadium visibility and digital amplification, the campaign reinforced the Company's 'Jeet Pakki' brand promise of certainty, confidence and assured progress. By associating with a sport popular with Bharat, HDBFS strengthened its emotional connect with aspirational consumers, enhanced brand recall and expanded visibility across key growth markets.
- **Tamil Nadu Premier League (TNPL) – Kovai Kings:** HDBFS partnered with the Kovai Kings in the Tamil Nadu Premier League to deepen regional engagement across South India. As the Official Lending Partner, the Company leveraged jersey branding, on-ground visibility and digital outreach under the localised 'Vetri Nichchayam' campaign, the Tamil adaptation of 'Jeet Pakki.' The initiative strengthened cultural resonance while reinforcing the Company's positioning as a trusted financial partner. The campaign enhanced brand affinity, improved recall and strengthened visibility across Tamil Nadu during the tournament season.

DIRECTORS' REPORT (CONTD.)

SWOT ANALYSIS

Strengths

- One of the largest customer franchises, serving 22.9 Mn customers.
- Highly granular retail-focused book, significantly reducing concentration risk (top 20 customers contribute around 0.30% of loans).
- 18-year track record of tailored lending across Enterprise Lending, Asset Finance and Consumer Finance segments, with a deep understanding of local nuances across India.
- Robust credit underwriting and collection capabilities enabling competitive risk-adjusted returns for customers with minimal or no credit history.

Weaknesses

- Exposure to economically sensitive segments such as commercial vehicles and MSME lending creates higher sensitivity to economic cycles and asset quality fluctuations.
- Higher credit costs during periods of portfolio stress.

Opportunities

- Rising credit demand in Tier 2, 3 and rural markets.
- Cross-sell potential through the existing customer base to a wide range of products and services.
- Growth in secured lending including LAP and gold loans.
- Growing digital adoption enabling cost efficiencies and wider reach.

Threats

- Regulatory tightening for NBFCs impacting capital and compliance requirements.
- Competitive intensity from banks, fintechs and other NBFCs.
- Macroeconomic volatility affecting borrower cash flows and asset quality.
- Interest rate fluctuations impacting spreads and funding costs.

FINANCIAL PERFORMANCE

HDBFS delivered steady operating performance in FY 2025-26, with continued expansion across its core lending segments. Total Revenue from Operations grew from ₹16,300.28 Crore in FY 2024-25 to ₹18,429.67 Crore in FY 2025-26, reflecting healthy loan book growth and a disciplined approach to market expansion.

The Company maintained strong profitability – Net Interest Margin (NIM) rose to 7.96% as compared to 7.56% in the previous year and Pre-Provisioning Operating Profit grew by 23.02% in the year to ₹6,201 Crore, highlighting our robust operational execution. Profit After Tax (PAT) rose to ₹2,543.83 Crore in FY 2025-26 from ₹2,175.92 Crore in FY 2024-25.

Our financial resilience is further evidenced by a robust Capital Adequacy Ratio (CAR) of 21.4%, well above the regulatory requirements. Earnings Per Share (EPS) stood at ₹30.97 against ₹27.40 in the previous year. These results reflect sustained top-line momentum, improving operating efficiency and a calibrated approach to credit underwriting and risk management.

SEGMENT-WISE PERFORMANCE

Lending Business

Revenue from the Company's lending business increased to ₹17,205.76 Crore in FY 2025-26, up from ₹15,083.62 Crore in FY 2024-25 driven by an increase in Gross Loan Book.

Vertical wise details:

Enterprise Lending

The Enterprise Lending segment serves self-employed individuals, SMEs and salaried customers. Secured products, including Loan Against Property, Enterprise Business Loan and Gold Loans continued to provide portfolio stability and lower credit volatility. The Company adopted a calibrated approach towards unsecured business lending, prioritising asset quality and portfolio health. As credit conditions stabilised, the segment recovered gradually, positioning it for sustainable growth. Gold loans were a strong growth driver, supported by favourable pricing trends and steady customer demand. Enterprise Lending remained a significant contributor to the Company's loan book and earnings. This vertical, at ₹44,841 Crore, formed 38% of our Gross Loan Book as on March 31, 2026 and grew by 6.7% Y-o-Y.

DIRECTORS' REPORT (CONTD.)

Asset Finance

The Asset Finance segment, covering commercial vehicles, construction equipment and tractors, navigated a challenging operating environment during the year. Adverse weather conditions and regional economic disruptions temporarily affected asset utilisation and customer cash flows in the first half of FY 2025-26. The Company remained focused on disciplined underwriting, proactive collections and close portfolio monitoring and asset quality indicators showed signs of stabilisation by the latter half of the year. The long-term strategy focuses on building a balanced mix between new and used vehicle financing, improving risk-adjusted returns while supporting customers engaged in essential economic activities. This vertical, at ₹44,729 Crore, formed 38% of our Gross Loan Book as on March 31, 2026 and grew by 10.0% Y-o-Y.

Consumer Finance

The Consumer Finance business continued to address the evolving credit needs of retail customers during the year. The portfolio, comprising financing for two-wheelers, consumer durables, digital devices and passenger vehicles (auto loans), drew on strong OEM and dealer partnerships and a wide distribution footprint. Demand moderated temporarily due to external factors, but overall performance remained healthy, supported by festive demand, improved consumer sentiment and steady retail credit offtake. Cross-sell personal loans to existing customers scaled meaningfully, deepening customer engagement and improving portfolio profitability. Through this segment, the Company also provides micro-loans with a focus on promoting financial inclusion. The Consumer Finance vertical delivered solid year-on-year growth, reinforcing its position as a key contributor to the Company's overall performance. This vertical, at ₹28,923 Crore, formed 24% of our Gross Loan Book as on March 31, 2026 and grew by 19.4% Y-o-Y.

BPO Services

This segment provided services such as back office, sales support and collection services to HDFC Bank. Performance was supported by efficient cost management and streamlined processes. Revenue from the BPO services division was ₹1,223.91 Crore in FY 2025-26 compared to ₹1,216.66 Crore in FY 2024-25.

Outlook

The Company has a balanced approach to growth, regulatory compliance and customer-focused innovation. It is strategically positioned to create long-term value and make a significant contribution to providing credit to aspirational India.

With India's growth momentum expected to continue, HDBFS is optimistic about FY 2026-27, supported by a diversified product portfolio, an extensive branch network and a strengthening digital infrastructure.

RISK MANAGEMENT

HDBFS operates in an environment of multiple, interconnected risks such as credit, operational, liquidity, digital lending and information security. The Company manages these through a comprehensive risk management framework designed for proactive identification and mitigation. The Board of Directors maintain oversight across all risk categories, supported by dedicated committees that ensure focused supervision and stringent controls. The Chief Risk Officer along with his team monitors all risks and provide strategic direction to the business units. The Company continuously strengthens its security infrastructure, particularly in cybersecurity, to defend against emerging threats and remains confident in its ability to safeguard financial stability, operational efficiency and market reputation.

Risk	Mitigation
Credit Risk, including Credit Concentration Risk	• Credit risk is managed through defined policies, procedures and systems that set clear parameters and monitor exposures against limits. • The loan book is highly granular with the top 20 borrowers accounting for approximately ~0.30% of gross loans, containing concentration risk, while seasoning across cycles, including COVID-19, supports stability. • This discipline is reflected in a Gross Stage 3 ratio of 2.44%, alongside a Provision Coverage Ratio of 55.53%.

DIRECTORS' REPORT (CONTD.)

Risk	Mitigation
Business / Strategic Risk	• Strategic risk is mitigated through diversification across products, segments and geographies. • The ₹1,18,493.35 Crore loan book is balanced across Enterprise Lending (38%), Asset Finance (38%) and Consumer Finance (24%), with presence across 31 states and union territories. • Growth remains calibrated at 10.87% Y-o-Y, supported by prudent ALM and strong capital adequacy (CRAR 21.40%), reinforcing resilience.
Reputation Risk	• The Company embeds reputation management through a strict code of conduct, strong governance and an active grievance redressal mechanism.
Technology Risk	• Technology is leveraged to strengthen customer experience, operational efficiency and cybersecurity. • A layered architecture, including an AI-ML-enabled Security Operations Centre, ISO 22301:2019-certified BCP / DR framework and TRINETRA Command Centre, ensures real-time monitoring and resilience. • ISO 27001:2022 certification and continuous employee training align defences with evolving threats.
Compliance Risk	• Compliance is managed through a dedicated function led by the Chief Compliance Officer, ensuring continuous alignment with regulatory requirements. • Operating within the RBI's Upper Layer NBFC framework, the Company proactively updates policies and processes. • Mandatory employee training across regulations such as fair practice code, KYC & AML, cybersecurity and safety reinforces a culture of compliance and reduces regulatory exposure.
Liquidity Risk	• The Asset Liability Committee (ALCO) actively manages liquidity by monitoring maturity profiles, stock ratios and ALM positions. • The average Liquidity Coverage Ratio (LCR) for the quarter ended March 31, 2026 was 177%, ensuring adequate buffers above regulatory thresholds. • A positive cumulative mismatch across buckets, supported by unencumbered HQLA and a diversified borrowing base of ₹99,230 Crore, reflects a conservatively managed liquidity profile.
Interest Rate Risk	• Interest rate risk is managed through ALCO-led gap analysis, aligning borrowing repricing with loan repricing to support margin stability. • NIM improved to 8.23%, demonstrating the direct linkage between risk management and earnings quality.

DIRECTORS' REPORT (CONTD.)

Risk	Mitigation
Operational Risk	• Operational Risk is managed through a framework designed to identify, assess and monitor risks resulting from inadequate internal processes, systems or external events. • The Company utilises a Three Lines of Defence model: Business units (First Line), ORMD and Compliance (Second Line) and Internal Audit (Third Line) for independent review. • Operational oversight is maintained by the Operational Risk Management Committee (ORMC) to ensure robust control across 1,730 branches. • Primary measurement tools include Internal Loss Data, Risk Control Self-Assessment (RCSA) and Key Risk Indicators (KRI) to proactively mitigate potential losses. • Internal controls are reinforced through maker-checker protocols, segregation of duties and a central Risk Control Unit dedicated to fraud monitoring and root cause analysis. • Resilience is ensured via a layered IT architecture and a periodically tested Business Continuity Plan (BCP) to minimise service disruptions.

Internal Control System and Internal Audit

The Company has implemented a comprehensive internal control framework to ensure operational efficiency, regulatory compliance and adequate financial reporting. The Internal Audit Department (IAD) plays a crucial role in strengthening Governance, Risk and Compliance (GRC) by conducting independent and objective evaluations. These assessments enhance transparency, accountability and trust across the Company.

The internal audit function operates as per Board approved internal audit charter, supported by a risk-based internal audit policy that defines the department's purpose, structure, authority and responsibilities. The IAD follows a Risk-Based Internal Audit (RBIA) approach, wherein the audit plan is formulated based on a comprehensive risk assessment of business activities and processes. Adopting a risk-based approach, the IAD focuses on key risk areas, ensuring effective resource allocation.

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

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

HUMAN RESOURCES

Workforce and Culture

HDBFS recognises that employees are central to operational efficiency and long-term growth. The Company continues to provide a safe, inclusive and performance-oriented workplace. Its culture is anchored in six core values: Integrity, Collaboration, Agility, Respect, Excellence and Simplicity. During FY 2025-26, value-based induction programmes and mandatory Code of Conduct and Fair Practices training were conducted across functions.

DIRECTORS' REPORT (CONTD.)

Talent Development

Guided by the belief that people are the cornerstone of sustainable business success, our talent development philosophy rests on building a future-ready, high-performing workforce aligned to organisational priorities. It emphasises continuous learning, capability enhancement and leadership development as key enablers of long-term growth, fostering a culture where employees are empowered to realise their potential while contributing meaningfully to business outcomes.

Designed to create a sustainable growth model, our performance programmes such as Revive, emphasise structured action planning, rigorous performance governance and on-ground execution support to deliver measurable improvements in overall branch effectiveness. By identifying performance gaps and enabling targeted interventions, Revive has contributed to consistent enhancement in business outcomes across identified units.

Learning and Capability Building

The Company's learning philosophy rests on four principles: treating continuous learning as a strategic enabler, linking capability building to business outcomes, developing a future-ready workforce and upholding ethical and responsible conduct. Learning is embedded across the employee lifecycle from onboarding to leadership development and is aligned with the Company's long-term growth and transformation agenda. With increasing reliance on digital platforms and analytics, digital capability building was strengthened during the year under the Social and Governance pillars of ESG.

Key initiatives included Digital Enablement programmes covering LMS platforms, analytics dashboards, automation tools and digital customer acquisition systems. Data Literacy Initiatives were implemented to build competency in data interpretation, risk analytics, portfolio monitoring and performance dashboards. Cyber Security and Information Security Awareness programmes are conducted through mandatory micro-learning modules on data privacy, phishing awareness and regulatory compliance.

Responsive Learning Framework

The learning architecture continues to evolve in response to regulatory changes, digitalisation and changing customer expectations. Training modules aligned with RBI circulars and compliance mandates were rolled out, including structured programmes on KYC, AML, fair practices code and responsible lending. The Company used e-learning platforms, mobile-based micro-learning, simulation-based credit and risk assessment training and gamified modules to reinforce adoption of new systems. Programmes on responsible selling and customer grievance management were also conducted.

To ensure equitable access, the Company uses mobile-first learning platforms accessible to frontline and field teams, vernacular language modules for regional inclusion, blended learning formats combining virtual and classroom sessions and role-based learning journeys tailored for sales, collections, credit, operations and corporate teams. Participation and completion metrics are monitored to ensure coverage across roles and geographies.

Leadership Development and Internal Mobility

The Company has continued to invest in robust talent management and capability-building initiatives to support long-term growth. These include structured learning pathways, leadership development programmes and role-based capability enhancement interventions aligned to business priorities. Key focus areas include strengthening managerial effectiveness, building future-ready leadership pipelines and enhancing functional and behavioural competencies across levels.

Through a blend of digital learning, experiential workshops and on-the-job development, these initiatives have enabled employees to elevate performance, drive innovation and contribute meaningfully to organisational success, thereby ensuring a strong foundation for sustained growth. During FY 2025-26, the Company continued to prioritise internal growth, with over 53% of middle and senior management positions filled through internal promotions. Employees are encouraged to pursue cross functional and cross geographic opportunities to support career progression and organisational depth.

Diversity, Inclusion and Well-Being

Recruitment and promotion practices are merit based, considering skills, experience and competence. The Company actively hires individuals with disabilities, provides accessible infrastructure and conducts tailored training programmes to support integration. Regular awareness sessions are organised to reinforce inclusive policies and respectful workplace behaviour.

Employee well-being initiatives during the year included health check-ups, yoga and meditation workshops, sports tournaments, cultural events and community outreach activities. Reward and recognition programmes continue to acknowledge performance and encourage consistent standards of excellence.

DIRECTORS' REPORT (CONTD.)

Frontline Feedback and Risk Governance

Frontline employees play an important role in identifying early signals of repayment behaviour shifts, sectoral stress and customer affordability concerns. Insights are captured through structured feedback loops via branch reviews and regional forums, CRM-based customer feedback analytics, early warning systems in collections and credit monitoring and pulse surveys and employee suggestion mechanisms. These inputs are integrated into risk recalibration models, product refinement and process improvements, strengthening portfolio quality and customer service standards.

CSR ACTIVITIES

HDBFS treats Corporate Social Responsibility (CSR) not as a compliance obligation but as a parallel business, one measured in communities stabilised, livelihoods created and ecosystems restored. Since inception, the Company has spent over 2800 Mn on CSR initiatives, across 100-plus social and environmental projects and through a network of 77 on-ground partners. These efforts have directly impacted more than 1.6 Mn lives across healthcare, literacy & livelihoods and environmental interventions.

On healthcare, as of March 31, 2026, HDBFS conducted 790 diagnostic camps promoting preventive care, introduced 116 patient beds, including 1 operating theatre, in charitable hospitals and operates 8 active Transport Aarogyam Kendras, physiotherapy centres built specifically for truck drivers, who form a significant segment of the Company's asset finance customer base. On literacy and livelihoods, the Company has run 250 financial literacy workshops and delivers skill enhancement programmes that build employable capabilities in underserved communities.

On the environment front, as of March 31, 2026, HDBFS restored 429 waterbodies to recharge groundwater tables and planted over 63,000 trees to create carbon sinks and support rural livelihoods. It has also retrofitted 30 sanitation complexes in schools and six sanitation complexes in transport hubs and communities, while diverting over 800 tonnes of waste from landfills and waterbodies in partnership with local authorities.

The geographic focus is deliberate. Over 70% of the Company's branches are located in Tier 4 cities and beyond and 14% of FY 2025-26 disbursements directed to women borrowers to advance financial inclusion and economic empowerment. Thus, the Company's social footprint mirrors its commercial one, concentrated in the same underserved districts where its customers live and work. HDBFS has financed over 1,60,000 MSMEs and more than 89,000 farmers, reinforcing its commitment to inclusive growth beyond the boundaries of conventional CSR programming.

Governance of these efforts sits at the Board level through a dedicated CSR & ESG committee, which has approved a comprehensive ESG policy framework covering climate and resources, sustainable sourcing, people and culture, customer focus, social impact, stakeholder trust and good governance. Progress is tracked against measurable outcomes rather than spend targets, with impact reported externally as part of the Company's broader accountability to stakeholders.

For further details on the Company's CSR activities, please refer to page 40.

GREEN INITIATIVES

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

FINANCIAL RATIOS

Ratios	FY 2024-25	FY 2025-26
Net Interest Income to Average Gross Loan Book*	7.56%	7.96%
Operating Expenses to Average Gross Loan Book*	3.78%	3.79%
Return on Average Total Assets (ROA)	2.16%	2.19%
Return on Average Equity (ROE)	14.72%	13.94%
Capital to Risk-weighted assets Ratio (CRAR)	19.22%	21.40%
- Tier 1	14.67%	17.06%
- Tier 2	4.55%	4.34%
Gross NPA	2.26%	2.44%
Net NPA	0.99%	1.09%
Provisioning Coverage Ratio (PCR)	55.95%	55.53%
EPS (₹) - Basic	27.40	30.97
- Diluted	27.32	30.88

These ratios are for Lending Business only

DIRECTORS' REPORT (CONTD.)

CAUTIONARY STATEMENT

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

[Source: International Monetary Fund's World Economic Outlook (IMF WEO), April 2026; Reserve Bank of India - MPC Report, April 2026; CRISIL Ratings Press Release, Nov 2025; CRISIL Research NBFC Report 2025-26]

ACKNOWLEDGEMENT

The Board of Directors extends its sincere appreciation to the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and the Government of India (GOI) for their continuous support, cooperation and valuable guidance.

The Directors also take this opportunity to express their heartfelt gratitude to the Company's customers, shareholders, employees, bankers and distributors for their constant trust and confidence. The Directors also acknowledge the invaluable advice, insights and support received from auditors and statutory authorities, which have been instrumental in the Company's continued growth and success.

For and on behalf of the Board of Directors

Mr. Natarajan Srinivasan
Non-Executive Chairman and Additional Independent Director
DIN: 00123338

Place: Mumbai
Date: May 14, 2026

ANNUAL REPORT ON CSR ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

The CSR Policy of the Company is the guiding document to optimally allocate, manage and supervise prescribed CSR funds of the Company. The document spells out the Company's CSR mission of contributing towards social and economic development of the community and the strategy to work towards its mission statement.

The company has adopted seven development areas that are in line with Schedule VII and further defines the nature of CSR initiatives to be undertaken. The policy document highlights the role of the CSR committee members too. The CSR Policy of the Company is line with Section 135 of the Companies Act, 2013, CSR Rules and Schedule VII of the Companies Act, 2013.

2. COMPOSITION OF CORPORATE SOCIAL RESPONSIBILITY AND ESG COMMITTEE

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR & ESG Committee held during the year	Number of meetings of CSR &ESG Committee attended during the year
1	Dr. Amla Samanta	Chairman of the Committee, Independent Director	3	3
2	Mr. Jayesh Chakravarthi	Member, Independent Director	3	3
3	Mr. Bhaskar Sharma	Member, Independent Director	3	3
4	Mr. G. Ramesh	Member, Managing Director & CEO	3	3

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

CSR Policy includes Composition of CSR Committee and the CSR Policy is uploaded on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/policies/CSR_Policy__final_2_23042026.pdf

List of active CSR projects approved by the Company are uploaded on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/hdbfs-pdf/ApprovedCSRProjectsforFY26_02052025.pdf

4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH THE WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF 8, IF APPLICABLE.

The Company identified projects that were due for impact assessment in FY 2024-25. An independent agency was assigned to conduct impact assessment for projects with an outlay of ₹1 Crore and above. The assessment exercise has been conducted for ten projects and detailed assessment reports have been presented to the Board of Directors of the Company. The executive summary along with detailed assessment reports are uploaded on the Company website at: https://www.hdbfs.com/corporate-social-responsibility.

5. a. Average net profit of the company as per sub-section (5) of section 135 = ₹2,948.60 Crore

   b. Two percent of average net profit of the company as per sub-section (5) of section 135 = ₹58.97 Crore

   c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years = NIL

   d. Amount required to be set off for the financial year, if any = ₹0.44 Crore

   e. Total CSR obligation for the financial year (5b+5c-5d) = ₹58.53 Crore

DIRECTORS' REPORT (CONTD.) **ANNEXURE A**

6. a. Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project) = ₹55.79 Crore

b. Amount spent in Administrative Overheads = ₹2.94 Crore

c. Amount spent on Impact Assessment, if applicable = ₹0.19 Crore

d. Total amount spent for Financial Year 2025 - 2026 (6a+6b+6c) = ₹58.92 Crore

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (₹ in Crore)	Amount Unspent (₹ in Crore)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135.		Amount transferred to any fund specified under Schedule VII as per second provision to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
58.92	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

f. Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per section 135	58.97
(ii)	Total amount spent for the Financial Year	58.92
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.39
(iv)	Surplus arising out of CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.39

Note:

The Company had ₹0.44 Crore as amount available for set-off against prescribed CSR expenditure of ₹58.97 Crore for Financial Year 2025-26. During the year, the Company spent ₹58.92 Crore against the total CSR obligation of ₹58.53 Crore (₹58.97 Crore minus ₹0.44 Crore) leading to an excess spend of ₹0.39 Crore towards approved CSR projects.

7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Not Applicable

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:

No

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5):

Not Applicable

Sd/-
Amla Samanta
Chairperson, CSR & ESG Committee
DIN – 00758883

Sd/-
Ramesh G.
Managing Director & CEO
DIN - 05291597

Place: Mumbai
Date: May 14, 2026

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

1. The ratio of the remuneration of each Director to the median remuneration of employees of the Company for the financial year as below:

Name and Designation	Ratio
Mr. Arijit Basu, Chairman	1:19
Dr. Amla Samanta, Independent Director	1:18
Mr. Adayapalam Viswanathan, Independent Director	1:20
Ms. Arundhati Mech, Independent Director	1:20
Mr. Jayesh Chakravarthi, Independent Director	1:18
Mr. Bhaskar Sharma, Independent Director	1:19
Mr. Jayant Gokhale, Independent Director	1:21
Mr. Jimmy Tata, Non-Independent Director	-
Mr. Ramesh G., Managing Director & Chief Executive Officer	1:256

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

Designation	Percentage Increase
Managing Director & Chief Executive Officer	7%
Chief Financial Officer	8%
Company Secretary	11%

3. During the year under review there was 9.7% increase in the median remuneration of the employees of your Company.
4. As on March 31, 2026 there were 88,162 employees on the rolls of your Company.
5. It is hereby affirmed that the remuneration paid during the year was as per the Remuneration policy of the Company.
6. Average percentage increase in the salaries of employees other than the managerial personnel in the last financial year was 9.9% whereas the increase in the managerial remuneration was 8.6%.

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[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

CIN: L65993GJ2007PLC051028

Radhika, 2nd Floor, Law Garden Road,

Navrangpura, Ahmedabad – 380009

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good governance practices by **HDB FINANCIAL SERVICES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in conformity with the auditing standards issued by the Institute of Company Secretaries of India (ICSI) ("the Auditing Standards") and the processes and practices followed during the conduct of audit are aligned with the Auditing Standards to provide 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 authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2026, 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, 2026 according to the provisions of:

1) The Companies Act, 2013 ("the Act") the Rules made there under and notifications and guidelines issued by the Ministry of Corporate Affairs ("MCA");

2) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under-to the extent applicable

3) The Depositories Act, 1996 and the Regulations and bye-laws framed there under;

4) Foreign Exchange Management Act, 1999 Foreign Exchange Management (Non-Debt Instruments Rules, 2019 and the Rules and Regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment- to the extent applicable

5) 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;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars / Master Circulars / Industry Standards issued thereunder;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021-and Circulars / Master Circulars issued thereunder;

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 during the year**

h) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993;

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- **Not Applicable during the year**

6) We have also examined compliance with the laws and regulations specifically applicable to the Company as mentioned hereunder:

i) Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023 dated October 19, 2023;

ii) Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

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

iv) Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, Dated November 07, 2023;

v) Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

vi) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 read with Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards with regard to Meetings of Board of Directors ("SS-1") and General Meetings ("SS-2") issued by ICSI

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review, the Company has complied with the provisions of 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 including Independent Directors and Women Director. 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 the Directors to schedule the Board Meetings. 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.

All decisions have been taken unanimously and no dissent was required to be recorded in the minutes of the Board and Committee meetings.

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 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 year under review, the Company made an Initial Public Offer of ₹ 12,500 Crore (Rupees Twelve Thousand Five Hundred Crore only) and pursuant to which it became a listed entity in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the applicable provisions of the Companies Act, 2013.

We further report that following events / actions have a major bearing on the company's affairs in pursuance of the above-mentioned laws, rules, regulations, guidelines etc., during the audit period:

i. The members of the Company passed a resolution at its 18th Annual General Meeting held on June 12, 2025 to declare Final dividend @10% i.e. ₹ 1/- (Rupee One Only) on each equity share for the Financial year ended March 31, 2025.

ii. During the year under review, the Company has issued and allotted 8,93,300 Non-Convertible Debentures of ₹100,000 each, 11,000 Non-Convertible Debentures of ₹10,00,000 each and 70,000 Subordinate Bonds of ₹100,000 each in one or more tranches.

iii. The Company has raised equity capital through Initial Public Offer (IPO), of 16,89,18,917 equity shares of ₹10 each, comprising a fresh issue of 3,37,83,782 equity shares and 13,51,35,135 equity shares offered for sale by HDFC Bank Limited, selling shareholder. The equity shares were issued at a price of ₹740 per equity share (including a Share Premium of ₹730 per equity share). Pursuant to the aforesaid allotment of equity shares, the issued, subscribed and paid- up capital of the Company stands increased to ₹829.57 Crore (82,95,66,727 Equity shares of ₹10 each). The Company's equity shares were listed on National Stock Exchange of India Limited and on BSE Limited on July 02, 2025.

iv. Approval of selling, assignment, securitisation of receivables / book debts of the Company upto 9,000 Crore at the Annual General Meeting held on June 12, 2025

v. Increase in the borrowing limits of the Company from ₹1,25,000 Crore to ₹1,35,000 Crore at the Annual General Meeting held on June 12, 2025.

vi. Increase in the limit for creation of charge on the assets of the Company up to ₹1,35,000 Crore for the purpose of securing its borrowings at the Annual General Meeting held on June 12, 2025.

vii. Approval of Material Related Party Transactions with HDFC Bank Limited for Financial Year 2026-27 through Postal Ballot passed on March 13, 2026.

viii. Approval for payment of profit-related commission to Independent Directors was obtained through postal ballot passed on March 13, 2026.

DIRECTORS' REPORT (CONTD.) **ANNEXURE C**

ix. The Company has allotted 767,089 equity shares under the ESOP Scheme during the financial year 2025–26, in six tranches.

x. The Board of Directors of the Company has declared an interim dividend of ₹2.00/- (Rupees Two Only) per equity share (i.e. 20% on face value of each equity shares) for financial year 2025-26 at its meeting held on October 15, 2025.

xi. Arijit Basu (DIN:06907779), has tendered his resignation as the Non-Executive Independent Director & Chairman of the Company, on January 23, 2026.

For M/s. N. L. Bhatia & Associates,
Practising Company Secretaries
UIN: P1996MH055800
PR No.: 6392/2025

Bhaskar Upadhyay
Partner
FCS: 8663
CP No.: 9625
UDIN: F008663H000100876

Date: April 15, 2026
Place: Mumbai.

DIRECTORS' REPORT (CONTD.) **ANNEXURE C**

ANNEXURE-I

LIST OF OTHER APPLICABLE LAWS

1. Reserve Bank of India Act, 1934 and the Rules and Regulations made there under to the extent applicable;
2. Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 read with Master Direction - Reserve Bank of India (Filing of Supervisory Returns) Directions, 2024;
3. Master Direction – Non - Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
4. Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices;
5. Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)
6. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 read with Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025
7. Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015
8. Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations
9. Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 read with Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025;
10. Master Direction – Reserve Bank of India (Regulatory Framework for MicroFinance Loans) Directions, 2022
11. Master Direction on Treatment of Wilful Defaulters and Large Defaulters read with Reserve Bank of India (Non-Banking Financial Companies – Treatment of Willful Defaulters and Large Defaulters) Directions, 2025;
12. The following HR laws are applicable to the Company:
    a. The Employees' Provident Funds and Miscellaneous Provision Act,1952
    b. Professional Tax Act, 1975
    c. Maharashtra Labour welfare Fund Act, 1953
    d. Payment of Gratuity Act, 1972
    e. The Maternity Benefit Act, 1961
    f. The Payment of Bonus Act, 1965
    g. Maharashtra Shops and Establishment Act, 1948 (amended Act Dec 2017, Rules March 2018)
    h. Maharashtra Fire preservation and life safety measures Act 2006
    i. The Equal Remuneration Act, 1976
    j. The Employees State Insurance Act, 1948
    k. The Contract Labour (Regulation & Abolishment) Act, 1970
    l. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
    m. The Minimum Wages Act, 1948
    n. The E-Waste (Management and Handling) Rules, 2022 & Environment (Protection) Act, 1986
    o. The Information Technology Act, 2000
    p. Cigarettes and other Tobacco products (Prohibition of Advertisement and Regulation of Trade and Commerce, Productions, Supply and Distribution) Rules, 2004
    q. Weekly Holidays Act, 1942
    r. Indian Electricity Rules, 1956 and
    s. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
    t. Private Security Agencies and Regulation Act

DIRECTORS' REPORT (CONTD.) **ANNEXURE C**

To

The Members,

HDB FINANCIAL SERVICES LIMITED

Radhika, 2nd Floor, Law Garden Road,

Navrangpura, Ahmedabad – 380009

Our Secretarial Audit report for the financial year ended March 31, 2026 to be read along with this letter.

(1) Maintenance of Secretarial record is the responsibility of the management of the Company, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the auditing standards issued by the Institute of Company Secretaries of India (ICSI) and 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 are aligned with auditing standards issued by the institute of Company Secretaries of India (ICSI) and 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 the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M/s. N. L. Bhatia & Associates,

Practising Company Secretaries

UIN: P1996MH055800

PR No. 6392/2025

Bhaskar Upadhyay

Partner

FCS: 8663

CP. No. 9625

UDIN: F008663H000100876

Date: April 15, 2026

Place: Mumbai

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, 2026

ESOP Schemes	Options granted during the year	Options vested during the year	Options exercised	Total number of shares arising as a result of exercise of option	Options lapsed / forfeited	Exercise price (in ₹)	Money realised by exercise of options (in ₹)	Total number of options in force as at March 31, 2026	Options exercisable, end of year
ESOP-11	-		920	920	4,040	274	2,52,080	-	
ESOP-12	-		49,096	49,096	944	300	1,47,28,800	51,950	51,950
ESOP-13	-		42,560	42,560	8,340	348	1,48,10,880	1,16,825	1,16,825
ESOP-13A	-		1,000	1,000	-	409	4,09,000	19,000	19,000
ESOP-14	-		27,393	27,393	15,270	433	1,18,61,169	3,55,674	3,55,674
ESOP-15A	-	4,73,256	51,040	51,040	-	457	2,33,25,280	7,87,080	7,87,080
ESOP-15B	-	11,42,560	3,29,057	3,29,057	99,580	509	16,74,90,013	12,44,444	12,44,444
ESOP-16A	-	4,03,431	45,136	45,136	54,848	424	1,91,37,664	10,53,562	5,70,502
ESOP-16B	-	1,13,706	39,800	39,800	11,360	533	2,12,13,400	2,56,614	1,07,406
ESOP-16C	-	3,89,124	82,957	82,957	72,732	533	4,42,16,081	9,89,839	4,80,935
ESOP-17A	-	6,03,495	58,570	58,570	92,510	534	3,12,76,380	18,74,970	5,44,025
ESOP-17B	-	1,49,610	39,560	39,560	25,410	534	2,11,25,040	4,54,030	1,10,050
ESOP-18A	15,10,520		-	-	1,08,300		-	14,02,220	-
ESOP-18B	9,71,980		-	-	15,760		-	9,56,220	-
ESOP-18C	9,63,670		-	-	-		-	9,63,670	-

During the FY 2025-26, the Company ratified Employee Stock Option Scheme 2014, Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 to comply with the regulatory requirements in terms of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The approval of shareholders of the Company was obtained through Postal Ballot Resolution passed on September 04, 2025.

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

Sr. No.	Name	Designation	Grant during FY 2025-26
1	Ramesh G.	Managing Director & CEO	3,53,060
2	Jaykumar Shah	Chief Financial Officer	98,450
3	Dipti Jayesh Khandelwal	Company Secretary	9,630

ii. Other employees who receive a grant of option in any one year of option amounting to 5% or more of options granted during that year: **None**

iii. Identified employees who were granted option, during, any one year, equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions): **None**

DIRECTORS' REPORT (CONTD.) **ANNEXURE E**

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To

The Members,

HDB FINANCIAL SERVICES LIMITED

Radhika, 2nd Floor, Law Garden Road,

Navrangpura, Ahmedabad – 380009

We have examined all the relevant records of HDB FINANCIAL SERVICES LIMITED ('the Company') for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Regulation 17 to 27, clauses (b) to (i) and (t) of Sub regulation (2) of Regulation 46 and Para C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the year ended March 31, 2026. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27, clauses (b) to (i) and (t) of Sub regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations.

The compliance of conditions of Corporate Governance as stipulated under the Listing Regulations is the responsibility of the Management including the preparation and maintenance of all the relevant record and documents. Our examination was limited to procedures and implementation process adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. This certificate is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For N. L. Bhatia & Associates,

Practicing Company Secretaries

UIN: P1996MH055800

PR NO.: 6392/2025

Bhaskar Upadhyay

Partner

FCS: 8663

CP. No. 9625

UDIN: F008663H000100997

Date: April 15, 2026

Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

HDB Financial Services Limited, incorporated on June 04, 2007, as a subsidiary of HDFC Bank, has grown to become one of the leading NBFCs in India. It has, since inception, imbibed the best practices in corporate governance and has been led by a Board of Directors (Board) that has followed the provisions of the Companies Act, 2013 ("**Act**"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and the Master Directions read with circulars, notifications, guidelines, instructions etc. of Reserve Bank of India ("**RBI Master Directions**"). The Board, comprising professionals drawn from various fields, has sought to govern the Company in a manner that adheres to the spirit of good corporate governance.

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders. The philosophy has strong emphasis on transparency, accountability and integrity. The Company's governance practices and processes ensure that the interests of all stakeholders are addressed in a transparent manner and are deeply embedded into the organisation's culture. Commitment to good governance has a distinctive competitive advantage, enhances trust and creates long-term sustainability.

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

The Board of Directors of the Company, being the highest governance authority within the Management structure of the Company, is at the core of Company's Corporate Governance practices. The Board exercises its fiduciary responsibilities to foster sound standards of Corporate Governance within the Company thus providing direction and independence to the Management to achieve its objectives for value creation as well as protecting long-term interests of all stakeholders.

The Company is guided by a dynamic, experienced and well-informed Board. Along with its Committees and the established Corporate Governance Framework, the Board performs its fiduciary responsibilities toward all stakeholders. The Company has adopted a Board approved Corporate Governance Code, which supports the achievement of its goals and objectives. This Code encompasses all aspects of operations, management, action plans, internal controls, performance measurement and regulatory disclosures. The Corporate Governance Code is available on the Company's website and can be accessed at https://www.hdbfs.com/sites/default/files/policies/Corporate_Governance_Code_24042026.pdf

During the year, the Company has achieved a significant milestone with the listing of its equity shares on the National Stock Exchange of India Limited and BSE Limited. Pursuant to such listing, the Company has aligned its governance framework with the requirements of the SEBI Listing Regulations, the Act, corporate governance norms issued by the RBI from time to time and other applicable regulatory requirements. The Company had also undertook necessary steps to ensure compliance with the applicable provisions and further strengthened its governance, compliance and disclosure practices in line with regulatory expectations.

The Company continues to strive for the adoption of best practices in corporate governance and periodically reviews its governance framework to align with evolving regulatory requirements and emerging expectations.

The Company remains committed to integrating Environmental, Social and Governance (ESG) principles into its business strategy and operations, recognising their importance in driving sustainable and responsible growth. It endeavours to minimise its environmental impact through efficient resource utilisation, promote social well-being by fostering an inclusive and safe workplace and contributing to community development and uphold high standards of governance through ethical business practices, transparency and robust risk management. In line with the requirements of the SEBI Listing Regulations, the Company continues to strengthen its ESG framework and related disclosures with a view to creating long-term value for all stakeholders.

BOARD OF DIRECTORS

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

To facilitate effective oversight and decision-making, the Board is supported by several Committees, each entrusted with specific responsibilities in accordance with applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Corporate Social Responsibility and ESG Committee, Stakeholders Relationship Committee, Customer Service Review Committee, Strategic Transaction Committee (dissolved on January 14, 2026 with immediate effect), Special Committee of the Board for Monitoring and Follow-up of cases of Frauds and Review Committee for Identification of Wilful Defaulters. These Committees enhance the functioning of the Board by ensuring the efficient flow of information and enabling a focused and timely resolution of diverse matters.

In compliance with the provisions of the Act, SEBI Listing Regulations and RBI Master Directions, the Board of the Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is fully compliant with the requirements of Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time.

Each of the Directors of the Company have confirmed that he / she is not debarred from holding the office of director by virtue of any order by SEBI or any other authority. The Directors have ascertained that neither they nor any other company on which they serve as Directors have been identified as a wilful defaulter. Each of the Directors of the Company have confirmed that he / she satisfies the fit and proper criteria as prescribed under the applicable regulations and none of the Directors are related to each other.

As on March 31, 2026, the Board comprised eight members consisting of one Executive Director, one Non-Executive Director and six Non-Executive Independent Directors, including two Women Directors. The profile of the Directors of the Company is provided in the Annual Report.

The composition of the Board of Directors as on March 31, 2026, along with the attendance of Directors at the Board Meetings held during the FY 2025-26 and at the last virtual Annual General Meeting held on June 12, 2025, is provided below:

Sr. No.	Name of the Director, Category & DIN	Director Since	No. of Board meetings		Whether attended last AGM	No. of other Director ships	Remuneration (₹ In Lakhs)			No. of shares held in and convertible instrument held in the Company
			Held	Attended			Salary and other compensation	Sitting Fee	Commission Payable	
1.	*Mr. Arijit Basu, Part-Time Non-Executive Chairman & Independent Director (DIN: 06907779)	June 01, 2021	11	11	Yes	2#	24.27	17.25	Nil	Nil
2.	Dr. Amla Samanta, Independent Director (DIN: 00758883)	May 01, 2019	12	11	Yes	2	Nil	19.00	20.00	61
3.	Mr. Adayapalam Viswanathan, Independent Director (DIN: 08518003)	July 24, 2019	12	11	Yes	Nil	Nil	24.75	20.00	60
4.	Ms. Arundhati Mech, Independent Director (DIN: 09177619)	February 11, 2022	12	12	Yes	2	Nil	24.00	20.00	Nil

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Sr. No.	Name of the Director, Category & DIN	Director Since	No. of Board meetings		Whether attended last AGM	No. of other Director ships	Remuneration (₹ In Lakhs)			No. of shares held in and convertible instrument held in the Company
			Held	Attended			Salary and other compensation	Sitting Fee	Commission Payable	
5.	Mr. Jayesh Chakravarthi, Independent Director (DIN: 08345495)	January 25, 2024	12	11	Yes	1	Nil	19.00	20.00	Nil
6.	Mr. Bhaskar Sharma Independent Director (DIN: 02871367)	September 16, 2024	12	12	Yes	1	Nil	20.50	20.00	Nil
7.	Mr. Jayant Gokhale Independent Director (DIN: 00190075)	September 16, 2024	12	12	Yes	1	Nil	25.75	20.00	Nil
8.	Mr. Jimmy Tata, Non-Executive Director (DIN: 06888364)	July 15, 2023	12	11	Yes	1	Nil	Nil	Nil	3,21,021
9.	Mr. Ramesh G., Managing Director & Chief Executive Officer (DIN: 05291597)	July 01, 2012	12	12	Yes	Nil	961.02	Nil	Nil	9,22,200

**Mr. Arijit Basu resigned as Part-Time Non-Executive Chairman & Independent Directors of the Company with effect from January 23, 2026.*

 # Directorship as on the date of resignation i.e. January 23, 2026.

Mr. Natarajan Srinivasan has been appointed as the Non-Executive Chairman and an Additional Independent Director on the Board of the Company for a period of three (3) years, commencing from May 14, 2026 to May 13, 2029, subject to the shareholders' approval. The shareholders' approval would be sought at the ensuing Annual General Meeting, scheduled on Thursday, June 25, 2026.

The details of directorship and committee chairmanship / membership as on March 31, 2026, are provided below:

Name of the Director	Directorships			Number of Committee positions held*	
	In Equity listed companies (Category of Directorship)	In unlisted public companies	In private limited companies	Chairman	Member
Dr. Amla Samanta	Nil	Nil	2	1	1
Mr. Adayapalam Viswanathan	Nil	Nil	Nil	Nil	1
Ms. Arundhati Mech	Afcom Holdings Limited Non-Executive (Independent) Director	1	Nil	Nil	1
Mr. Jayesh Chakravarthi	Nil	Nil	1	Nil	1
Mr. Bhaskar Sharma	Polycab India Limited Non-Executive (Independent) Director	Nil	Nil	Nil	2
Mr. Jayant Gokhale	Nil	Nil	1	1	1

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Name of the Director	Directorships			Number of Committee positions held*	
	In Equity listed companies (Category of Directorship)	In unlisted public companies	In private limited companies	Chairman	Member
Mr. Jimmy Tata	Nil	Nil	1	Nil	1
Mr. Ramesh G.	Nil	Nil	Nil	Nil	1

**Disclosure includes Chairmanship / Membership of Committees as required for the computation of maximum number of Committees in which a Director can serve as Chairman or Member, in accordance with Regulation 26(1) of SEBI Listing Regulations (i.e. Chairmanship / Membership of the Audit Committee and the Stakeholders Relationship Committee across all Indian public companies, including HDB Financial Services Limited).*

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

The details of changes in the composition of the Board during the current FY 2025-26 and previous FY 2024-25 are provided below:

S.N.	Name of the Director	Capacity	Nature of change	Effective Date
1	Dr. Amla Samanta	Independent Director	Re-appointment	May 01, 2024
2	Mr. Adayapalam Viswanathan	Independent Director	Re-appointment	July 24, 2024
3	Mr. Bhaskar Sharma	Independent Director	Appointment	September 16, 2024
4	Mr. Jayant Gokhale	Independent Director	Appointment	September 16, 2024
5	Mr. Venkatraman Srinivasan	Independent Director	Cessation	March 11, 2025
6	Ms. Smita Affinwalla	Independent Director	Cessation	March 11, 2025
7	Mr. Arijit Basu	Chairman, Independent Director	Resignation	January 23, 2026

All Directors have submitted the necessary disclosures regarding their directorship and committee positions held in other companies. Based on the declaration received, none of the Directors are related to each other.

BOARD MEETINGS AND DELIBERATIONS

The meetings of the Board are normally held at the Company's Corporate Office in Mumbai. The Board Meetings are convened by giving appropriate notice well in advance of all the meetings. The Directors / Members are provided with appropriate information in the form of agenda items in a timely manner, to enable them to deliberate on each agenda item and make informed decisions and provide strategic directions to the Management.

The Board meets at least once in every quarter to review the quarterly results and other key matters. Additional meetings are convened to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are obtained through circular resolutions, which are placed before the Board in the subsequent meeting for noting. The quorum of the Board meeting is maintained in accordance with the statutory requirement of three directors or one-third of the total strength, whichever is higher. The Company endeavours that the gap between the approval of financial results by the Audit Committee and the Board is kept to minimum, as required under the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015.

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

During the Board Meetings, presentations were made to the Board covering key areas including, annual action plans and business strategies, financial statements and performance

REPORT ON CORPORATE GOVERNANCE (CONTD.)

reviews, information technology and security risk management, customer grievances and service frameworks, compliance update and risk assessment, regulatory developments under the RBI guidelines, etc.

The minutes of the Board meetings are finalised and recorded in the minutes book. Post the Board meetings, the Company has a system of communication and follow up on actions required to be taken by the management as suggested by the Board. Actions taken by the management is updated to the Board.

Directors are also encouraged to attend relevant programs and seminars conducted by reputed external organisations.

The Company endeavors that the gap between the approval of financial results by the Audit Committee and the Board is kept to minimum, as required under the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015.

During the FY 2025-26, your Board of Directors met twelve (12) times, the Meetings were held on April 04, 2025; April 05, 2025 (adjourned meeting); April 16, 2025; May 15, 2025; June 08, 2025; June 19, 2025 (adjourned meeting); June 19, 2025; June 28, 2025; July 15, 2025; August 02, 2025; October 15, 2025*; December 11, 2025; January 14, 2026 and February 18, 2026. The requisite quorum was present at all Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days, in compliance with regulatory requirements.

*Board meeting held on October 15, 2025 was adjourned on same day.

DECLARATION OF INDEPENDENCE

The Company has received necessary declarations and confirmations from all of its Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI Listing Regulations. All Independent Directors have further confirmed that they have registered their names in the Independent Directors' Databank as mandated. In the opinion of the Board, all Independent Directors continue to fulfil the conditions prescribed for an independent director as stipulated in Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and are independent of the management of the Company.

MEETINGS OF INDEPENDENT DIRECTORS

In accordance with the requirements of the Code for Independent Directors under the Act, and Rules made thereunder, and the SEBI Listing Regulations (as amended from time to time), two meetings of Independent Directors were held during the year, i.e., on May 15, 2025 and October 14, 2025. The meetings were conducted without the presence of Non- Independent Directors and members of the Management, to enable the Independent Directors to discuss matters relating to affairs of the Company, provide their perspectives and evaluate the functioning of the Board.

At the aforesaid meetings, the Independent Directors reviewed and evaluated the performance of the Board as a whole, the Committees of the Board and the Chairperson of the Company.

The Independent Directors also reviewed the quality, adequacy and timeliness of information between the Management and the Board, which is necessary for the Board to effectively and reasonably perform its duties and expressed their satisfaction with the same.

Further, the Independent Directors deliberated on emerging areas such as Artificial Intelligence (AI), with the objective of enhancing their foundational understanding of the subject and its potential implications for the Company. They also discussed the timeliness, depth and presentation of information placed before the Board, with a view to strengthening decision-making processes.

The details of the Separate Meeting of Independent Directors held during FY 2025-26 and attendance of the members at the meeting are given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	Attendance (%)
Mr. Arijit Basu	2	2	100
Mr. Adayapalam Viswanathan	2	2	100
Ms. Arundhati Mech	2	2	100
Mr. Jayesh Chakravarthi	2	2	100
Mr. Bhaskar Sharma	2	2	100
Mr. Jayant Gokhale	2	2	100

REPORT ON CORPORATE GOVERNANCE (CONTD.)

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

Additionally, as a part of the regular Board and Committee meetings, presentations are made to the Independent Directors on a range of subjects including, updates on regulatory, business environment, risk management, Company policies, business strategies, management structure, key policies, management development and succession planning, quarterly and annual results, budgets, review of Internal Audit and other relevant issues. These sessions facilitate one-on-one interaction between Independent Directors and the senior management team and internal auditors, fostering deeper insights in the Company's functioning. The Company also organises branch visits for Independent Directors to help them gain a practical understanding of on-ground operations.

As per the requirements under the SEBI Listing Regulations, the details of the familiarisation programmes imparted to Independent Directors, including information on their roles, rights, responsibilities, the nature of the industry and the Company's business model along with the number of sessions and hours spent during the Financial Year 2025-26, are available on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization_Program_imparted_to_Independent_Directors_21022026.pdf

BOARD SKILLS / EXPERTISE / COMPETENCE MATRIX

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

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

COMMITTEES OF THE BOARD OF DIRECTORS

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

Each Committee has been established with the formal approval of the Board and operates in accordance with the roles and responsibilities defined under the Company's Corporate Governance Code. The terms of reference of these Committees are in line with the requirements of the Act, SEBI Listing Regulations and RBI Master Directions. The brief terms of reference for each Committees are aligned with their functional scope and are available in detail in the Company's Corporate Governance Code, accessible at https://www.hdbfs.com/sites/default/files/policies/Corporate_Governance_Code_24042026.pdf

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

As on March 31, 2026, your Company has nine (9) Committees of the Board. These Committees enable focused and informed decisions in the best interest of the Company and its stakeholders

The Committees of the Board are as follows:

A. Audit Committee
B. Nomination and Remuneration Committee
C. Stakeholders Relationship Committee
D. Corporate Social Responsibility & ESG Committee
E. Risk Management Committee
F. Information Technology Strategy Committee
G. Customer Service Review Committee
H. Special Committee of the Board for Monitoring and Follow-up of cases of Fraud
I. Review Committee for Identification of Wilful Defaulters
J. Strategic Transaction Committee*

**The Board of Directors, at its meeting held on January 14, 2026, approved the dissolution of the Strategic Transaction Committee with immediate effect, as the purpose for which the Committee was constituted had been duly fulfilled.*

During the FY 2025-26, the Board had accepted all recommendations of all the Committees of the Board. All decisions pertaining to the constitution of Committees, appointment of members and terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. AUDIT COMMITTEE

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory auditors, internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act and Regulation 18 of the SEBI Listing Regulations and Reserve Bank of India (Non-Banking Financial Companies - Governance) Master Directions, 2025, No. RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26 dated November 28, 2025 ("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 Finance.

Composition, Meetings & Attendance:

Majority of the Committee members are Independent Directors. The Audit Committee met 8 (Eight) times during the year under review on April 15, 2025; April 16, 2025 (adjourned meeting); May 15, 2025; June 08, 2025; June 15, 2025 (adjourned meeting); June 19, 2025; July 14, 2025; July 15, 2025 (adjourned meeting); August 02, 2025; October 14, 2025; October 15, 2025 (adjourned meeting); January 13, 2026, January 14, 2026 (adjourned meeting). The gap between two Meetings did not exceed one hundred and twenty days. The composition of the Audit Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 are as under:

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Jayant Gokhale	October 16, 2024	Chairman, Independent Director	8	8	Nil
2.	Mr. Adayapalam Viswanathan	July 24, 2019	Member, Independent Director	8	7	60
3.	Mr. Jayesh Chakravarthi*	July 15, 2025	Member, Independent Director	3	3	Nil
4.	Mr. Jimmy Tata	October 14, 2023	Member, Non-Executive Director	8	7	3,21,021

**Mr. Jayesh Chakravarthi was inducted as a member of the Audit Committee pursuant to reconstitution of the Committee with effect from July 15, 2025.*

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) Approving payments to statutory auditors for any other services rendered by the statutory auditors;

(iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

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

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

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

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

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

(f) Disclosure of any related party transactions; and

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

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

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

(vii) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

(viii) Review / Approval or any subsequent modifications of transactions of the Company with related parties including review of Minimum information as placed before the Committee in accordance with RPT Industry Standards;

REPORT ON CORPORATE GOVERNANCE (CONTD.)

(ix) To consider the certificates provided by the CEO / Managing Director / Whole Time Director / Manager and CFO of the Listed Entity as required under the RPT Industry Standards;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxv) Ensuring that an information system audit of the internal systems and processes is conducted on yearly basis to assess operational risks faced by the Company;

(xxvi) monitoring the system of internal audit of all outsourced activities;

(xxvii) reviewing the ageing analysis of entries pending reconciliation with outsourced vendors and make efforts to reduce the old outstanding items therein at the earliest;

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

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Internal Auditor, representative of Statutory Auditors, representative of Information System Auditors, Directors and other Senior Executives who were considered necessary for providing inputs to the Committee.

B. NOMINATION & REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee (NRC) in compliance with the provisions of the Section 178 of the Act, Regulation 19 of SEBI Listing Regulations and RBI Master Directions.

Composition, Meetings & Attendance:

All the members of the Nomination & Remuneration Committee are the Independent Directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were attended by Managing Director & CEO, Chief Financial Officer, Chief - People & Operations and other senior executives who were considered necessary for providing inputs to the Committee. The Nomination & Remuneration Committee met 5 (Five) times during the year under review, on May 15, 2025, August 02, 2025, October 14, 2025, January 13, 2026 and March 12, 2026.

The composition of the Nomination & Remuneration Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 are as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Ms. Arundhati Mech	Chairperson, Independent Director	April 16, 2024	5	5	Nil
2.	Mr. Arijit Basu**	Member, Independent Director	August 16, 2021	4	4	Nil
3.	Dr. Amla Samanta	Member, Independent Director	July 24, 2019	5	4	61
4.	Mr. Bhaskar Sharma*	Member, Independent Director	January 14, 2026	1	1	Nil

** Mr. Bhaskar Sharma was inducted as a member of the Nomination & Remuneration Committee pursuant to reconstitution of the Committee with effect from January 14, 2026.*

*** Mr. Arijit Basu ceased to be the member of the Committee with effect from January 23, 2026 pursuant to his resignation.*

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Nomination and Remuneration Committee inter-alia includes:

(i) To oversee the framing, review and implementation of Board-approved Nomination & Remuneration policy.

(ii) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, following to be ensured:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

(iii) For every appointment of an independent director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(a) use the services of an external agencies, if required;

(b) consider candidates from a wide range of backgrounds, having due regard to diversity; and

(c) consider the time commitments of the candidates.

(iv) Formulating criteria for evaluation of the performance of the independent directors and the Board;

(v) Devising a policy on Board Diversity;

(vi) Ensuring 'fit and proper' status of the proposed and existing directors and scrutinising the declarations received by the directors in this regard;

(vii) 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;

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

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

(x) Manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and review its implementation and compliance;

(xi) Granting 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;

(xii) May work in close coordination with the Risk Management Committee to achieve effective alignment between compensation and risks of KMP and Senior Management.

(xiii) To ensure that compensation levels of KMP and Senior Management are supported by the need to retain earnings of the NBFC and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP)

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

Performance Evaluation of Board, its Committees and Directors

Pursuant to the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time, the Nomination & Remuneration Committee had approved a framework for performance evaluation of the Board as whole, its Committees, Chairman and the Independent Directors. 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 Independent Directors and the Chairman. Feedback was sought through 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, governance and compliance.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

The performance of the Board as a whole was assessed on selected parameters related to Board composition and quality, Board meetings and procedures, Board development, Board Strategy and Risk Management, Board-management relationship, stakeholder's value and responsibility. The evaluation of Committees was based on their roles, responsibilities, management relations, committee meetings and procedures. The evaluation criteria for the Chairman of the Board related to knowledge & skills, personal attributes, independence, managing relationships and leadership. The evaluation criteria for Independent Directors were pertaining to participation in the Board / Committee meetings, managing relationships and independence.

The performance evaluation framework of the Company is as follows:

a. The NRC approves the framework of performance evaluation of the Company;

b. The Board evaluates the performance of the Independent Directors, the Board as a whole and the Committees of the Board; and

c. The Independent Directors evaluate the performance of the Chairman of the Company after taking in account the views of other Directors.

The performance evaluation was carried out in accordance with the approved framework. The Independent Directors in their separate meeting, assessed the performance of the Board as whole, its Committees, Chairman and the Independent Directors. The outcome of the evaluation was reviewed by the Board and noted to be satisfactory, reflecting effective functioning and robust governance standards. Qualitative comments and suggestions of Directors were taken into consideration by the Board and the Chairman of the Nomination and Remuneration Committee.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Composition, Meetings & Attendance:

The Stakeholders Relationship Committee met twice during the year under review on April 15, 2025 and October 15, 2025. The composition of the Stakeholders Relationship Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 are as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	July 17, 2019	Chairperson, Independent Director	2	2	61
2.	Mr. Bhaskar Sharma	March 12, 2025	Member, Independent Director	2	2	Nil
4.	Mr. Ramesh G.	April 18, 2017	Member, Managing Director & Chief Executive Officer	2	2	9,22,200

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 on sub-division / split / consolidation / renewal / re-materialisation, general meetings and such other investor-related matters;

REPORT ON CORPORATE GOVERNANCE (CONTD.)

(ii) Noting of investor service requests relating to transfer / transmission, sub-division / splitting and consolidation of securities certificate, issue of letter of confirmation, claim from unclaimed suspense account and to consider and approve requests for dematerialisation and re-materialisation of shares including coordination with depositories, depository participants and Registrar and Share Transfer Agents in compliance with applicable laws, SEBI guidelines and provisions of Companies Act, 2013;

(iii) Review of measures taken for effective exercise of voting rights by shareholders;

(iv) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar to an Issue and Share Transfer Agent;

(v) 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;

(vi) To specifically look into various aspects of interest of shareholders, debenture holders and other security holders of the Company.

(vii) Monitoring and resolving grievances of debenture holders including matters relating to creation of charge, payment of interest and principal, maintenance of security cover and compliance with other covenants;

(viii) Noting of allotment of shares to the employees of the Company pursuant to exercise of stock options granted under the various Employee Stock Option Schemes;

(ix) Noting details of dividend paid or unpaid, transfer of unpaid dividend and underlying securities to Investor Education and Protection Fund and claims therefrom;

(x) Noting investor engagement initiatives, if any and significant movement in shareholding and ownership structure of the Company;

(xi) Performing such other functions as may be delegated by the Board and / or prescribed under the Companies Act, 2013, the Listing Regulations, RBI Master Directions, Depositories Act and rules, regulations, guidelines, circulars, clarifications and notifications issued by the Government of India, the Securities and Exchange Board of India, the Reserve Bank of India or any other statutory and regulatory authority.

Stakeholders Relationship Committee - Other details:

Name, designation and address of Compliance Officer:

Ms. Dipti Jayesh Khandelwal - Company Secretary & Compliance Officer

HDB House, Tukaram Sandam Marg,

A-Subhash Road, Vile Parle (E),

Mumbai- 400 057, India

Telephone: +91 22 4911 6300

E-mail: investorcommunications@hdbfs.com

Details of investor complaints received and redressed during FY 2025-26 are as follows:

Security	Opening as on April 01, 2025	Received during the year	Resolved during the year	Closing as on March 31, 2026
Equity	0	972	972	0
Debt	0	0	0	0

REPORT ON CORPORATE GOVERNANCE (CONTD.)

D. RISK MANAGEMENT COMMITTEE

Your Company has Risk Management Committee in compliance with Regulation 21 of SEBI Listing Regulations and Chapter III of Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions dated November 28, 2025, which monitors the risk management strategy of the Company. In order to ensure best governance practices, the Company has established risk management process for each line of its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company from time to time. Nevertheless, entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

The Risk Management Committee of the Board has been in place since the commencement of business of the Company, meets on a quarterly basis and reports to the Board of Directors. The minutes of such meetings are tabled before the Board of Directors.

Composition, Meetings & Attendance:

The Risk Management Committee met 5 (Five) times during the year under review on May 14, 2025, June 22, 2025, September 18, 2025, December 22, 2025 and March 20, 2026. In addition to the members of the Risk Management Committee, these meetings were attended by Chief Risk Officer, Chief Financial Officer, Chief Technology Officer, Chief Information Security Officer, Chief Credit Officer, Chief Compliance Officer and other senior executives who were considered necessary for providing inputs to the Committee.

The composition of the Risk Management Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Adayapalam Viswanathan	July 24, 2019	Chairman, Independent Director	5	5	60
2.	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	5	5	Nil
3.	Mr. Jayant Gokhale	March 12, 2025	Member, Independent Director	5	5	Nil
4.	Mr. Jimmy Tata	October 14, 2023	Member, Non-Executive Director	5	4	3,21,021
5.	Mr. Ramesh G.	July 17, 2012	Member, Managing Director & Chief Executive Officer	5	5	9,22,200

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 IT systems and cyber security, for the Company.

(iii) Evaluating the overall risks faced by the Company including liquidity risk, interest rate risk, currency risk, compliance risk, IT risk, cyber security risk, operational risk etc.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

(iv) Formulating a detailed Risk Management Policy, which shall include:

(a) A framework for identification of internal and external risks specifically faced by the Company, including, inter alia, financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks or any other risk as may be determined by the Committee;

(b) Measures for risk mitigation including systems and processes for internal control of identified risks;

(c) Business continuity plan;

(v) Ensuring that appropriate methodologies, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

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

(vii) Periodically reviewing the Risk Management Policy, at least once in each financials year, including by considering the changing industry dynamics and evolving complexity;

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

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

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

(xi) Review IT Risk assessment of the Company's IT systems

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

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

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

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

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

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

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

(xix) Prepare an enterprise-wide Risk Matrix, reviewing and monitoring risk migration, if any.

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

(xxi) Reviewing and sanctioning loans or credit facilities to related parties, in accordance with the provisions of the RBI (Non- Banking Financial Companies – Credit Risk Management) Directions, 2025.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

E. CORPORATE SOCIAL RESPONSIBILITY AND ESG COMMITTEE

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

Composition, Meetings & Attendance:

The CSR & ESG Committee met 3 (Three) times during the year under review on April 15, 2025, September 19, 2025 and March 20, 2026. The composition of the Corporate Social Responsibility and ESG Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	July 17, 2019	Chairperson, Independent Director	3	3	61
2.	Mr. Jayesh Chakravarthi	April 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Bhaskar Sharma	March 12, 2025	Member, Independent Director	3	3	Nil
4.	Mr. Ramesh G.	March 12, 2015	Member, Managing Director & Chief Executive Officer	3	3	9,22,200

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the CSR & ESG Committee inter-alia includes:

(i) To formulate and recommend to the Board the Company's ESG and CSR strategy, policy which shall include the activities to be undertaken by the company in areas and subject as specified in Schedule VII of the Companies Act, 2013 and to review and update them from time to time as the Company's activities evolve further.

(ii) To monitor the Company's ESG and CSR policy and performance. The ESG and CSR Committee shall institute a transparent monitoring mechanism for implementation of the all activities including CSR projects & programmes, undertaken by the company.

(iii) Recommend the amount of expenditure to be incurred on the CSR activities in accordance with the provisions of the Companies Act, 2013 and applicable rules.

(iv) Periodically review the progress and effectiveness of ESG and CSR project, programmes and initiatives.

(v) Ensure compliance with all applicable legal, statutory and regulatory requirements relating to CSR and ESG, including those prescribed under the Companies Act, 2013 and other relevant laws.

(vi) Oversee reporting and disclosures relating to ESG and CSR initiatives and ensure appropriate communication with stakeholders.

(vii) Formulate and recommend to the Board an Annual Action Plan in pursuance of its CSR Policy, as required under applicable laws.

(viii) Perform all such actions as may be required under the Companies Act, 2013, rules made thereunder and other applicable regulatory frameworks.

(ix) Monitor the Company's ESG framework, including strategy, goals, key metrics and disclosures.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

F. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Your Company has Information Technology (IT) Strategy Committee in compliance with the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector". The Company has also considered the provisions of RBI Master Direction No. RBI/DoS/2023-24/107 DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices, which shall be effective from April 01, 2024.

Composition, Meetings & Attendance:

The Information Technology Strategy Committee comprise of five members, the Committee met 4 (Four) times during the year under review on June 22, 2025, September 19, 2025, December 22, 2025 and March 20, 2026.

The composition of the Information Technology Strategy Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Jayesh Chakravarthi	April 16, 2024	Chairman, Independent Director	4	3	Nil
2.	Mr. Adayapalam Viswanathan	July 24, 2019	Member, Independent Director	4	4	60
3	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
4.	Mr. Ramesh G.	January 18, 2018	Member, Managing Director & Chief Executive Officer	4	4	9,22,200
5.	Mr. Mathew Panat*	April 16, 2022	Member, Head - Information Technology	1	1	18,215

**Mr. Mathew Panat ceased to be a member of the Information Technology Strategy Committee pursuant to the reconstitution of the Committee with effect from June 28, 2025.*

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the Information Technology Strategy Committee inter-alia includes:

(i) Ensure that the Company has put an effective IT strategic planning process in place.

(ii) Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives.

(iii) Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.

(iv) Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks.

(v) Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

G. CUSTOMER SERVICE REVIEW COMMITTEE

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

Composition, Meetings & Attendance:

The Customer Service Review Committee met 5 (Five) times during the year under review on April 15, 2025, July 14, 2025, October 14, 2025, December 17, 2025 and March 20, 2026. The composition of the Customer Service Review Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Bhaskar Sharma	October 16, 2024	Chairman, Independent Director	5	5	Nil
2.	Mr. Jayesh Chakravarthi*	April 16, 2024	Member, Independent Director	2	1	Nil
3.	Ms. Amla Samanta*	July 15, 2025	Member, Independent Director	3	3	61
4.	Mr. Ramesh G.	April 16, 2024	Member, Managing Director & Chief Executive Officer	5	5	9,22,200

**Ms. Amla Samanta was inducted as a Member of the Customer Service Review Committee and Mr. Jayesh Chakravarthi ceased to be member of the Customer Service Review Committee pursuant to the reconstitution of the Committee with effect from July 15, 2025.*

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the Customer Service Review Committee inter-alia includes:

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

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

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

iv. To review the status of settlement of claims

v. To review ongoing function, processes and process improvements

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

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

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

H. SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUD

Your Company has Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds in compliance with the provisions of RBI Master Direction NO. RBI/DOS/2024-25/120, DOS.CO.FMG.SEC.No.7/23.04.001/2024-25, dated July 15, 2024, Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies), all the NBFCs (including Housing Finance Companies) in the Upper Layer, Middle Layer and in the Base Layer (with asset size of ₹500 Crore and above shall constitute a Special Committee of the Board for Monitoring and Follow-up of cases of Fraud.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Composition, Meetings & Attendance:

The Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud met twice during the year under review on September 18, 2025 and March 20, 2026. The composition of the SCBMF as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Jayesh Chakravarthi**	February 18, 2026	Chairman, Independent Director	1	1	Nil
2.	Mr. Arijit Basu*	October 16, 2024	Chairman, Independent Director	1	1	Nil
3.	Mr. Jayant Gokhale	October 16, 2024	Member, Independent Director	2	2	Nil
4.	Mr. Ramesh G.	October 16, 2024	Member, Managing Director & Chief Executive Officer	2	2	9,22,200

** Mr. Arijit Basu ceased to be a Member of the Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud pursuant to his resignation with effect from January 23, 2026.*

*** Mr. Jayesh Chakravarthi was inducted as a Member of the Special Committee of the Board for Monitoring and Follow-up of Cases of Fraud with effect from February 18, 2026.*

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the special committee of the board for monitoring and follow-up of cases of fraud inter-alia includes:

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

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

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

I. REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS

Your Company has Review Committee for Identification of Wilful Defaulters in compliance with the RBI's Master directions on Treatment of Wilful Defaulters and Large Defaulters having reference no. RBI/DoR/2024-25/122 DoR.FIN.REC. No.31/20.16.003/2024-25 dated July 30, 2024 on wilful defaulters serves as a comprehensive guideline delineating the regulatory framework and procedures for classification of borrowers as wilful defaulters.

Composition, Meetings & Attendance:

The Review Committee for Identification of Wilful Defaulters met 3 (Three) times during the year under review on September 18, 2025, December 10, 2025 and March 20, 2026. The composition of the Review Committee for Identification of Wilful Defaulters as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Ramesh G.	October 16, 2024	Chairman, Managing Director & Chief Executive Officer	3	3	9,22,200
2.	Ms. Arundhati Mech	October 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Adayapalam Viswanathan	October 16, 2024	Member, Independent Director	3	3	60

Brief Description of Terms of Reference:

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

ii. To review the cases of wilful default periodically.

iii. To consider written representation / other documents of borrower / guarantor / promoter / director / persons who are in charge and responsible for the management of the affairs of the entity, if any.

iv. To provide a reasonable opportunity to the borrower / guarantor / promoter / director / persons who are in charge and responsible for the management of the affairs of the entity to be heard or to proceed ex-parte in appropriate cases.

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

J. STRATEGIC TRANSACTION COMMITTEE

Your Company has constituted Strategic Transaction Committee at its Board Meeting held on April 16, 2024, to explore various opportunities and transactions in the best interest of the Company, its shareholders and potential financial / strategic opportunities. Board of Directors of the Company at its meeting held on January 14, 2026 approved dissolution of Strategic Transaction Committee with immediate effect since purpose for which Committee was constituted had been fulfilled.

Composition, Meetings & Attendance:

The Strategic Transaction Committee met 5 (Five) times during the year under review on May 30, 2025, June 08, 2025, June 19, 2025, June 30, 2025 (meeting was adjourned on same day) and July 03, 2025. The composition of the Strategic Transaction Committee as on March 31, 2026 and the details of attendance for the FY 2025-26 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Arijit Basu	April 16, 2024	Chairman, Independent Director	5	5	Nil
2.	Mr. Jayant Gokhale	October 16, 2024	Member, Independent Director	5	5	Nil
3.	Mr. Ramesh G	April 16, 2024	Member, Managing Director & Chief Executive Officer	5	5	9,22,200

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Brief Description of Terms of Reference:

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

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

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

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

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

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

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

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

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

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

GENERAL BODY MEETINGS

Following are the information on General Body meetings and details of special resolution(s) passed.

a. Details of last three Annual General Meetings and Special Resolutions passed thereat:

Details of AGM	Date and Time	Venue	Special resolutions passed
18th AGM	June 12, 2025 at 11:00 am	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Approve selling, assignment, securitisation of receivables / book debts of the Company upto ₹9,000 Crore. • Authority to issue redeemable non-convertible debentures and / or other debt instruments on private placement basis. • Approve increase in borrowing limit of the Company from ₹1,25,000 Crore to ₹1,35,000 Crore. • Approve increase in limit for creation of charge on the assets of the Company upto an amount of ₹1,35,000 Crore to secure its borrowings.
17th AGM	June 27, 2024 at 12:00 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Re-appointment of Mr. Adayapalam Kumaraswamy (AK) Viswanathan as an Independent Director of the Company. • Approve selling, assignment, securitisation of receivables / book debts of the Company upto ₹9,000 Crore. • Authority to issue redeemable non-convertible debentures and / or other debt instruments on private placement basis.
16th AGM	June 30, 2023 at 12:00 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	• Appointment of Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company • Approve Selling, Assignment, Securitisation of Receivables / Book Debts of the Company up to ₹7,500 Crore. • Authority to issue Redeemable Non-Convertible Debentures and / or other Instruments on Private Placement basis. • Alteration of Articles of Association of the Company

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

During the FY 2023-24; FY 2024-25 and FY 2025-26 the Company did not hold any Extra-Ordinary General Meeting.

c. Details of business transacted through Postal Ballot during the FY 2025-26:

In compliance with Sections 108 and 110 and other applicable provisions of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs (the "MCA"), Government of India, for holding general meetings / conducting postal ballot process through electronic voting (remote e-Voting) and any other applicable laws and regulations, the approval of the Members of the Company for below mentioned special resolutions were obtained through Postal Ballot Notices dated August 02, 2025 and January 14, 2026.

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.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

During the FY 2025-26, the Company had sought approval of the members through two postal ballot notices, the details of the postal ballots through which special resolutions were passed are given below:

S. N.	Date of Scrutinizer's report	Date of passing the resolution	Special Resolution (s) passed
1.	March 13, 2026	March 13, 2026	1. Profit-Related Commission payable to Independent Directors
2.	September 04, 2025	September 04, 2025	1. Ratification of the HDB Financial Services Limited - Employees Stock Option Scheme – 2014 2. Ratification of the HDB Financial Services Limited - Employees Stock Option Scheme – 2017 3. Ratification of the HDB Financial Services Limited - Employees Stock Option Scheme – 2022

For resolution(s) as specified in the Postal Ballot Notice dated January 14, 2026:

There were total of 9,89,003 shareholders of the Company as on the cut-off date i.e. February 06, 2026, out of which 4,697 Members holding 73,10,48,179 equity shares representing 88.0488% of the share capital participated in the e-Voting process.

Voting results of Special resolution passed through Postal Ballot Notice dated January 14, 2026:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.6167	0.3833	-

Accordingly, the Resolution as set out in the Postal Ballot Notice dated January 14, 2026 was passed with requisite majority on March 13, 2026

For resolution(s) as specified in the Postal Ballot Notice dated August 04, 2025:

There were total of 12,63,623 shareholders of the Company as on the cut-off date i.e. August 01, 2025, out of which 8,412 Members holding 71,53,30,035 equity shares representing 86.2294% of the share capital participated in the e-Voting process.

Voting results of Special resolution passed through Postal Ballot Notice dated August 02, 2025:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	93.4741	6.5259	-
Resolution No. 2	93.4740	6.5260	-
Resolution No. 3	92.0112	7.9888	-

Accordingly, the Resolutions as set out in the Postal Ballot Notice dated August 04, 2025 were passed with requisite majority on September 04, 2025

PROCEDURE FOR POSTAL BALLOT

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

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

Senior Management

The particulars of Senior Management of the Company as at March 31, 2026:

Sr. No.	Name of the Senior Management	Designation
1	Mr. Ramesh G.	Managing Director & CEO
2	Mr. Karthik Srinivasan*	Chief Business Officer
3	Mr. Sarabjeet Singh	Chief Business Officer
4	Mr. Manish Tiwari	Head - Commercial Equipment and Micro Lending
5	Mr. Akash Bararia**	Head - Consumer Finance
6	Mr. Rohit Patwardhan	Chief Credit Officer
7	Mr. Venkata Swamy	Chief Digital and Marketing Officer
8	Mr. Jaykumar Shah	Chief Financial Officer
9	Mr. Harish Venugopal	Chief Risk Officer
10	Mr. Ashish Ghatnekar	Chief - People & Operations
11	Mr. Mathew Panat	Chief Technology Officer
12	Mr. Premal Brahmbhatt	Head - Internal Audit
13	Ms. Dipti Jayesh Khandelwal	Company Secretary and Head - Legal
14	Mr. Vinod Raghavan#	Chief Compliance Officer
15	Mr. Vishal Patel	Head - Investor Relations

**Mr. Karthik Srinivasan, ceased to be Chief Business Officer of the Company with effect from March 31, 2026.*

***Mr. Akash Bararia, was inducted into the Senior Management Team as a Head - Consumer Finance with effect from March 12, 2026.*

#Mr. Vinod Raghavan was appointed as the Chief Compliance Officer of the Company for a period of three years with effect from February 01, 2026 to January 31, 2029 in place of Mr. Arjun Dutta who demitted office upon completion of his term i.e. closure of business hours on January 31, 2026. Mr. Vinod Raghavan was appointed as a Senior Management Personnel of the Company

Details of Remuneration to Directors

a. Pecuniary Relationship / Transaction with Non-Executive Directors

During the FY 2025-26, there were no pecuniary relationship or transactions between the Company and any of its Non–Executive Directors, other than the receipt of sitting fees, profit-related commission and remuneration (as applicable) for their role as Directors. The Company has not advanced any loans to its Directors or to any firms / companies in which Directors may be interested.

b. Remuneration Paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director & CEO, during the financial year 2025-26 are as follows:

Particulars of Remuneration	Amount in ₹
Gross salary	5,39,40,292
a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	-
b) Value of perquisites under section 17(2) Income-tax Act, 1961	14,46,178
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	2,84,99,110
Bonus	1,22,17,100
Sweat Equity	-
Commission	-
Company Car	-
Total	9,61,02,680
Number of Stock Options granted	3,53,060

Mr. Ramesh G. was granted a total quantum of 3,53,060 employee stock options on October 14, 2025. The vesting schedule for the stock options granted is 30% of options after expiry of twelve months from date of grant, 30% options after expiry of twenty-four months from the date of grant and the balance options after expiry of thirty-six months from date of grant.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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

Performance evaluation of a Executive Director (including the Managing Director) is done through a structured framework overseen by the Nomination and Remuneration Committee. A balanced scorecard that aligns the overall Company's performance with Corporate Governance standards and strategic organizational goals is presented to the Nomination and Remuneration Committee at the beginning of the fiscal year. The Nomination and Remuneration Committee assesses the Executive Director performance against these pre-defined parameters using a comprehensive mix of qualitative and quantitative metrics.

The parameters for the Managing Director's performance evaluation includes:

1) Financial Planning and Performance: Achieving targeted organizational growth, profitability and driving key strategic business goals
2) Risk Management and Leadership: Demonstrating risk-aligned performance and ensuring organization-wide employee engagement
3) Governance Effectiveness: Promoting corporate governance and ensuring legal and regulatory compliance
4) Stakeholder Relations: Protecting the interests of all stakeholders and effectively managing stakeholder dynamics

The Company provides for gratuity in the form of lump-sum payment, as per Company's Gratuity Policy in compliance with extant Gratuity Payment Act, on resignation, retirement, death while in employment or on termination of employment.

The Company makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by insurance companies. The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Company otherwise) such as insurance policies, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like Provident Fund and Gratuity are provided in accordance with the rules of the Company in this regard.

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

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

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

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

Sitting fees

Sitting fees was paid to all the Independent Directors of the Company. Considering the increased Corporate Governance requirements, the enhanced roles and responsibilities of Directors, the sitting fees payable to the Non-Executive Directors, for attending meetings of Strategic Transaction Committee, Special Committee of the Board for Monitoring and Follow-up of cases of Frauds, Review Committee for Identification of Wilful Defaulters and Separate Meeting of Independent Directors was revised, from ₹50,000 per meeting to ₹75,000 per meeting with effect from October 01, 2025. For attending meetings of the Board, the sitting fees was revised from ₹75,000 per meeting to ₹1,00,000 per meeting with effect from October 01, 2025.

Profit Related Commission

The shareholders, through Postal Ballot notice dated January 14, 2026, approved a revision in the payment of profit related commission to Independent Directors with effect from April 01, 2025 for a period of Five (5) years not exceeding in aggregate 1% of the net profit of the Company of the relevant financial year, or any limits applicable under law / relevant RBI guidelines, from time to time. The commission will be calculated and paid as ₹1,00,000 per meeting of the Board and / or Committee attended; up to maximum of ₹20,00,000

REPORT ON CORPORATE GOVERNANCE (CONTD.)

per Independent Director in a Financial Year. The commission payable to Independent Directors is a variable remuneration component linked to the overall performance of the Company and is distinct from the sitting fee.

The Company has experienced significant expansion in scale, regulatory oversight and governance responsibilities following its listing, including enhanced obligations under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI regulatory framework applicable to NBFCs and increased stakeholder oversight. In this context, the revised commission appropriately recognises the enhanced role, responsibilities and time commitment of Independent Directors and is consistent with governance practices followed by comparable listed entities.

The details of sitting fees, commission and remuneration paid / payable to non-executive directors during the financial year 2025-26 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	17,25,000	Nil	24,27,000
Mr. Adayapalam Viswanathan	24,75,000	20,00,000	Nil
Dr. Amla Samanta	19,00,000	20,00,000	Nil
Ms. Arundhati Mech	24,00,000	20,00,000	Nil
Mr. Jayesh Chakravarthi	19,00,000	20,00,000	Nil
Mr. Bhaskar Sharma	20,50,000	20,00,000	Nil
Mr. Jayant Gokhale	25,75,000	20,00,000	Nil

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

DISCLOSURES

Succession Planning

Succession planning is a structured process aimed at identifying and addressing the need to fill positions at the Board and Senior Management levels. It involves identifying potential candidates for these roles, assessing their capabilities and developing the next generation of leaders to step into key leadership positions as required. The development process primarily focuses on coaching, mentoring and training identified employees to prepare them for higher responsibilities when the opportunity arises.

The Company has consistently endeavoured to nurture, train and enhance the skill sets of employees at all levels, with the key objective of ensuring seamless succession that does not disrupt current performance. The Company recognises that succession planning is a continuous process rather than a one-time event. Accordingly, Policy on Succession Planning has been established to align talent management with the objective of mitigating critical risks such as vacancy, readiness and transition risk.

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

Related Party Transactions

During the financial year, there were no materially significant related party transactions or pecuniary relationships between the Company and its Directors that could potential conflict with the interest of the Company. Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board has, on recommendation of its Audit Committee, adopted a policy for dealing with related party transactions and the said policy is available on the website of the Company at https://www.hdbfs.com/sites/default/files/policies/RPT_Policy_Jan_2026_for_website_28012026.pdf.

All related party transactions are placed before the Audit Committee and the Board for their approvals on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS and SEBI Listing Regulations, are disclosed in, note no. 38 and 77 forming part of the notes to accounts annexed to the financial statements. All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

The Shareholders of the Company have approved the material related party transactions to be entered into by the Company in the F.Y. 2026-27 with HDFC Bank Limited, being a related party of the Company through Postal Ballot on Friday, March 13, 2026 as per SEBI Listing Regulations.

There were no contracts or arrangements entered into with related parties referred to in Section 188(1) of the Act during FY 2025-26 and hence Form AOC-2 is not required to be enclosed with Directors Report in accordance with Rule 8(2) of the Companies (Accounts) Rules, 2014.

In addition, as per the SEBI Listing Regulations, your Company has also submitted along with its financial results for the half year, disclosures of related party transactions with stock exchanges and also published it on the website of the Company.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Strictures and Penalties

During the last three financial years, no penalties or strictures were imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Further, during FY 2025-26, the Reserve Bank of India (RBI) – Enforcement Department vide covering notice dated October 03, 2025 shared with the Company, an Order dated October 01, 2025 imposing a monetary penalty of ₹4,20,000 on the Company.

Vigil Mechanism / Whistle Blower Policy

The details of establishment of whistle blower policy / vigil mechanism are furnished in the Directors' Report forming part of the Annual Report. None of the Company's personnel have been denied access to the Audit Committee.

Subsidiary Company

The Company does not have any Subsidiary Company, hence formulation of Policy for determining Material Subsidiaries as per Regulation 16 of the SEBI Listing Regulations is not applicable for the Company.

Certificate from practicing company secretary regarding Non-Debarment and Non-Disqualification of Directors

The Company has received a certificate from M/s. N L Bhatia & Associates, Practising Company Secretaries, to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI / Ministry of Corporate Affairs or such other statutory authority. The said certificate has been enclosed as **Annexure - I**.

Details of recommendation of any Committee of the Board not accepted by the Board and reasons thereof

During the year under review, the Board of your Company has accepted all the recommendations made by its Committee(s), from time to time.

Fees Paid to Statutory Auditors

In accordance with the requirements of the SEBI Listing Regulations, the total fees paid by the Company during the FY 2025-26 to the Statutory Auditors, including their network firms / entities, is as under:

S. N.	Particulars	Amount (₹ in Crores)
	M/s. Kalyaniwalla & Mistry LLP and their network firms / entities	
1	Fees as Statutory Auditors	0.75
2	Fees for other services (IPO Fees)	0.54

S. N.	Particulars	Amount (₹ in Crores)
	M/s. G. D. Apte & Co. and their network firms/ entities	
1	Fees as Statutory Auditors	0.75
2	Fees for other services (IPO Fees)	0.54

Complaints pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Loans and advances

The Company have not given any Loans and advances in the nature of loan to firms / companies in which directors are interested.

CEO / CFO Certification

As required under the SEBI Listing Regulations, a certificate confirming accuracy of the financial statements and the adequacy of internal controls relating to financial reporting for the year ended March 31, 2026, has been provided by the Managing Director & CEO and the Chief Financial Officer of the Company.

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

Code of Conduct

As per the requirements of the SEBI Listing Regulations, the Company has adopted a Board approved code of conduct applicable to all Directors and Senior Management Personnel, which incorporates the duties of directors as prescribed under the Companies Act, 2013. The Code of Conduct is available on the Company's website and can be accessed at https://www.hdbfs.com/sites/default/files/policies/Code_of_Conduct_for_Board_of_Directors_and_Senior_Management_Personnel_23012026.pdf

All the Board members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2026. A declaration to this effect, signed by the Managing Director & CEO is included in the Annual Report as **Annexure – III.**

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his tenure

During the financial year 2025-26, Mr. Arijit Basu, Chairman of the Company, has tendered his resignation on January 23, 2026 from the post of the Non-Executive Independent Director & Chairman of the Company, with immediate effect due to his proposed appointment as a Chairman in Bank in India and his tenure with the Company was about to end in the month of May 2026. In view of conflict of interest, he stepped down from the Board of Company. Mr. Arijit Basu has confirmed that there are no other material reasons for his resignation other than those provided.

Compliance of Mandatory and Discretionary Requirements

The Company has complied with the applicable mandatory requirements of the Code of Corporate Governance as Prescribed under SEBI Listing Regulations. Your Company confirms compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

M/s. NL Bhatia & Associates, Practising Company Secretaries, have certified that the Company has complied with the mandatory requirements as stipulated under the SEBI Listing Regulations and the said certificate forms a part of this Report.

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

a) The Board

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

b) Shareholder's Rights

The Company publishes its results on its website at https://www.hdbfs.com/investors which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Company's shares are listed.

c) Modified opinion(s) in Audit Report

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

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

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

During the year, Mr. Arijit Basu served as the Part-Time Non-Executive Chairman and an Independent Director upto January 23, 2026. Mr. Ramesh G. is the Managing Director & Chief Executive Officer, responsible for executing the Company's strategic and operational objectives in consultation with the Board.

Further, Mr. Natarajan Srinivasan has been appointed as the Non-Executive Chairman and an Additional Independent Director on the Board of the Company for a period of three (3) years, commencing from May 14, 2026 to May 13, 2029, subject to the shareholders' approval. The shareholders' approval would be obtained at the ensuing Annual General Meeting, scheduled on Thursday, June 25, 2026.

e) Reporting of Internal Auditor

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

Adherence to Accounting Standards

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

Risk Management and Internal Control Policies adopted by the Company

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

Secretarial Standards

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

REPORT ON CORPORATE GOVERNANCE (CONTD.)

Code for Prevention of Insider Trading

Pursuant to the listing of Company's equity shares during the year and considering the existing listed debt securities, the Company has strengthened and aligned its code on prevention of insider trading in accordance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Company has adopted a comprehensive Code of Conduct to regulate, monitor and report trading by Designated Persons and their immediate relatives, along with a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). The Company ensures timely disclosure of UPSI, structured digital database maintenance and implementation of adequate internal controls to prevent misuse of sensitive information, thereby reinforcing its commitment to transparency and fair market practices following the listing of its equity shares.

GENERAL SHAREHOLDER INFORMATION

A. Corporate Information

HDB Financial Services Limited was incorporated as a public limited company on June 04, 2007 under the Companies Act, 1956. The Company is registered with the Reserve Bank of India (RBI) and is carrying on the business of Non-Banking Financial Company (NBFC), not accepting public deposit.

The key corporate details of the Company are as follows:

1.	Date of Incorporation	June 04, 2007
2.	Corporate Identification No. (CIN)	L65993GJ2007PLC051028
3.	RBI Registration No.	N.01.00477
4.	Financial Year	April 01 to March 31
5.	Plant Locations / Branches:	1730 branches across 1161 cities in India
6.	Registered Office Address	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat, India, 380 009
7.	Corporate Office Address	HDB House, Tukaram Sandam Marg, A-Subhash Road, Vile Parle (E), Mumbai, 400 057
8.	Company Secretary	Ms. Dipti Jayesh Khandelwal E-mail: compliance@hdbfs.com Tel: +91 22 49116350 Fax: +91 22 49116666

B. Listing on Stock Exchanges:

The Equity Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. July 02, 2025. The Non-Convertible Securities of the Company are listed on the Debt Market Segment of BSE, while the Commercial Papers are listed on the Debt Market Segment of NSE.

Name of Stock Exchange	Security Code	Address
BSE Limited (BSE)	544429	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited (NSE)	HDBFS	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

The annual listing fees for listed equity and debt securities, as prescribed, have been paid to the said stock exchanges up to March 31, 2026.

Names of Depositories in India for dematerialisation of equity shares (ISIN No. INE756I01012)

- National Securities Depository Limited ("NSDL")
- Central Depository Services (India) Limited ("CDSL")

C. Dematerialisation of Shares and Liquidity

As on March 31, 2026, 100% of the equity shares of the Company were held in dematerialised form (only 5 shares are held in physical form). The Company's shares can be traded only in dematerialised form as per SEBI notification. The Company has entered into agreements with NSDL and CDSL, whereby members have the

REPORT ON CORPORATE GOVERNANCE (CONTD.)

option to dematerialise their shares with either of the Depositories. The shares are actively traded on BSE and NSE.

Mode of holding	Number of Equity Shares	% to capital
Central Depository Services (India) Limited (CDSL)	3,82,30,519	4.60
National Securities Depository Limited (NSDL)	79,20,96,692	95.40
Physical form	5	0.00
Total	**83,03,27,216**	**100**

D. Registrar to an Issue and Share Transfer Agent

In compliance with Regulation 7 of the SEBI Listing Regulations, M/s. MUFG Intime India Private Limited continues to serve as the Registrar to an Issue and Share Transfer Agent (RTA) of the Company, providing comprehensive share registry services.

M/s. MUFG Intime India Private Limited

Address: C 101, Embassy 247, L B S Marg, Vikhroli (West), Mumbai 400 083

Website: https://in.mpms.mufg.com

Contact person for Equity Shares:

Mr. Jayprakash VP

Tel.: 022 4918 6000

Fax: 022 4918 6060

E-mail: mumbai@in.mpms.mufg.com

Contact person for Commercial Papers & Non-Convertible Securities:

Mr. Sharad Amin

Tel.: 022 4918 6000

Fax: 022 4918 6060

E-mail: mumbai@in.mpms.mufg.com

Share Transfer System

Transmission, dematerialisation / rematerialisation of shares, issue of duplicate share certificates, dividend payment and all other shareholder related matters are attended to and processed by RTA of the Company.

E. Details of forthcoming 19th Annual General Meeting (AGM)

Details of AGM	Date and Time	Venue
19th AGM	June 25, 2026 at 11:00 a.m.	through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

F. Dividend History

Sr. No.	Financial Year	Interim / Final	Rate of Dividend	Date of Declaration	Date of Payment	Due date of transfer to IEPF
1	FY 2019-20	No dividend declared by the Company				
2	FY 2020-21	No dividend declared by the Company				
3	FY 2021-22	Final	₹ 1/-	June 23, 2022	June 27, 2022	July 30, 2029
4	FY 2022-23	Interim	₹ 0.9/-	December 16, 2022	December 31, 2022	January 16, 2030
		Final	₹ 1.1/-	June 30, 2023	July 04, 2023	August 02, 2030
5	FY 2023-24	Interim	₹ 2/-	October 14, 2023	November 03, 2023	November 16, 2030
		Final	₹ 1/-	June 27, 2024	June 28, 2024	July 28, 2031
6	FY 2024-25	Interim	₹ 2/-	October 16, 2024	October 25, 2024	November 17, 2031
		Final	₹ 1/-	June 12, 2025	June 13, 2025	July 14, 2032
7	FY 2025-26	Interim	₹ 2/-	October 15, 2025	October 31, 2025	November 17, 2032

G. Demat Suspense Account / Unclaimed Suspense Account

The Company does not have any equity shares lying in Demat suspense account / unclaimed suspense account.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

H. Disclosure of certain types of agreements binding listed entities

The Company has not entered into any agreements as required to be disclosed under clause 5A of paragraph A of Part A of Schedule III of SEBI Listing Regulations.

I. Shareholding Pattern of the Company as at March 31, 2026:

Category wise Shareholding pattern

Category of Shareholders	No. of Shares	% to Capital
Promoters	61,54,61,535	74.12
Foreign Portfolio Investors	2,49,89,929	3.01
Foreign National, NRI	23,87,169	0.29
Financial Institutions / Mutual Funds / AIF / PF / State Government	9,21,29,505	11.10
Insurance Companies	98,41,544	1.19
Other Body Corporates	24,97,991	0.30
Directors their relatives and Key Managerial Personnel*	13,57,320	0.16
Public	7,62,61,767	9.18
Others	54,00,456	0.65
Total	**83,03,27,216**	**100**

** excluding Independent Directors and nominee Directors*

Distribution of Shareholding

From	To	No. of Shares	% of Capital	No. of Holders	% to Total No. of Holders
1	500	4,09,83,312	4.94	9,60,392	98.82
501	1,000	44,43,214	0.54	5,842	0.60
1,001	2,000	38,73,874	0.47	2,674	0.28
2,001	3,000	22,31,070	0.27	892	0.09
3,001	4,000	13,12,371	0.16	372	0.04
4,001	5,000	14,07,267	0.17	300	0.03
5,001	10,000	40,50,350	0.49	564	0.06
10,001	1,00,00,00,000	77,20,25,758	92.98	805	0.08
Total		**83,03,27,216**	**100**	**9,71,841**	**100**

Top 10 Shareholders

Sr. No.	Name of the Shareholder	No. of shares	% to Capital
1	HDFC Bank Limited	61,54,61,535	74.12
2	ICICI Prudential Mutual Fund	2,33,11,788	2.81
3	Kotak Mahindra Trustee Company Limited	1,60,69,034	1.94
4	Mirae Asset Mutual Fund	1,54,42,507	1.86
5	Nippon Life India Trustee Limited	1,08,90,595	1.31
6	SBI Mutual Fund	87,27,503	1.05
7	Life Insurance Corporation of India	33,62,999	0.41
8	Franklin India Mutual Fund	32,79,401	0.39
9	Baillie Gifford Pacific Fund	29,32,790	0.35
10	DSP Mutual Fund	28,35,795	0.34
Total		**70,23,13,947**	**84.58**

REPORT ON CORPORATE GOVERNANCE (CONTD.)

J. Means of communication

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

The quarterly, half-yearly and annual financial results are submitted to both BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). These financial results are normally published in the newspapers, viz., the Business Standard in English and Financial Express in Gujarati (regional language), to ensure wider public dissemination.

Official press releases are sent to the stock exchanges and the same are also hosted on the Company's website. Detailed presentations are made to institutional investors and analysts and same are hosted on the Company's website.

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

K. Outstanding Global Depository Receipts ("GDRs") / American Depository Receipts ("ADRs") / Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has not issued any GDRs / ADRs / Warrants, or any Convertible Instruments. Therefore, there is no impact on equity on account of such instruments.

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

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

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

M. Details of utilisation of Funds raised through preferential allotment or qualified institutions placement

During the FY 2025-26, the Company has not raised any funds through preferential allotment or qualified institutions placement.

N. Credit Ratings

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

O. Unclaimed Dividend

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

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

REPORT ON CORPORATE GOVERNANCE (CONTD.) **ANNEXURE I**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and 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, Law Garden Road,

Navrangpura, Ahmedabad - 380009.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HDB FINANCIAL SERVICES LIMITED** having **CIN: L65993GJ2007PLC051028** and having its registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities and 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 and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on March 31, 2026 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 Directors	DIN	Date of Appointment in Company
1.	Arundhati Mech	09177619	11/02/2022
2.	Ramesh Ganesan	05291597	01/07/2012
3.	Amla Ashim Samanta	00758883	01/05/2019
4.	Adayapalam Viswanathan	08518003	24/07/2019
5.	Jayant Purushottam Gokhale	00190075	16/09/2024
6.	Bhaskar Sharma	02871367	16/09/2024
7.	Jayesh Rajagopalan Chakravarthi	08345495	25/01/2024
8.	Jimmy Minocher Tata	06888364	15/07/2023
9.	Arijit Basu (Ceased to be Director w.e.f. 23/01/2026)	06907779	31/05/2023

Ensuring the eligibility of the directors 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 efficacy or effectiveness with which the management has conducted the affairs of the Company.

For N. L. Bhatia & Associates

Practicing Company Secretaries
UIN: P1996MH055800
PR NO.: 6392/2025

Bhaskar Upadhyay
Partner
FCS: 8663
CP. No. 9625
UDIN: F008663H000100975

Date: April 15, 2026
Place: Mumbai

CEO & CFO CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Board of Directors,

HDB Financial Services Limited

In compliance with Regulation 17 (8) read with Schedule II Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Ramesh G., Managing Director & Chief Executive Officer and Jaykumar Shah, Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

A. We have reviewed, audited financial statements and the cash flow statement of the Company for the year ended March 31, 2026 and to the best of our knowledge and belief:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2026 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   1. that there are no significant changes in internal control over financial reporting during the year;

   2. that there are no significant changes in accounting policies during the year; and

   3. that there are no instances of significant fraud of we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

E. We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year.

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

Jaykumar Shah
Chief Financial Officer

Place: Mumbai

Date: April 15, 2026

REPORT ON CORPORATE GOVERNANCE (CONTD.) **ANNEXURE III**

Declaration by Managing Director and Chief Executive Officer

[Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Board of Directors,

HDB Financial Services Limited

I, Mr. Ramesh G., Managing Director & Chief Executive Officer of HDB Financial Services Limited hereby declare that, all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2026.

Ramesh G.

Managing Director & Chief Executive Officer

Place: Mumbai

Date: April 15, 2026

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

A SECTION GENERAL DISCLOSURES

I. Details of the listed entity:

1. **Corporate Identity Number (CIN) of the listed entity** - L65993GJ2007PLC051028

2. **Name of the Listed Entity**
   HDB FINANCIAL SERVICES LIMITED (HDBFS)

3. **Year of Incorporation**
   2007

4. **Registered Office Address**
   Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat, India, 380009

5. **Corporate Address**
   HDB House, Tukaram Sandam Marg, A-Subhash Road, Vile Parle (East), Mumbai – 400 057

6. **E-mail**
   compliance@hdbfs.com

7. **Telephone**
   +91 22 49116300

8. **Website**
   www.hdbfs.com

9. **Financial Year for which reporting is done**
   April 01, 2025 to March 31, 2026 (FY 2025-26)

10. **Name of the Stock Exchange(s) where shares are listed**
    National Stock Exchange (NSE) & Bombay Stock Exchange (BSE)

11. **Paid-up Capital**
    8,30,32,72,160 (consisting of 83,03,27,216 equity shares of ₹ 10/- each.)

12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**
    Ms. Dipti Jayesh Khandelwal
    Company Secretary & Head - Legal
    +91 22 49116368
    dipti.khandelwal@hdbfs.com
    HDB House, Tukaram Sandam Marg, A-Subhash Road, Vile Parle (East), Mumbai – 400 057

13. **Reporting boundary**
    Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).
    Disclosures made in this report are on a standalone basis and pertain to the entire HDBFS premises across India.

14. **Name of assurance provider**
    SGS India Private Limited

15. **Type of assurance obtained**
    Reasonable assurance on BRSR Core KPIs and Limited Assurance for select non-core BRSR KPIs.
    For further details, refer Reasonable Assurance Report and Limited Assurance Report issued by SGS India Private Limited

II. Products/Services

16. Details of Business Activities (accounting for 90% of the turnover)

	Description of main activity	Description of Business Activity	% of Turnover
1	Non-banking Financial Services	Lending Business	93.36%
2	Non-banking Financial Services	BPO Services	6.64%

17. Products/Services sold by the entity

	Product/Service	NIC Code	% of Turnover contributed
1	Lending Business	64990	93.36%
2	BPO Services	62099	6.64%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated

National

Plants	Not Applicable*
Offices	1,730 (Branches)
Total	**1,730**

International

Plants	Not Applicable*
Offices	Nil
Total	**Nil**

*The Company provides Non-Banking Financial Services and does not undertake any manufacturing activity

19 Market served by the entity:

a. Number of locations

26 States **5** Union Territories

National (No. of States)

International (No. of Countries): NiL

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Given the nature of the non-banking business, this is not applicable.

c. A brief on type of customers

We are a well-diversified retail-focused lender, primarily catering to underserved and underbanked customers in low to middle-income households with minimal or no credit history. Our diversified product portfolio serves multiple credit needs of customers across three business verticals, as outlined below:

- **Enterprise Lending:** Customers for this vertical largely comprise of micro, small and medium enterprises ("MSMEs"), who borrow to meet their varied and evolving business needs.
- **Asset Finance:** Customers in this vertical largely comprise of MSME's and individuals, who essentially borrow for purchasing new and used commercial vehicles, construction equipment and tractors, all of which are income-generating assets for them.
- **Consumer Finance:** This vertical primarily serves salaried/ self-employed individuals borrowing secured and unsecured loans for purchase of consumer durables, digital and lifestyle products, two-wheelers, automobiles and other unsecured personal loans.

IV. Employees

20. Details as of March 31, 2026

a. Employees and workers (including differently abled):

Sl. no	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No. (C)	% (C/A)
Employees						
1	Permanent (D)	88,162	67,505	76.57	20,657	23.43
2	Other than Permanent (E)	1	1	100.00	0	0
3	**Total employees (D+E)**	**88,163**	**67,506**	**76.57**	**20,657**	**23.43**
Workers*						
4	Permanent (F)	0	0	0	0	0
5	Other than Permanent (G)	0	0	0	0	0
6	**Total workers (F+G)**	**0**	**0**	**0**	**0**	**0**

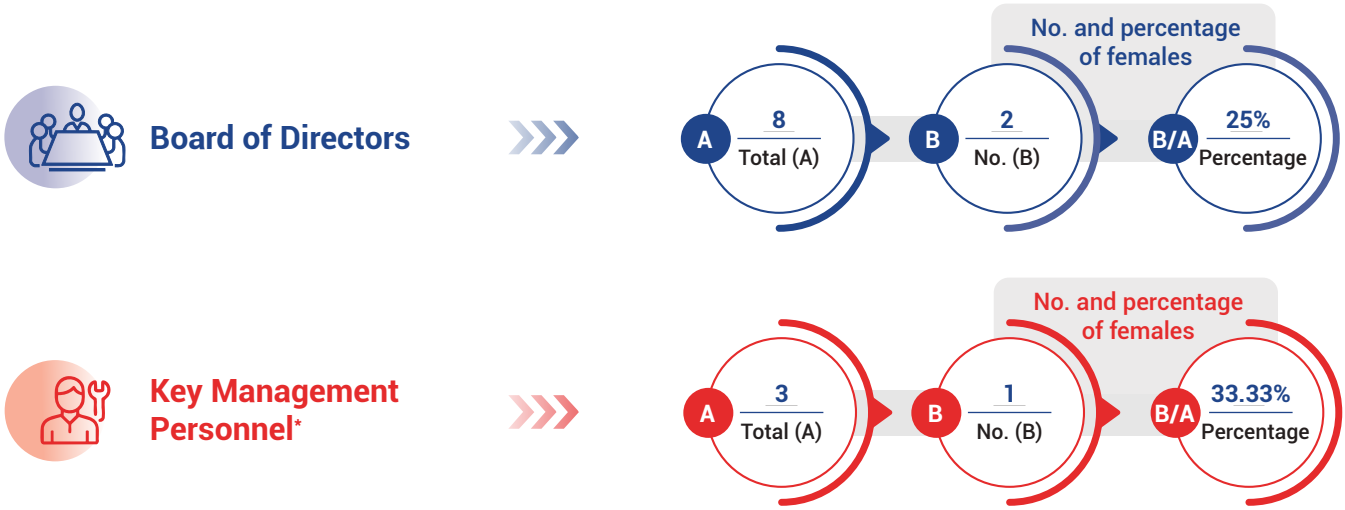
*All employees of the company are categorised as permanent or on contract basis. HDBFS does not employ any workers accordingly all worker-related KPI are not applicable and same has not been included in any of the prescribed tables in BRSR.

b. Differently abled employees and workers

Sl. no	Particulars	Total (A)	Male		Female	
			No.(B)	% (B/A)	No. (C)	% (C/A)
Differently Abled Employees						
1	Permanent (D)	60	52	86.67	8	13.33
2	Other than Permanent (E)	0	0	0	0	0
3	**Total differently abled employees (D + E)**	**60**	**52**	**86.67**	**8**	**13.33**
Differently abled workers*						
4	Permanent (F)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Other than Permanent (G)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
6	**Total workers (F + G)**	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*The Company does not have any workers as defined in the guidance note issued by SEBI.

21 PARTICIPATION/INCLUSION/REPRESENTATION OF WOMEN (AS OF MARCH 31, 2026)



*KMPs are as defined under the provisions of section 203 of the Companies Act, 2013 and comprise of Managing Director & CEO, Chief Financial Officer and Company Secretary & Head Legal.

22. Turnover rate for permanent employees and workers

Particulars	FY 2025-26			FY 2024-25			FY 2023-24		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	43.94	16.01	59.95	48.73	15.85	64.57	58.15	24.36	82.52
Permanent Workers*	NA	NA	NA	NA	NA	NA	NA	NA	NA

*The Company does not have any workers as defined in the guidance note issued by SEBI.

Note: Permanent employees include employees engaged in the BPO business. The industry generally experiences high attrition rates, particularly at the frontline staff level. To strengthen employee retention, we continuously undertake various initiatives and interventions, including employee engagement programmes, rewards and recognition (R&R) activities, induction programmes and periodic refresher trainings

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding/subsidiary/associate companies/joint ventures (As on March 31, 2026)

Sr. no	Name of the holding/subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held in listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	HDFC Bank Limited	Holding Company	74.15	No

VI. CSR Details

24

Yes	₹ 18,429.67 Crore	₹ 19,720.97 Crore
(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	(ii) Turnover	Net worth

VII. Transparency and Disclosure Compliances

25. Complaints/ Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes Any grievance can be communicated at: csr@hdbfs.com	0	0	-	0	0	-
Investors (other than shareholders)	Yes Grievance redressal for investors is part of the terms of reference of the Stakeholders' Relationship Committee detailed in the Corporate Governance Report. E-mails for grievances/ investor related activities: investorcommunications@hdbfs.com	0	0	-	0	0	-
Shareholders/ Debenture holders	Yes Grievance redressal for investors form part of the terms of reference of the Stakeholders' Relationship Committee. For equity shares: investor.helpdesk@in.mpms.mufg.com For Commercial Papers & Non-Convertible Securities: Email: rohan.jadhav@in.mpms.mufg.com, team.bonds@in.mpms.mufg.com compliance@hdbfs.com	976	0	-	0	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/ No) (If Yes, then provide web-link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes Employees have access to grievance redressal mechanisms available on Human Resource management System. This platform helps to raise their concerns in a secure and seamless manner for timely resolution of the same.	53	14	-	36	14	-
Customers	Yes Customer support: https://www.hdbfs.com/customer-services/customer-support	24,316	792	Customer complaints: 1) Payment follow up 2) IVR Communication related 3) Closure Related	17,487	247	-
Distributors (Value Chain Partners)	Yes Whistleblower policy Fair Practices code & Grievance Redressal Policy	0	0	-	0	0	-
Other	Yes Whistleblower policy Fair Practices code & Grievance Redressal Policy	13	1	-	0	0	-

26. Overview of the entity's material responsible business conduct issues

Various material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity for the Company's business are as indicated below:

Opportunity Risk Negative Positive

Sr. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
1	**Financial Inclusion**		NBFCs have played a crucial role in extending financial inclusion, bridging the gap between financial institutions and the diverse needs of India's growing population. They now hold a material share in MSME Loans, Auto Loans, Housing Loans and Gold Loans. NBFCs have thus demonstrated their capacity to compete with larger institutions for customer retention, whilst complementing them in expanding the financial landscape through the country. NBFCs have achieved this through their reach and by adopting digitalisation to increase customer acquisition and engagement while enhancing operational efficiency and asset quality.	As a prominent NBFC, HDBFS is positioned to support MSMEs, retail and underserved populations. With more than 70% of our branches located in Tier IV towns and rural areas, we are committed to reaching customers in rural parts of India that traditional banks often miss. The Company's deep understanding of customers' diverse financial needs, vast reach and fast turnaround times enable us to cater to unique borrowing needs effectively. HDBFS strives to enhance service delivery and customer experience by embracing digital transformation and technological capabilities. The Company's mobile apps and online platforms provide seamless credit access promoting financial inclusion. It also ensures prudent lending and asset quality focus by strengthening risk management. The Company is also committed in supporting economic development through accessible financial solutions. HDBFS's customer-centric approach, technological advancements and strong risk management practices make it a reliable partner for individuals, businesses and communities.	
2.	**Privacy and Data Protection**		NBFCs have leveraged digitalisation to offer faster, more efficient loan options, particularly to the underserved MSME sector. This digital transformation is a gamechanger and NBFCs are increasingly using super apps to reach and partner with customers, creating superior customer experience. Technology, data and analytics are poised to play an even greater role across the NBFC value chain, impacting credit assessment, collections, fraud management and cyber security.	The Company is ISO 27001:2022 certified company. The Company uses technology to enhance customer experience, increase productivity and manage risks effectively. The Company continuously improves its processes and controls to mitigate cyber threats, employing a Cyber Resilience Framework and a cutting-edge Security Operations Centre. Its strong technology and cybersecurity architecture include Disaster Recovery and Business Continuity Plans and access control mechanisms, all regularly monitored through third-party assurance. To maintain readiness, all employees receive annual cybersecurity and compliance training and periodic simulation exercises to stay informed about evolving cybersecurity trends. This proactive approach enables the Company to continually strengthen its cybersecurity resilience.	

Sr. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
3	**Community relations**		In addition to bridging the financial inclusion gap in Indian lending sector, NBFCs can also play a crucial role in empowering various section of communities through their CSR initiatives. This will not only open economic opportunities for the underserved communities, but also contribute to national growth by leveraging untapped talent.	Implementing community development programmes that align with the Company's core values. The thematic areas of our CSR projects include 1. Health & Hygiene 2. Literacy & Livelihood Enhancement 3. Environmental Sustainability 4. Rural Development	
4.	**Climate change**		Climate change can have an impact on the operations of the company through physical risk arising from natural events like floods, earthquake, heat waves as well as transition risk like regulatory changes and new climate-aligned policies. However, proactive strategy to mitigate climate change effects can lead to innovation, efficiency and market differentiation. It opens opportunities for climate focused products and financing solutions, better credit assessment which can lead to potential reduction of NPA	The Company places emphasis on sustainability and recognises the importance of increasing effect of climate change. The Company is committed to adopting energy efficient technologies to try and reduce the carbon emissions that contribute to climate change.	
5	**Customer Experience and Satisfaction**		In the lending business, poor customer experience is a major risk because unsatisfied customers will quickly switch to a competitor, leading to lost revenue and damaged reputation. However, providing a smooth, personal experience is a huge opportunity to stand out; by offering clear advice and quick solutions that actually fit a customer's life, an NBFC can turn a one-time borrower into a loyal, long-term partner. Ultimately, treating customers well is a strategic way to protect the business and keep it growing in a competitive market.	The Company is transforming how it serve its customers by putting their real-life needs at the heart of everything it does. By combining honest, fair advice with high-speed digital tools and easy-to-use technology, we ensure that every interaction is smooth, transparent and personalised. The Company don't just stop at delivering a service; It empower its teams with the right training and use constant feedback to sharpen our performance. The goal is to move beyond simple transactions to build a faster, smarter and more reliable financial partnership that consistently earns our customers' trust.	

Sr. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
6.	**Talent Attraction and Retention**		In the NBFC sector, talent attraction and retention are critical because the business relies entirely on the expertise and relationships of its people rather than physical products. Since an NBFC's success depends on accurate risk assessment and high-touch customer service, losing skilled employees leads to a loss of vital institutional knowledge and can weaken the performance of the company. By prioritising a stable, future-ready workforce, an NBFC ensures it can navigate complex regulations and adopt new financial technologies faster than its competitors. Ultimately, retaining top talent is a strategic necessity that reduces hiring costs, protects customer trust and builds the long-term resilience needed to thrive in a crowded financial market.	The Company's commitment to employee practices centres on building a versatile, future-ready workforce through continuous development and a supportive culture. By leveraging annual feedback surveys to reduce stress and enhance purpose, the Company maintain a positive work environment where diversity and inclusion are prioritised alongside comprehensive benefits like parental leave and medical care. We further drive long-term retention by encouraging internal mobility and aligning performance management with clear career progression, ensuring our employees' personal growth is directly linked to organisational success. This holistic focus on "human capital" not only attracts top talent but creates an agile team capable of navigating the complex and evolving landscape of the financial sector	
7	**Diversity & Inclusion**		By bringing together employees with diverse backgrounds and perspectives, the company can make more balanced risk assessments and spark creative solutions that a uniform team might miss. This inclusive culture doesn't just attract a wider pool of top talent; it also builds a reputation for fairness and empathy, which is essential for gaining the trust of a broad, multicultural customer base. Ultimately, a diverse workforce makes an NBFC more adaptable and better equipped to grow in a rapidly changing economy.	Being an equal opportunity employer, we ensure that our hiring and promotion processes remain fair and unbiased for everyone. As part of our focus on diversity, we have welcomed several employees with disabilities and have maintained a women's representation ratio of over 20%. To keep building an inclusive workplace, we regularly review our recruitment and talent management strategies while providing safe spaces for open dialogue. By combining this direct feedback with the insights from our annual employee survey, we can better understand our team's needs and ensure that every individual has a respectful environment and an equal opportunity to grow with us.	

Sr. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
8.	**Decarbonisation Strategy**		Decarbonisation strategy is a fundamental component of long-term operational resilience and risk management. By establishing a clear framework to reduce internal emissions, a company can effectively mitigate exposure to rising energy costs and potential carbon-related regulatory shifts, ensuring more predictable overheads. Beyond direct cost management, maintaining a credible decarbonisation strategy is increasingly essential for accessing global capital markets, as investors and credit rating agencies now weigh a firm's environmental footprint when determining its risk profile and cost of funding. This strategic alignment with global sustainability standards also enhances corporate reputation, signaling to stakeholders that the organisation is prepared for the transition to a low-carbon economy. Ultimately, a decarbonisation strategy provides a structured approach to improving resource efficiency and ensuring the business remains compliant and competitive in an evolving regulatory landscape.	We have achieved IGBC Gold certification for our Head Office, marking a key milestone in our decarbonisation strategy. Our decarbonisation efforts include gradually transitioning from DG sets to cleaner inverters, LED lighting across all premises and replacing legacy cooling units with 5-star ACs using ozone-friendly refrigerants. By standardising temperatures at 24°C and fostering a culture of responsible natural resource use among employees, we are systematically reducing our operational footprint. To stay ahead of emerging risks, we regularly review and adjust our climate strategies, which has enabled us to drive significant impact by financing over 1800+ EVs in the reporting year. These measures reflect our commitment to integrating environmental efficiency into our daily operations and portfolio and moving towards low-carbon future	
9.	**Corporate governance**		Corporate governance and ethics are the foundational pillars of an NBFC, ensuring the trust and stability required to manage capital responsibly within a highly regulated environment. A robust governance framework is essential for managing systemic risks and maintaining the compliance necessary to protect the organisation from reputational damage and legal penalties. By prioritising transparency and ethical conduct, we secure investor confidence and more favourable access to capital markets. Ultimately, strong governance ensures we remain a resilient and reliable financial intermediary, safeguarding the long-term interests of our customers and shareholders alike.	We are deeply committed to maintaining the highest standards of governance and ethics, going beyond simple compliance to ensure our operations are always transparent and fair. By establishing a clear Board and Committee structure aligned with our long-term interests, we have built a culture that prioritises integrity at every level. We enforce this through strict policies, such as our Code of Conduct and a zero-tolerance approach to bribery and corruption. To keep these standards high, we conduct mandatory training for all internal stakeholders and provide effective whistleblower and grievance mechanisms for safe, honest feedback. Ultimately, these processes ensure that we operate as a responsible and reliable institution that our stakeholders can trust.	

Sr. no.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
10	**Risk Management**		Risk management is a vital topic for an NBFC because our business is built on the careful balance of lending and borrowing money. Since we face constant uncertainties like the possibility of borrowers not paying back or sudden changes in market interest rates, having a strong plan in place is essential to keep the company stable. By identifying these threats early and having clear rules for how we lend, we protect the money entrusted to us by our investors and banks. This careful approach doesn't just keep us compliant with the law; it builds the trust and financial strength we need to grow steadily, even when the economy gets tough.	Our risk management strategy is built on a proactive and comprehensive framework designed to safeguard stakeholder interests and ensure long-term stability. We conduct stress testing and scenario analysis, to anticipate potential disruptions while diversifying our asset allocation. By setting strict credit limits and managing interest rate exposure, we maintain a resilient loan portfolio supported by robust internal controls and regular audits. We maintain a zero-tolerance policy towards any kind of fraud activities and actively promote a culture of integrity through continuous employee training.	

B SECTION MANAGEMENT AND PROCESS DISCLOSURES

Disclosure questions	P1 Ethics, Transparency & Accountability	P2 Product Responsibility	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Public and Regulatory Policy	P8 Inclusive Growth and Equitable Development	P9 Consumer Responsibility
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	All the policies have been developed based on best practices or as per regulatory requirements and have been hosted on the website of the Company. Cyber Security Policy is available to the internal stakeholders.								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	No	No	No	Yes	Yes	No	No	No
4. Name of the national and international codes/ certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	ISO 27001:2022 - Information security management systems ISO 22301:2019 - Business continuity management systems We have achieved IGBC Gold certification for our corporate Office.								

Disclosure questions	P1 Ethics, Transparency & Accountability	P2 Product Responsibility	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Public and Regulatory Policy	P8 Inclusive Growth and Equitable Development	P9 Consumer Responsibility
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	• Implement new policies in line with BRSR requirements to strengthen ESG governance and publish them on corporate website • To install LED lights and 5-star rating Air Conditioners (AC) in all new premises. • Ensure 100% safe and environmentally safe disposal of E-waste • Conduct air emission testing (NOx, SOx, PM) in 10 locations as per requirement of BRSR. • Provide health and safety training to all employees • Conduct employee engagement survey • Ensure first aid kits across all premises • Provide Data privacy and data protection training to all the employees • To attain ISO 45001 for corporate office by FY2028 • Intend to replace 1000 legacy Air Conditioners (AC) with 5-star rating Air Conditioners (AC) by FY2028								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	• Introduced policies necessary in line with BRSR requirements. The policies are also available on the Company website. • All new premises have LED lights and 5-star rating Air Conditioners (AC) • 100% E-waste has been processed through a CPCB-certified recycler. • Determined the air emission results for NOx, SOx, PM for the premises as per requirements of BRSR • All employees were trained on health and safety measures. • Successfully conducted employee engagement survey covering all employees. • First aid kits made available across all the premises • All employees were trained on data privacy and data protection								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)-	I am proud to present our voluntary inaugural Business Responsibility and Sustainability Report. This is supported by both reasonable and limited assurance by external authority to ensure the highest level of transparency and trust in our ESG disclosures. We have ensured a Board-level oversight through a dedicated CSR & ESG committee. Through our lending services, we support our customers and the wider economy. In FY 2025-26, we financed over 1,800 electric vehicles, directly contributing to cleaner air and lower emissions. We also supported more than 1.6 Lakhs MSMEs and channelled 14% of our loan book to women borrowers, advancing local entrepreneurship and women's economic empowerment. Within our operations, we are systematically reducing our footprint. Our corporate office has earned IGBC Gold certification, we have transitioned to 100% FSC-certified paper and we have replaced 140 DG sets with inverters. Supporting this is a motivated workforce whose well-being, professional growth and safety remain our continued priority. Beyond our business, our CSR initiatives have touched over 1.5 Lakhs lives, revived more than 400 water bodies to strengthen community water security and concentrated outreach across 19 aspirational districts to ensure our efforts drive measurable, lasting change. ISO 27001 and ISO 22301 certifications affirm the rigour of our cybersecurity and business continuity frameworks, reflecting our commitment to the highest standards of trust and sustainable business operations. Through responsible lending, we aspire to empower the diverse aspirations of every Indian, building a legacy of trust rooted in integrity, governance and care for both people and planet.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Ramesh G. Managing Director & Chief Executive Officer DIN: 05291597								

Disclosure questions	P1 Ethics, Transparency & Accountability	P2 Product Responsibility	P3 Employee Wellbeing	P4 Stakeholder Engagement	P5 Human Rights	P6 Environment	P7 Public and Regulatory Policy	P8 Inclusive Growth and Equitable Development	P9 Consumer Responsibility
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	We have a sub-committee of Board, CSR & ESG Committee which guides us in ESG matters stemming from our operations, monitoring our framework, strategy and disclosures. We aim to integrate regulatory principles on Social, Environmental, Governance and Economic responsibilities into our activities, ensuring compliance and assessing performance.								

Principle wise policies

P1 – Ethics, Transparency & Accountability	• Code of conduct for Board of Directors and Senior Management Personnel • Code of Conduct Philosophy • Whistleblower Policy • Corporate Governance Code • Anti Bribery Anti-Corruption Policy
P2 – Product Responsibility	• Fair Practice Code and Grievance Redressal Policy
P3 – Employee Wellbeing	• Code of Conduct Philosophy • Whistleblower Policy • Prevention and redressal of Sexual harassment policy • Human Rights Statement • Occupational Health, Safety and wellbeing policy
P4 – Stakeholder Engagement	• Fair Practices Code and Grievance Redressal Policy • Code of conduct for Board of Directors and Senior Management Personnel • Whistleblower Policy • Dividend Distribution Policy • Corporate Social Responsibility Policy.
P5 – Human Rights	• Human Rights Statement • Prevention and Redressal of Sexual Harassment at Workplace Policy • Code of Conduct Philosophy
P6 – Environment	• Environmental, Social and Governance Policy framework • Environmental Policy
P7 – Public and Regulatory Policy	• Code of conduct for Board of Directors and Senior Management Personnel • Code of Conduct Philosophy
P8 – Inclusive Growth and Equitable Development	• Corporate Social Responsibility Policy • Environmental, Social and Governance Policy framework • Code of Conduct Philosophy
P9 – Consumer Responsibility	• Privacy Policy • Cyber Security Policy (Internal) • Code of Conduct Philosophy • Customer Rights policy

Note: Policies not published on the Company's website are considered internal documents and are not accessible to the public.

10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The CSR & ESG Committee (Committee of the Board) convenes three times a year, while the Board undertakes an annual review of the policies.																	
Compliance with statutory requirements of relevance to the principles and, rectification of any non-compliances	The Company complies with all applicable regulations.																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
	Refer Note below																	

Note*: Working of all policies of HDBFS are evaluated internally.

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

C SECTION PRINCIPLE-WISE PERFORMANCE DISCLOSURE

1 PRINCIPLE

Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1 Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% Of persons in respective category covered by the awareness programmes
Board of Directors	12	• A strategy meeting of the Board was held to discuss various matters, including prospects and strategic planning. • Discussion on Code of Conduct for Directors and SMPs, Business Strategies, Opportunities, emerging trends, & Company's performance, Information security and Cyber Security awareness was conducted in various board meetings. • Independent Directors were briefed on Artificial Intelligence and its strategic role in enhancing NBFC growth. • The Independent Directors of the Company attended two days "CAFRAL Program on roles and responsibilities of Directors in Key Committees of Banks, NBFCs & FIs". • The Independent Directors of the Company attended a Programme on Master Class on Board Governance, organised jointly by IMD Global Board Center, Switzerland and Excellence Enablers, India • A session on "Information Security – Cyber Security and Business Responsibility and Sustainability Reporting Awareness" was arranged by the Company for Independent Directors. An Independent Directorattended a certification programme on "IT & Cyber Security" arranged for NBFC Board Members by the IDRBT (Institute for Development and Research in Banking Technology).	100%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% Of persons in respective category covered by the awareness programmes
Key Managerial Personnel	11	Trainings are conducted through external and internal programmes. Training topics include: • POSH (Prevention of Sexual Harassment) • Security First • AML KYC & FPC • Compliance • Insider Trading • Code of Conduct and HDBFS Values • Data Privacy and Data Protection, Operational Risk • Customer Service and Grievance • Health and Safety at Work	100%
Employees other than BOD & KMPs	11		99.07%*

*As of March 31, 2026, certain newly recruited employees would be in the process of completing trainings. Specific timelines are prescribed for employees to complete specified trainings.

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.**

Monetary

Type	NGRBC principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In `)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/fine	1	RBI	4,20,000	The company failed to comply with KYC directions of RBI,2016-when it failed to obtain a Permanent Account Number (PAN) or equivalent e-document thereof or form No.60 in loan accounts disbursed during 2023-24	No
Settlement	Nil				
Compounding fee					

Non-Monetary

Type	NGRBC principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL			
Punishment				

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

Yes. The Policy applies to all persons working for or on behalf of the Company, including the third parties with whom the Company engages.

Weblink: Anti-Bribery and Anti-Corruption Policy

5 Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2025-26	FY 2024-25
Directors	NIL	NIL
KMPs	NIL	NIL
Workers*	NIL	NIL
Employees	NIL	NIL

*The Company does not have any workers as defined in the guidance note issued by SEBI

6. Details of complaints with regard to conflict of interest:

Particulars	FY 2025-26		FY 2024-25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	-	NIL	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	-	NIL	-

7 Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions on cases of corruption and conflicts of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:

	FY 2025-26	FY 2024-25
Number of days of accounts payables	1.02	0.78

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers and related parties along with loans and advances & investments, with related parties, in the following format:

Parameter		FY 2025-26	FY 2024-25
Concentration of purchases	a. Purchases from trading houses as % of total purchases	Not Applicable	Not Applicable
	b. Number of trading houses where purchases are made from	Not Applicable	Not Applicable
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Not Applicable	Not Applicable
Concentration of sales	a. Sales to dealers/distributors as % of total sales	Not Applicable	Not Applicable
	b. Number of dealers/distributors to whom sales are made	Not Applicable	Not Applicable
	c. Sales to top 10 dealers/distributors as % of total sales to dealers/distributors	Not Applicable	Not Applicable
Share of RPTs in	a. Purchases (Purchases with related parties/Total Purchases) (Rs. In INR Crore)	4.29%	4.43%
	b. Sales (Sales to related parties/Total Sales) (Rs. In INR)	7.17%	7.95%
	c. Loans & advances (Loans & advances given to related parties/ Total loans & advances)	Not Applicable	Not Applicable
	d. Investments (Investments in related parties/ Total Investments made)	Not Applicable	Not Applicable

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the Principles during the financial year**

HDBFS strives to influence its value chain partners to participate in responsible and sustainable awareness and training programmes, tailored to business requirements.

The Company engages and trains its direct selling agents, focusing on adherence to the Company's Code of Conduct and equipping them with information about its products and services to better serve customers. All the DSAs are informed about key aspects such as confidentiality and data privacy, code of conduct, along with do's and don'ts.

HDBFS is now an ISO 27001:2022 certified organisation. We have adopted zero trust framework to ensure that cyber-security is ingrained in our technologies, people and processes. To inculcate it in our culture, we continuously communicate and create awareness on areas of Cyber Security and Digital security, Phishing attacks, Deep Fakes etc., for our employees and contractual staff by sending monthly emails and using screen savers to educate about the threats and precautions to be taken. We try to educate our customers through blogs and newsletters to stay vigilant regarding cybersecurity.

Vendors are made aware about ESG requirements and are required to adhere and abide by the ESG-related clauses in the agreement and conduct their business in a responsible manner.

2. Does the entity have processes in place to avoid/ manage conflict of interest involving members of the Board/ KMPs? (Yes/No) If yes, provide details of the same.

Yes, the Company has formulated and adopted Code of Conduct for Board of Directors and Senior Management ("The Code") and Code of Conduct Philosophy in accordance with SEBI Listing Regulations. As per the Code, Directors and Senior Management must refrain from any association or activity that could potentially put their personal interests at conflict with the Company's business. Directors and Senior Management must inform the Board of any circumstances that might appear to be a conflict of interest. The Company receives an annual declaration from its Board members on the code of conduct and ethics for Directors and Senior Management. As and when any director is appointed/ re-appointed, the Company carries out a due diligence exercise which inter alia examines the possibility of conflict of interest. Further, at the time of empanelment of material vendors, the Company obtained conflict of interest declaration from the material vendors.

Weblink: Code of Conduct for Board of Directors and Senior Management

2 PRINCIPLE

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

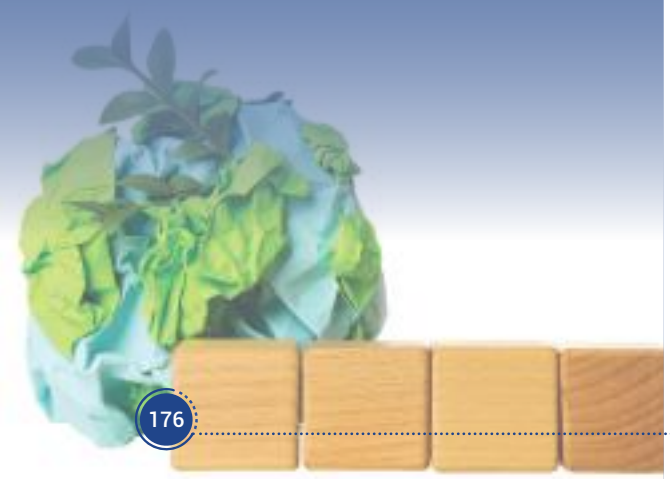
Particulars	FY 2025-26	FY 2024-25	Details of improvements in environmental and social impacts
R&D	Not Applicable	Not Applicable	-
Capex	0.67%	0.21%	Lighting Sensor, Inverter, Air conditioner - 5 Star, CPCB IV compliant DG sets

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

HDBFS is involved in providing financial products & services and does not manufacture any tangible goods. However, we acknowledge the importance of collaborating closely with our vendors and service providers to enhance efficiency, minimise waste and mitigate our environmental impacts. We constantly endeavour to prioritise the procurement of eco-friendly, locally sourced and energy-efficient products/services. We continue to use FSC-certified papers in our operations. For procurement of any electronic devices, HDBFS intends that energy efficiency standards are considered during the purchase of electronic equipment such as computers, laptops, lighting devices, ACs, amongst others.

2. b. If yes, what percentage of inputs were sourced sustainably?

HDBFS is involved in providing financial services and does not undertake significant raw material sourcing. We procure 100% of the A4-size FSC-certified papers in our operations.



3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) Other waste**

   HDBFS is a Non-banking Financial Company ("NBFC") and provides financial services. We do not manufacture any tangible product that needs to be safely reclaimed for reusing, recycling and disposing at the end of life.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same**

   HDBFS is a NBFC and provides financial services. Hence, the Extended Producer Responsibility (EPR) is not applicable given the nature of our business.

Leadership Indicators

1 **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product/ Service	% of total Turnover Contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not Applicable					

2 **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not Applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Nil

4 **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled and safely disposed, as per the following format.**

Particulars	FY 2025-26			FY 2024-25		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	Not Applicable					
E-waste (in metric tonnes)						
Hazardous waste						
Other waste						

Given the nature of the business, HDBFS does not engage in offering physical products and hence this is Not applicable

5 **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not Applicable	

3 PRINCIPLE

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	Health Insurance* (B)		Accident Insurance (C)		Maternity Benefits#		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	%(F/A)
Permanent Employees											
Male	67,505	25,139	37.24	67,505	100	0	0	53,385	79.08	0	0
Female	20,657	3,612	17.48	20,657	100	20,657	100	0	0	0	0
Total	**88,162**	**28,751**	**32.61**	**88,162**	**100**	**20,657**	**23.43**	**53,385**	**60.55**	**0**	**0**
Other than Permanent Employees##											
Male	1	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

* Health insurance coverage is under Mediclaim/ESIC

Benefits provided in compliance with the provisions of the Maternity Benefit Act

Other than permanent employees' are not on the rolls of the Company and are contractual employees.

HDBFS supports the mental well-being of its employees and assists the employees facing personal or work-related challenges. Stress management and emotional well-being sessions are also conducted periodically. Continuous communication is ensured to create awareness about the importance of nutrition, exercise, mindfulness and overall well-being of all the employees. HDBFS recently conducted health checkup camp for its employees to promote a healthy lifestyle among employees.

b. Details of measures for the well-being of workers*:

Category	Total (A)	Health Insurance* (B)		Accident Insurance (C)		Maternity Benefits#		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	%(F/A)
Permanent workers											
Male	Not Applicable										
Female											
Other											
Total											

Category	Total (A)	Health Insurance* (B)		Accident Insurance (C)		Maternity Benefits#		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	%(F/A)
Other than permanent workers											
Male	Not Applicable										
Female											
Other											
Total											

*The Company does not have any workers as defined in the guidance note issued by SEBI.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:

	FY 2025-26 Current Financial Year	FY 2024-25 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the company	0.14%	0.16%

2. Details of retirement benefits for current and previous financial year

	FY 2025-26		FY 2024-25	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/NOT APPLICABLE)	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/NOT APPLICABLE)
PF	99.74%	Yes	99.42%	Yes
Gratuity	99.74%	Yes	99.42%	Yes
ESI	68.61%	Yes	68.37%	Yes

Note: The above represents benefits provided to all the employees who are eligible/have opted for the said retirement benefits.

3. **Accessibility of workplaces**

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Necessary arrangements have been made to provide access to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016. The corporate office has been designed for wheelchair access has ramps catering to the requirements of people with special needs.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

HDBFS is an equal opportunity employer and same is practiced as part of its employment policy and practices. Equal opportunity and non-discrimination principles are enshrined in our Code of Conduct Philosophy document.

5 Return to work and retention rates of permanent employees and workers that took parental leave.

Benefits	Permanent Employees		Permanent Workers*	
	Return to Work rate in %	Retention rate in %	Return to Work rate in %	Retention rate in %
Male	99.59	66.34	Not Applicable	Not Applicable
Female	65.78	42.09	Not Applicable	Not Applicable
Total	**84.61**	**60.42**	**Not Applicable**	**Not Applicable**

*The Company does not have any workers as defined in the guidance note issued by SEBI.

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Particulars	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers*	Not Applicable
Other than Permanent Workers*	Not Applicable
Permanent Employees	There is an Employee Grievance Redressal Policy in place to address employee grievances. We have a dedicated Human Resources Management System (HRMS) platform, which is accessible to all employees for submitting their concerns or grievances. The HR Team is responsible for addressing employee grievances and ensures strict confidentiality in handling each case in a timely and effective manner.
Other than Permanent Employees	

*The Company does not have any workers as defined in the guidance note issued by SEBI.

7 Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2025-26			FY 2024-25		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	Not Applicable					
Male						
Female						
Total Permanent Workers						
Male						
Female						

*The Company does not have any workers as defined in the guidance note issued by SEBI.

HDBFS does not have any employee trade unions: however, we respect and uphold all employees' lawful right to freedom of associations

8 Details of training given to employee and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and Safety Measures		On skill upgradation		Total (D)	On Health and Safety Measures		On skill upgradation	
		No. (B)*	% (B/A)	No. (C)*	% (C/A)		No. (E)*	% (E/D)	No. (F)*	% (F/D)
Employees										
Male	67,505	66,607	98.67%	25,926	38.40%	69,186	8,070	11.66%	39,912	57.69%
Female	20,657	20,213	97.85%	4,249	20.56%	20,757	6,865	33.07%	9,437	45.46%
Total	**88,162**	**86,820**	**98.47%**	**30,175**	**34.22**	89,943	**14,935**	**16.60%**	**49,349**	**54.86%**
Workers*										
Male	Not Applicable									
Female										
Total										

*The Company does not have any workers as defined in the guidance note issued by SEBI.

9. Details of performance and career development reviews of employees and workers

HDBFS has in place a structured and comprehensive performance management system designed to ensure strategic alignment, objective goal setting, continuous feedback and employee development.

Performance reviews are conducted bi-annually, comprising (i) Mid-year review & (ii) Annual performance appraisal.

The annual appraisal is conducted at the end of the financial year. All eligible employees are required to complete their self-assessment based on their Key Result Areas and submit the same through the designated system. This is followed by a structured performance review discussion between the appraiser and the appraise, during which performance outcomes, competencies and developmental needs are evaluated and documented.

In addition to the annual appraisal, mid-year reviews are conducted to assess progress, provide feedback and enable course correction where required.

The company also supports employee growth through its Talent Management and Succession Planning initiatives offering various opportunities to its employees for capability building, knowledge enhancement & skill development.

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)*	% (B/A)	Total (C)	No. (D)*	% (D/C)
Employees						
Male	67,505	27,493	40.73	69,186	25,776	37.26
Female	20,657	6,159	29.82	20,757	8,174	39.38
Total	**88,162**	**33,652**	**38.17**	**89,943**	**33,950**	**37.75**
Workers*						
Male	Not Applicable					
Female						
Total						

*The Company does not have any workers as defined in the guidance note issued by SEBI. The frontline staff are covered under a performance incentive scheme and receive feedback on their performance through continual reviews and dialogue. The numbers reported above do not include the frontline staff and employees who are not eligible for performance review during the reporting year.

Our annual performance review process will take place in the month of May. Employees who have joined after October 31, 2025 are not eligible for performance and career development review.

10. Health and Safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

HDBFS has a dedicated Health, Safety & Employee Well-being Policy to ensure the health and safety of all employees. Regular fire drills are conducted to educate employees on "How to use fire extinguishers" and prepare them for quick response in case of any emergency. The Company undertakes regular sanitisation activities to promote healthy and hygienic workplace. A thorough assessment of all the physical infrastructure is conducted periodically. Furthermore, measures such as periodic maintenance of air conditioners and ergonomic office furniture are also taken up. All employees have to undergo training on health, fire and road safety annually. Fire and safety audits are conducted on a Pan-India basis. All the premises have access to first aid kits and are equipped with fire extinguishers.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As reported above, the Company has undertaken multiple initiatives towards health and safety management. Regular checks by security personnel deployed, CCTV surveillance and mock drills further ensure identification of work-related hazards. All the large offices have dedicated fire marshals to report work related hazards and initiate necessary action to mitigate any identified hazards. Additionally, all the employees have access to our Human Resource Management System portal, where they can report any risk related to their work environment.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Not Applicable.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes.

11. Details of safety-related incidents, in the following format:

Safety incident/number	Category	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	Nil	NIL
	Workers*	Not Applicable	Not Applicable
Total recordable work-related injuries	Employees	NIL	NIL
	Workers*	Not Applicable	Not Applicable
No. of fatalities	Employees	NIL	NIL
	Workers*	Not Applicable	Not Applicable
High consequences for worker ill health or ill-health (excluding fatalities)	Employees	NIL	NIL
	Workers*	Not Applicable	Not Applicable

*The Company does not have any workers as defined in the guidance note issued by SEBI.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company accords high priority to enable safe and secure work environment. The Company strives to ensure a safe environment and hence takes the following measures in ensuring the highest safety standards:

- Portable fire extinguishers of the required type and capacity are installed at appropriate places and are examined at regular intervals internally.
- On-site emergency plans are prepared; periodic fire safety drills, evacuation programmes and audits are conducted as per regulatory requirements.
- Wherever required, fire marshals are appointed in larger offices to ensure the safety of people in the event of fire.
- Dissemination of relevant information to employees relating to general safety and usage of all the office appliances safely.
- Electrical appliances and equipment used by the Company comply with ISI, BIS, IEC and other relevant industry standards.
- HDBFS has annual maintenance contracts pertaining to various aspects of the safety of its premises. related to fire safety.
- First aid boxes are made available in all offices.
- The Company undertakes regular sanitisation activities to promote healthy and hygienic workplace
- A thorough assessment of all the physical infrastructure is conducted periodically.
- Periodic maintenance of air conditioners, ergonomic office furniture is also undertaken. Furthermore, measures such as periodic maintenance of air conditioners (AC), ergonomic office furniture are also taken up.
- Stress management and emotional well-being sessions are also conducted periodically.
- Continuous communication is ensured throughout the year, to create awareness about the importance of nutrition, exercise, mindfulness and overall well-being of all the employees.

13 Number of complaints on the following made by employees and workers:

Type	FY 2025-26			FY 2024-2025		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	NIL	Nil	-	NIL	Nil	-
Health & safety	NIL	Nil	-	NIL	Nil	-

14. Assessments for the year

Working conditions **Health and safety practices**

HDBFS strives to provide all its employees with a safe, hygienic and conducive work environment. Our administration team monitors the fire extinguishers on an annual basis and replaces the unfit equipment. The branches are regularly visited by senior management teams and they periodically assess the working conditions and the health and safety practices across the premises.

% of your plants and offices that were assessed (by entity or statutory authorities or third parties)

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of Health & Safety practices and working conditions.

There were no corrective actions taken for FY26. HDBFS has been compliant with the local and state level regulations and ensures safety and hygiene protocols. Necessary safety practices are being followed by employees, customers and other visitors on company premises.

Leadership Indicators

1 Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Employees - Yes, HDBFS extends financial support and compensatory package in the event of death of an employee. This includes, inter alia, coverage under Group Term Life insurance with defined sum assured. In addition, to support the family of the deceased employee, the Company may offer employment opportunities to an immediate family member, subject to meeting prescribed eligibility criteria.

Workers - The Company does not have any workforce identified as 'workers' category.

2 Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

HDBFS mandates comprehensive compliance with all applicable legal and regulatory requirements through vendor agreements. Vendors are responsible for the accurate deduction and timely remittance of all relevant taxes and statutory dues arising from transactions within the scope of their services. Additionally, HDBFS expects its value chain partners, including service providers, to uphold all applicable statutory obligations. Such compliance is within the legal agreements executed between HDBFS and its value chain partner.

3 Provide the number of employees/workers having suffered high consequence work related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

Category	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	NIL – There were no work-related incidents			
Workers*	Not Applicable			

*The Company does not have any workers as defined in the guidance note issued by SEBI.

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes. The Company has defined terms of retirement for employees. The Company invests in ongoing learning and capability building initiatives that enable employees to stay relevant to the evolving business trends. These initiatives support employees in sustaining their employability upon retirement/termination.

5 Details on assessment of value chain partners:

Type	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Nil
Working Conditions	

6 Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

4 PRINCIPLE

Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Company believes healthy stakeholder relationships are key to long-term value creation. Any individual or group of individuals or institution that contributes to the Company's value chain or is impacted by its operations is identified as a key stakeholder. The Company follows a structured and inclusive approach to identify its key stakeholder groups, ensuring alignment with its business objectives and sustainability priorities.

2 **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Key Stakeholder	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other*	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	• Online and postal communications, • Customer satisfaction surveys, • Customer feedback, • Regular interaction with customers	Continuous engagement	Servicing throughout the lifecycle of the customer and address queries /grievances that the customer may have.
Employees	No	• Emails, written communication and newsletters • Employee engagements and Cultural events • Training and performance management system • Employee Town Hall	Continuous and Periodic	Information consultation with respect to work culture, employee experience, employee wellness, safety and learning & development.
Vendors	No	• Project based interactions • Personal meetings • Audits and Performance review	Continuous Engagement with all material vendors.	Information consultation with respect to partnerships, quality standards, governance, ethical practices and performance monitoring.
Regulatory bodies	No	• Formal dialogue • Face to face meetings • Forums • Regulatory filings	Continuous engagement	Information consultation with respect to regulatory compliance mandates and contribution to the formulation of relevant policy frameworks.
Investors	No	• Annual Report • Shareholder Meetings • Stock Exchange Intimations • Emails	Quarterly, Annual	Information consultation with respect to investor expectations, company's economic performance, responsible business conduct and regulatory compliance.

Key Stakeholder	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other*	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Communities	Yes, based on demographics	• CSR Activities • Interactions with NGO partners	Continuous Engagement, Annual performance review	Information consultation with respect to our thematic CSR areas – promotion of healthcare & hygiene, literacy and livelihood enhancement, environmental stability and appropriate resource allocation and management.

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Stakeholder engagement is a continual process in driving positive change and creating long-term value for all stakeholders. Active engagement on economic, environmental and social matters is conducted with the relevant stakeholder groups – customers, employees, shareholders, investors, regulators, vendors and communities – on an ongoing basis. These engagements take place through multiple channels such as town halls, training sessions, social media platforms, customer satisfaction surveys, stakeholder engagement exercises and materiality assessment. These forums provide valuable insights that help identify key issues, evaluate business practices, mitigate risks and enhance the company impact across the ecosystem. Outcomes of these engagements and feedback from customers are discussed at Customer Service Review Committee of the Board. Stakeholders Relationship Committee addresses and resolves grievances of its security holders, including issues related to non-receipt of dividends or annual reports. Overall, it aims to safeguard the interests of shareholders, debenture holders and other security holders.

   Further, the Company also has a Board-level Corporate Social Responsibility and ESG Committee for formulating and recommending the Company's ESG and CSR strategy and policies, aligned with Schedule VII of the Companies Act, 2013 and updating them as needed. It monitors the implementation and performance of ESG and CSR initiatives through a transparent mechanism, reviews ongoing projects, recommends CSR expenditure and ensures compliance with all applicable legal and regulatory ESG requirements.

2. **Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes/No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   We have undertaken an internal materiality assessment to identify key ESG topics relevant to our business. This process involved evaluating the significance of ESG topics from the perspective of our management and leveraging those insights to prioritise issues that are most material to us.

3. **Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   HDBFS is committed to addressing the needs of vulnerable and marginalised stakeholder groups through both its financial inclusion strategy and community development initiatives. 80% of our branches are located outside the 20 largest cities in India with71% branches located in Tier 4+ and smaller towns. The Company continues to implement well-structured programmes and interventions aimed at improving the well-being of marginalised communities and contributing to their development. The Company recognises its responsibility towards the vulnerable/marginalised stakeholder groups and strives to address the concerns related to enhancing livelihood opportunities, ensuring water security, access to safe sanitation and clean drinking water and affordable healthcare. During the year, the Company was able to positively impact lives of nearly 1.5 Lakhs individuals through a wide range of interventions implemented under the Company's CSR mandate.

5 PRINCIPLE

Businesses should respect and promote human rights

Essential Indicators

1 Employees and workers who have been provided training on human rights issues and policy (ies) of the Company:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	88,162	87,402	99.13	89,943	88,801	98.73
Other than permanent	1	Nil	Nil	1	Nil	Nil
Total employees	**88,163**	**87,402**	**99.13**	**89,944**	**88,801**	**98.73**
Workers*						
Permanent	Not Applicable					
Other than permanent						
Total workers						

*The Company does not have any workers as defined in the guidance note issued by SEBI.

Human Rights training to employees is essential for fostering a respectful, inclusive and legally compliant workplace. Our Human Rights Statement draws from the Company's Corporate Governance Policy, Code of Conduct and Policy on Prevention and Redressal of Sexual Harassment at Workplace. Awareness would thus be through the various training programmes conducted on these policies.

2. Details of minimum wages paid to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)*	% (B/A)	No. (C)	% (C/A		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Employees										
Male	67,505	10,081	14.93	57,424	85.07	69,186	8,886	12.85	60,300	87.15
Female	20,657	5,156	24.96	15,501	75.04	20,757	2,997	14.44	17,760	85.56
Other than Permanent Employees										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)*	% (B/A)	No. (C)	% (C/A		No. (E)	% (E/D)	No. (F)	% (F/D)
Permanent Workers*										
Male										
Female										
Other than Permanent Workers*										
Male										
Female										

*The Company does not have any workers as defined in the guidance note issued by SEBI.

3 a. Details of remuneration/salary

Category	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹)	Number	Median remuneration/ salary/ wages of respective category (₹)
Board of Directors (BoD)#	6	43,13,500	2	41,50,000
Key Managerial Personnel (KMP)	2	3,77,00,000	1	Not Applicable
Employees other than BoD and KMP	67,503	2,20,000	20,656	2,10,000
Workers*	Not Applicable	Not Applicable	Not Applicable	Not Applicable

*The Company does not have any workers as defined in the guidance note issued by SEBI.

3 b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26	FY 2024-25	FY 2023-24
Gross wages paid to females as % of total wages	17.69%	17.65%	17.13%

4 Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. HDBFS has established formal mechanisms to address human rights related concerns. An Internal Committee (IC) committee is constituted in accordance with the applicable provisions of POSH Act to address complaints of sexual harassment at workplace. In addition, a Disciplinary committee is responsible for addressing violations of Human Rights.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HDBFS has established formal mechanisms for redressal of grievances related to human rights.

Employees can report concerns through multiple channels, including the Helpdesk module on the internal Employee Self-Service platform. The company's Whistle Blower policy provides additional mechanism for stakeholders/ employees to report concerns related to integrity, unethical practices and other violations.

Complaints related to sexual harassment at workplace are addressed through an Internal Committee constituted in accordance with the applicable provisions of the POSH Act.

6. **Number of complaints on the following made by employees and workers:**

		Filed during the year	Pending resolution at the end of year	Remarks
Sexual harassment	FY 2025-26	40	14	-
	FY 2024-25	36	14	As of April 04, 2025
	FY 2023-24	39	7	-
Discrimination at Workplace	FY 2025-26	Nil	Nil	-
	FY 2024-25	-	-	-
	FY 2023-24	-	-	-
Child Labour	FY 2025-26	Nil	Nil	-
	FY 2024-25	-	-	-
	FY 2023-24	-	-	-
Forced Labour/ Involuntary Labour	FY 2025-26	Nil	Nil	-
	FY 2024-25	-	-	-
	FY 2023-24	-	-	-
Wages	FY 2025-26	Nil	Nil	-
	FY 2024-25	-	-	-
	FY 2023-24	-	-	-
Other Human Rights Related Issues	FY 2025-26	Nil	Nil	-
	FY 2024-25	-	-	-
	FY 2023-24	-	-	-

7 Complaints filed under the sexual harassment of women at workplace (Prevention, Prohibition and redressal) Act 2013 in the following format.

	FY 2025-26	FY 2024-25
	Filed during the year	Filed during the year
Total complaints reported under sexual harassment of women at workplace (POSH)	40	36
Complaints on POSH as a % of female employees/workers*	0.19	0.17
Complaints on POSH upheld	14	11

*The Company does not have any workers as defined in the guidance note issued by SEBI.

8 Mechanism to prevent adverse consequences to the complainant in discrimination and harassment cases.

The concerns on discrimination and harassment are dealt with the highest level of confidentiality. The Company conducts trainings and sensitises the employees to raise awareness on what constitutes sexual harassment and how it can be reported. All complaints are handled discreetly, with the Internal (POSH IC) Committee ensuring a fair and thorough investigation of cases of sexual harassment of women at the workplace while maintaining strict confidentiality. Further, the Whistle Blower policy reinforces commitment to confidentiality by safeguarding the complainant's identity and protecting them from any adverse consequences.

9 Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the HDBFS Code of Conduct requires all employees to treat fellow employees with Dignity and Respect.

10. Assessments for the year

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties
Child Labour	100%*
Forced Labour/ Involuntary Labour	
Sexual Harassment	
Discrimination at workplace	
Wages	

*The Company maintains 100% compliance across all offices through zero-tolerance toward child labour, forced labour, discrimination and sexual harassment, strictly adhering to all Indian labour laws and statutory wage regulations. To ensure the integrity of these standards, we mandate the verification of Aadhar cards for every candidate prior to hiring to rigorously validate age and identity.

11 Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

There have been no concerns in the above areas during the year of review and hence no corrective actions were required.

Leadership Indicators

1 Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

No grievances /complaints necessitated modification/introduction of business process. HDBFS has a Grievance redressal platform on Human Resource Management System for effective resolution of grievances raised. The Company has prioritised POSH (Prevention of Sexual Harassment) training. It has made POSH awareness a mandatory component of all employee training programmes to prevent recurrence of such incidents. All employees undergo training on Code of Conduct of the company. Ensuring the safety and well-being of all staff members remains a top priority for the Company.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

HDBFS has a robust mechanism to track human rights related queries and grievances raised by the employees. All complaints raised are tracked and considered for timely resolution on Employee Grievance platform available on Human Resource Management System.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

HDBFS aims to ensure that its physical infrastructure adheres to the accessibility standards as prescribed by the Act. HDBFS also aims to revamp its existing buildings as and when required, to ensure compliance with the Act. Access to the building is facilitated through executive elevators and in large offices, the Company has installed ramp facility wherever feasible.

4. Details on assessment of value chain partners:

Particulars	% of your plants and offices that were assessed (by entity or statutory authorities or third parties
Sexual Harassment	None
Discrimination at Workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Other Human Rights Related Issues	

5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.

Not Applicable

6 PRINCIPLE

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1 Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	Units	FY 2025-26	FY 2024-25
Total electricity consumption (A)	-	-	-
Energy fuel consumption (B)	-	-	-
Energy consumption through other sources (C)	-	-	-
Total energy consumed from renewable sources (A+B+C)	**-**		**-**
Total electricity consumption (D)	GJ	1,15,662.37	1,06,023.22
Total fuel consumption (E)	GJ	7,223.33	7,389.76
Energy consumption through other sources (F)	-	-	-
Total energy consumed from non – renewable sources (D+E+F)	**GJ**	**1,22,885.71**	**1,13,412.97**
Total energy consumed (A+B+C+D+E+F)	**GJ**	**1,22,885.71**	**1,13,412.97**
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations)	**GJ /Revenue (₹ in Crore)**	**6.67**	**6.96**
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted For PPP)	**GJ /Revenue (US$ in Crore)**	135.62	141.52
Energy intensity in terms of physical output	-	Not Applicable	Not Applicable
Energy intensity (optional)*	GJ/FTE	1.39	1.26

*FTE considers permanent employees

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for FY 2025-26 by International Monetary Fund for India which is 20.34.

Note: if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes, an independent reasonable assurance has been carried out by SGS India Private Limited for the indicators in the table above.

2 Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3 Provide details of the following disclosures related to water:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kilolitres)*		
(i) Surface water	Nil	Nil
(ii) Groundwater	Nil	Nil
(iii) Third party water	2,74,687.64	2,80,242.18
(iv) Seawater/desalinated water	Nil	Nil
(v) Others	Nil	Nil
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	2,74,687.64	2,80,242.18
Total volume of water consumption (in kilolitres)	54,937.53	56,048.44
Water intensity per rupee of turnover (Total water consumption/ Revenue from operations) (Kilolitre per Crore)	2.98	3.43
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Water Consumption/Revenue from Operations adjusted for PPP) (kilolitre per PPP adjusted US$ in Crore)	60.63	69.94
Water intensity in terms of physical output	Not Applicable	Not Applicable
Water intensity (optional) – (kilolitre Per Full time Employee)	0.62	0.62

* The water consumption at our offices is primarily only for commercial office usage and HDBFS does not have any industrial processes requiring significant water withdrawal.

Note: Water withdrawn is estimated based on the document by the Central Ground Water Authority (CGWA), which specifies that an office employee consumes 45 litres per day per head. This amount is recorded as water withdrawn from third party source.

Water discharged is considered as 80% of the water withdrawn from source based on Central Pollution Control Board (CPCB) database report dated December 24, 2009. Therefore, it is assumed that of the total water withdrawal, only 20% is consumed.

FTE considers permanent employees

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for FY2025-26 by International Monetary Fund for India which is 20.34.

4 Provide the following details related for water discharge:

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kilolitres)*		
(i) To surface water	Nil	Nil
No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(ii) To groundwater	Nil	Nil
No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(iii) To seawater	Nil	Nil
No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third-parties	Nil	Nil
No treatment	2,19,750.11	2,24,193.74
With treatment – please specify level of treatment	Nil	Nil
(v) Others	Nil	Nil
No treatment	Nil	Nil
With treatment – please specify level of treatment	Nil	Nil
Total water discharged (in kilolitres)	**2,19,750.11**	**2,24,193.74**

* The water consumption at our offices is primarily only for commercial office usage. The domestic sewage water generated is discharged through municipal sewage connections.

Note: Water discharged is considered as 80% of the water withdrawn from source based on CPCB database report dated December 24, 2009 and reported as water sent to third parties.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, an independent reasonable assurance has been carried out by SGS India Private Limited for the FY 2025-26 indicators in the table above.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The Company does not produce any industrial wastewater. All its facilities are either connected to municipal wastewater collection networks or rely on wastewater treatment systems managed by the respective facility owners. Consequently, any wastewater generated from the Company's operations is discharged into these third-party systems, where it is treated in accordance with the applicable standards and processes established by the municipal authorities or facility owners.

6 Please provide details of air emissions (other than GHG emissions) by the entity

Parameter	Unit	FY 2025-26	FY 2024-25
NOx	Metric Tonnes	8.90	9.18
SOx	Metric Tonnes	0.59	0.60
Particulate matter (PM)	Metric Tonnes	0.63	0.64
Persistent organic pollutants (POP)	Metric Tonnes	-	
Volatile organic compounds (VOC)	Metric Tonnes	-	
Hazardous air pollutants (HAP)	Metric Tonnes	-	
Others-please specify	Metric Tonnes	-	

Note: The Company's business operations do not result in significant air emissions. However, we have undertaken the estimation and disclosure of air emissions as part of reporting and compliance requirements. The NOx, SOx, PM emissions provided above are attributed to diesel consumption in DG sets within our operational boundary. These emissions have been calculated using site specific data and emission factors published by USEPA.

7 Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Units	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	498.42	502.19
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	22,811.19	21,410.80
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO_2e /Revenue (₹ in Crore)	1.26	1.34
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions/Revenue from operations adjusted for PPP)	Metric tonnes of CO_2e /Revenue (US$ in Crore)	25.73	27.34
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	Not Applicable	Not Applicable
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity*	Metric tonnes of CO_2 equivalent per FTE	0.26	0.24

*FTE considers permanent employees

Scope 1 emissions include emissions from company-owned vehicles and company-owned diesel gensets

Scope 2 emissions include emissions from electricity consumption

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for FY 2025-26 by International Monetary Fund for India which is 20.34.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –

Yes, an independent reasonable assurance has been carried out by SGS India Private Limited for the indicators in the table above.

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

- We have replaced DG sets with Inverters at select locations. This helps to eliminate use of diesel fuel and reduce carbon emissions.
- We use R-32/R-410 refrigerant gases in all air conditioners that are less harmful for the environment.
- We have installed light sensors on pilot basis at few large premises to ensure optimum use of electricity in our operations.
- All our offices are installed with LED lights that use less electricity for illumination
- We have achieved IGBC Gold certification for our Head Office, marking a key milestone in our decarbonisation journey.

9. Provide details related to waste management by the entity

Parameter	FY 2025-26	FY 2024- 25
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	Not Applicable	Not Applicable
E-waste **(B)**	13.26	8.23
Bio-medical waste **(C)**	Not Applicable	Not Applicable
Construction and demolition waste **(D)**	Not Applicable	Not Applicable
Battery waste **(E)**	24.93	46.93
Radioactive waste **(F)**	Not Applicable	Not Applicable
Other Hazardous waste. Please specify, if any. **(G)**	Not Applicable	Not Applicable
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	Not Applicable	Not Applicable
Total (A+B+C+D+E+F+G+H)	**38.19**	**55.16**
Waste intensity per rupee of turnover (Total waste generated /Revenue from operations) (Metric tonnes/Revenue (₹ in Crore))	0.0021	0.0034
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP) (Metric tonnes/Revenue (US$ in Crore))	0.0422	0.0688
Waste intensity in terms of physical output	-	-
Waste intensity *(optional)* – the relevant metric may be selected by the entity* (kg/FTE)	0.433	0.613
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	Not Applicable	Not Applicable
(ii) Re-used	Not Applicable	Not Applicable
(iii) Other recovery operations	24.93	46.93
Total	**24.93**	**46.93**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	Not Applicable	Not Applicable
(ii) Landfilling	Not Applicable	Not Applicable
(iii) Other disposal operations#	13.26	8.23
Total	**13.26**	**8.23**

*FTE considers permanent employees

#E-waste is disposed through CPCB authorised recyclers

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for FY 2025-26 by International Monetary Fund for India which is 20.34.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency -

Yes, an independent reasonable assurance has been carried out by SGS India Private Limited for the indicators in the table above.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company does not use any hazardous or toxic chemicals in its operations. The key category of waste is the e-waste generated through used IT assets. The Company has empanelled a CPCB authorised vendor to collect and safely dispose all e-waste in an environmentally responsible manner.

11 If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required.

Sr. no.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Name and brief details of project.	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Not Applicable					

13 Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.

S. No	Specify the law/ regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
The company complies with all the applicable laws. There are no instances of any non-compliance with respect to above regulations.				

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres)**

   Given the nature of our business this is not relevant. All branches of the company are located in commercial/residential areas.

2. **Please provide details of total Scope 3 emissions and its intensity.**

Parameter*	Unit	FY 2025-26	FY 2024- 25
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	15,549.59	3,901.68
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO_2e /Revenue (₹ in Crore)	0.84	0.24
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity (Total Scope 3 emission/Full Time Employee)	Metric tonnes of CO_2 equivalent/FTE	0.18	0.04

Note: For FY 2024-25, we calculated category 3: Fuel & Energy related activities not included in Scope 2, category 5: Waste generated in operations. For FY 2025-26, we have calculated category 6: Business travel in addition category 3 & 5 and hence the total scope 3 emissions have increased in current reporting year. We aim to further expand the coverage of Scope 3 emissions in the next reporting year.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency –

Yes, an independent reasonable assurance has been carried out by SGS India Private Limited for the indicators in the table above.

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**

   Given the nature of our business, we do not have any direct impact on biodiversity. All our branches are located in residential/ commercial areas.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives:**

   In FY 2025-26, the Company undertook energy efficiency measures for replacing conventional lighting with LED fixtures and upgrading 3 Star to 5 Star air conditioners, resulting in measurable reduction in grid electricity consumption. The Company has also replaced DG sets with invertors at few locations as a part of its efforts towards decarbonisation and resource efficiency. We have achieved IGBC Gold certification for our Head Office, marking a key milestone in our decarbonisation journey.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes, HDBFS is an ISO 22301:2019 certified organisation. The Company has a Business Continuity Policy and an IT Business Continuity & Disaster Recovery Policy that outline the procedures and strategies to ensure business continuity and recovery from major incidents or disasters with minimal disruption. The business continuity and disaster recovery activities include regular testing of business continuity plans in collaboration with relevant departments and functions. Effective planning and continuous testing enable us to maintain core business operations at an acceptable level even in the event of a crisis scenario. Our business continuity programme is well designed to align with regulatory guidelines and is subject to comprehensive reviews and audits. Both policies are published on the Company's intranet.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   No significant impacts have been identified from value chain partners. The company expects all its value chain partners to adhere to the relevant environmental laws applicable to them.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   We have not assessed value chain partners for environmental impacts in the reporting year. However, we encourage our value chain partners to conduct their business operations by implementing environment friendly practices.

8. **How many Green Credits have been generated or procured:**

   i. **By the listed entity:** None

   ii. **By the top ten (in terms of value of purchases and sales respectively) value chain partners:** Not assessed.

7 PRINCIPLE

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/associations.**

   Number of affiliations – 2

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to:**

Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (state/national)
1. Confederation of Indian Industry (CII)	National
2. Finance Industry Development Council (FIDC)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
There have been no cases of anti-competitive conduct by the company.		

Leadership Indicators

1 **Details of public policy positions advocated by the entity:**

	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (annually/half yearly/quarterly/others – please specify)	Web link, if available
HDBFS has not engaged in policy advocacy. The Company, however, does participate in external meetings pertaining to the industry forums and may provide feedback/ recommendations on emerging regulations and other relevant issues					

8 PRINCIPLE

Businesses should promote inclusive growth and equitable development

Essential Indicators

1 Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project*	SIA Notification No.	Date of notify Cation	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
Not Applicable					

As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Given the nature of our business, this is not Applicable.

2 Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Sl. no	Name of project for which R&R is ongoing	Corrective action taken	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In `)
Not Applicable							

3. Describe the mechanisms to receive and redress grievances of the community

The Company has various mechanisms to receive and redress grievances of various stakeholders. Regarding CSR-related matters, the local community or associated stakeholders can share their queries, complaints or grievances tocsr@hdbfs.com. A team of designated officials shall examine the matter to suitably readdress the grievances received. The email ID is displayed on Company's website - https://www.hdbfs.com/corporate-social-responsibility

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Particulars	FY 2025-26	FY 2024-25
Directly sourced from MSMEs/ small producers	26.75%	13%
Directly from within India	100%	100%

An independent reasonable assurance has been carried out by SGS India Private Limited on the FY 2025-26 indicators in the table above.

5 Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

Location	FY 2025-26	FY 2024-25
Rural	0.04%	0.04%
Semi-urban	0.79%	0.76%
Urban	24.50%	24.38%
Metropolitan	74.67%	74.82%

(Place to be categorised as per RBI Classification System - rural/semi-urban/urban/metropolitan)

An independent reasonable assurance has been carried out by SGS India Private Limited on the FY 2025-26 indicators in the table above.

Leadership Indicators

1 Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies

State	Aspirational district	Amount spent (in ₹)
Gujarat	Dahod	0.34
Madhya Pradesh	Chattarpur	1.69
Chhattisgarh	Korba	0.85
Jharkhand	Ranchi	0.48
	Bokaro	1.03
	Hazaribagh	0.52
	Dumka	1.87
Maharashtra	Nandurbar	0.93
Rajasthan	Sirohi	0.77
Uttar Pradesh	Bahraich	0.01
Karnataka	Raichur	0.01
Tamil Nadu	Ramanathapuram	2.20
	Virudhunagar	0.21
Bihar	Gaya	0.06
	Muzzafarpur	0.04
	Purnia	0.03
Odisha	Kandhamal	0.01
	Dhenkanal	0.03

3.(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No) –

While we do not have preferential policy, our procurement process is designed to be inclusive and transparent to all. We evaluate suppliers based on merit and value, ensuring that businesses from all backgrounds—including those from marginalised or underrepresented groups—have an equal opportunity to compete for our contracts.

(b) From which marginalised /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge

Sl. no	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes/No)	Basis of calculating benefit share
Not Applicable				

5 Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
NA		

6. Details of beneficiaries of CSR Projects

CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups*
1. Healthcare	1,48,708	93%
2. Livelihood	7,125	94%
3. Environment	11,314	41%
4. Education	15,120	49%
5. Rural Development	5,648	96%

9 PRINCIPLE

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1 Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has well-established mechanisms to receive and respond to consumer complaints and feedback. Customers may contact the Branch/Call Centre/Customer Service Team/Mobile App/Digital Platform. The complaints and feedback are recorded in the CRM module and response is provided to the customers within the prescribed timelines. The Company realises that quick and effective handling of complaints as well as prompt corrective & preventive actions to improve processes, are essential to provide excellent service to all segments of customers. All complaints are dealt promptly to ensure the customers receive the best of services that the Company offers. The details of the Customer Service and Customer Support can be found here: https://www.hdbfs.com/customer-services/customer-support.

2 Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Particulars	As a percentage to total turnover
Environmental and social parameters relevant to the product	Our lending operations are built on a foundation of transparency and integrity. We ensure all product disclosures are comprehensive, empowering our clients to make well-informed financial decisions without any hidden terms
Safe and responsible usage	
Recycling and/or safe disposal	

3 Number of consumer complaints in respect of the following:

	FY 2025-26			FY 2024-25		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	89	5	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive trade practices	-	-	-	-	-	-
Unfair trade practices	-	-	-	-	-	-
Other*	24,316	792	-	17,487	247	-

* Other include ccustomers complaints. Three major types of complaints are: 1) Payment follow up 2) IVR Communication related 3) Closure Related

4. **Details of instances of product recalls on account of safety issues**

	Number	Reasons for recall
Voluntary recalls	We are a well-diversified NBFC providing financial services. We do not manufacture any products that needs to be recalled voluntarily	
Forced recalls		

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes. HDBFS has achieved ISO/IEC 27001:2022 certification for our Information Security Management System (ISMS). This global standard validates that we have established, implemented, maintained and continually improved a robust system for managing the security of our sensitive information assets. We have policies on information security and cyber security approved by the Board. We have established policies related to structured approach/ mechanism for identifying, responding and resolving incidents in an organisation and to minimise the adverse impact of disruptions, ensuring a swift recovery thereby enhancing overall resilience for business operations/information technology and security posture. These policies safeguard all information assets, including intellectual property and information systems, from loss, unauthorised use, improper alteration and damage.

   The Company continuously improves its processes and controls to mitigate cyber threats, employing a Cyber Resilience Framework with a cutting-edge Security Operations Centre. ("TRINETRA" - IT Command Centre). This centralised hub is designed to act as our nerve centre for ensuring vigilance, resilience and operational excellence thereby strengthening our organisation's technology operations and cyber security posture. We also undergo external audit every year to independently assess the cybersecurity practices.

   All employees receive annual cybersecurity training and periodic simulation exercises to stay informed about evolving cybersecurity trends. This proactive approach along with the presence of a Board-level Information Technology Strategy Committee, ensures that the Company has put in place processes for assessing and managing IT and cybersecurity risks, which enables the Company to continually strengthen its cybersecurity resilience.

   The Privacy Policy of the Company ensures that the data is handled responsibly and with due consideration for security and privacy. The Privacy Policy is hosted on the website of the Company and can be found here: https://www.hdbfs.com/policies

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   There were no incidents or issues related to advertising, cyber security, re-occurrence of instances of product recalls; penalty/ action taken by regulatory authorities on safety of products/ services. We have implemented robust processes to address the issues related to the delivery of essential services by investing in comprehensive training courses for the frontline sales team and distribution partners. The monthly reviews of major customer complaints and in-depth root cause analysis of customer complaints are some of the corrective steps taken to avoid any re-occurrence of similar instances.

7. **Information relating to data breaches:**

   a. **Number of instances of data breaches-** There were no instances of data breaches in the reporting year.

   b. **Percentage of data breaches involving personally identifiable information of customer**- NIL

   c. Impact, if any, of the data breaches- Not Applicable.

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available)**

   Information about HDBFS products and services is available on the website. The website has separate weblinks for products and services providing the key features and key benefits. The details of the products can be found here: https://www.hdbfs.com/products

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   All the customers are provided with adequate information about the products or services available for them. Key terms and conditions are provided transparently in the loan agreements. Additionally, we continuously create awareness on responsible borrowing practices among the customers through newsletters, blogs, social media. HDBFS also conducts customer service week across all branches to create awareness amongst walk-in customers on HDBFS products and services. The details can be found here: https://www.hdbfs.com/customer-services/customer-awareness-week.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   HDBFS is ISO 22301:2019 Business Continuity Management certified organisation. This ensures the reliability and seamless continuity of operations. It is designed to align with regulatory guidelines and undergoes thorough reviews and audits.

   We have three centralised processing units (CPU) in Chennai, Noida and Hyderabad which ensures business continuity of essential services to customers. We have implemented the Business Continuity Policy (BCP) wherein critical processes and other enablers have been identified and appropriate recovery plans have been put in place for such critical processes to ensure timely recovery of the Company's critical operations and services in the event of a crisis.

   BCP Framework ensures continuity of critical processes to extend essential services to the customers. We have carried out tests for critical operations and found critical processes are in place in order to address any eventuality which affects customers' essential services. Any material business disruption impacting customer service is duly informed to the customers through appropriate channels like calls/SMS/website/Mobile App, E-mails.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, we conduct a regular Customer Satisfaction Survey (CSAT) to measure customer satisfaction. CSAT Survey collects feedback via SMS from the customers on every loan disbursed, enabling the Company to analyse the customer feedback and identify improvement areas. The CSAT Survey contributes significantly to measuring the customer satisfaction levels and making strategic decisions about innovations and improvements. Monthly Dashboard on CSAT Survey scores is published with all Business Heads and Senior Management Team for further review on improvement areas and initiatives.

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INDEPENDENT ASSURANCE STATEMENT

Independent Assurance Statement to HDB Financial Services Limited on its BRSR Report for FY 2024-2025 and FY 2025-26.

The Board of Directors,

HDB Financial Services Limited,
HDB House, Tukaram Sandam Marg, A - Subhash Rd,
Navpada, Vile Parle East, Mumbai, Maharashtra,400057.

Nature of the Assurance

SGS India Private Limited (hereinafter referred to as 'SGS India') was engaged by HDB Financial Services Limited (the 'Company' or 'HDBFS') to conduct an independent assurance of the Company's Business Responsibility and Sustainability Reporting (BRSR) (the 'Report') for the reporting period of April 1, 2024, to March 31, 2025 and April 1, 2025, to March 31, 2026. SGS India has conducted a Reasonable level of Assurance for the BRSR core indicators and a Limited level of assurance for the remaining BRSR parameters, including essential and leadership indicators and all disclosures made thereunder. This assurance engagement was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and ISAE 3410.

Reporting Framework

The Report has been prepared following

1. Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities (Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026), dated 30 January 2026 circular (BRSR Core Framework for Assurance).
2. Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard

Intended Users of this Assurance Statement

This Assurance Statement is provided with the intention of informing all HDB Financial Services Limited internal and external Stakeholders.

Responsibilities

The information in the report and its presentation is the responsibility of the Company's management. SGS India has not been involved in the preparation of any of the material included in the report.

Our responsibility is to express an opinion on the text, data, and statements within the defined scope of assurance, aiming to inform the management of the Company, and in alignment with the agreed terms of reference. We do not accept or assume any responsibility beyond this specific scope. The Statement shall not be used for interpreting the overall performance of the Company, except for the aspects explicitly mentioned within the scope.

Assurance Standard

SGS has conducted a Reasonable level of Assurance for BRSR core parameters under 9 ESG Attributes, and a Limited level of assurance for the remaining BRSR parameters, including all essential indicators as specified under BRSR standards and amendments made as of the date. This engagement was performed in accordance with the International Standard on Assurance Engagement (ISAE) 3000 (revised) and ISAE 3410 (Assurance Engagements other than Audits or Reviews of Historical Financial

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Information).

Our evidence-gathering procedures were designed to obtain a 'Reasonable' level of assurance, which is a high level of assurance in accordance with ISAE 3000(revised) standard, but is not absolute certainty. It involves obtaining sufficient appropriate evidence to support the conclusion that the information presented in the report is fairly stated and is free from material misstatements.

Statement of Independence and Competence

The SGS Group of companies is the world leader in inspection, testing, and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social, and ethical auditing and training; and environmental, social, and sustainability report assurance. SGS India affirms our independence from HDB Financial Services Limited, being free from bias and conflicts of interest with the organization, its subsidiaries, and stakeholders.

The assurance team was assembled based on their knowledge, experience, and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification, and GHG Validation Lead Auditors, and experience on the SRA Assurance.

Scope of Assurance

The assurance process involved assessing the quality, accuracy, and reliability of BRSR Core and Non-Core Indicators, including all KPI's within the report for the period of April 1, 2024, to March 31, 2025 and April 1, 2025, to March 31, 2026. The reporting scope and boundaries include HDB Financial Services Limited, offices spread across India.

Assurance Methodology

The assurance comprised a combination of desktop review, interaction with the key personnel engaged in the process of developing the report, on-site visits, and remote verification of data. Specifically, SGS India undertook the following activities:

- Assessment of the suitability of the applicable criteria in terms of their comprehensiveness, reliability, and accuracy.
- Interaction with key personnel responsible for collecting, consolidating, and calculating the BRSR core and non-core indicators, and assessing the internal control mechanisms in place to ensure data quality.
- Application of analytical procedures and verification of documents on a sample basis for the compilation and reporting of the KPIs.
- Assessing the aggregation process of data at the Head Office level.
- Critical review of the report regarding the plausibility and consistency of qualitative and quantitative information related to the KPIs.

Limitations

SGS India did not come across any limitation to the agreed scope of the assurance engagement. SGS India verified data on a sample basis; the responsibility for the authenticity of the data entirely lies with the Company. The assurance scope excluded forward-looking statements, product- or service-related information, external information sources, and expert opinions. SGS India has not been involved in the evaluation or assessment of any financial data/performance of the company. Our opinion on financial indicators is based on the third-party financial reports audited by the Company. SGS India does not take any responsibility for the financial data reported in the audited financial reports of the Company.

The assurance scope excludes:

- Disclosures other than those mentioned in the assurance scope.
- Data reviews outside the operational sites as mentioned in the reporting boundary.
- Validation of any data and information other than those presented in "Findings and Conclusions."
- The assurance engagement considers an uncertainty of ±5% based on the materiality threshold for Assumption/ estimation/measurement errors and omissions.
- The Company's statements that describe the expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company, and assertions related to Intellectual Property Rights and other competitive issues.

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- Mapping of the Report with reporting frameworks other than those mentioned in the Reporting Criteria above.

Findings and Conclusions

BRSR Core Indicators:

Based on the procedures we have performed and the evidence we have obtained, we are satisfied that the information presented by the Company in its report, on the Core Indicators (Annexure A), is complete, accurate, reliable, has been fairly stated in all material respects, and is prepared in line with the BRSR requirements.

BRSR Non-Core Indicators:

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the data reported (Annexure B) in the BRSR report are not prepared, in all material respects, in accordance with the reporting criteria.

For and on behalf of SGS India Private Limited

Kalpesh Thombare Technical Reviewer National Manager – ESG & Sustainability Services, SGS India. 14th May 2026.	**Chirag Bafna** Lead Verifier Senior Technical Associate – ESG & Sustainability Services, SGS India Team Member – Dhwani Jain. (Technical Associate) 14th May 2026.

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Annexure A

The BRSR Core indicators that were subject to verification under this assurance engagement are detailed below:

Sr.No.	BRSR Core Attribute	BRSR Core Indicator
1	Greenhouse gas (GHG) footprint	≈ Total scope 1 emissions ≈ Total scope 2 emissions ≈ GHG emission intensity (scope 1 +2)
2	Water footprint	≈ Total water consumption ≈ Water consumption intensity ≈ Water discharge by destination and levels of treatment
3	Energy footprint	≈ Total energy consumed ≈ % of energy consumed from renewable sources ≈ Energy intensity
4	Embracing circularity	≈ Plastic waste ≈ E-waste ≈ Bio medical waste ≈ Construction and demolition waste ≈ Battery waste ≈ Radioactive waste ≈ Other hazardous waste ≈ Other non-hazardous waste ≈ Total waste generated ≈ Waste intensity ≈ Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations. ≈ For each category of waste generated, the total waste disposed of by the nature of the disposal method
5	Employee well-being and safety	≈ Spending on measures towards the well-being of employees as a % of the total revenue of the Company ≈ Details of safety-related incidents for employees
6	Enabling gender diversity in business	≈ Gross wages paid to females as % of wages paid. ≈ Complaints on POSH
7	Enabling inclusive development	≈ Input material sourced from MSMES/ small producers as % of total purchases. ≈ Job creation in smaller towns: Wages paid to people employed in smaller towns as % of total wage cost
8	Fairness in engaging with customers and suppliers	≈ Instances involving loss/breach of data of customers as a percentage of total data breaches or cybersecurity events. ≈ Number of days of accounts payable
9	Openness of business	≈ Concentration of purchases & sales done with trading houses, dealers, and related parties ≈ Loans and advances & investments with related parties

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Annexure B

The BRSR (Core and Non-Core) indicators that were subject to verification under this assurance engagement are detailed below:

Section C	Limited Assurance - Essential and Leadership (Non-Core) Indicators	Reasonable Assurance - Core Indicators
Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and Accountable.	1,2,3,4,5,6,7	8,9
Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.	1,2,3,4,5	-
Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.	1,2,3,4,5,6,7,8,9,10,12,13,14,15	1(C),11
Principle 4: Businesses should respect the interests of and be responsive to all their stakeholders.	1,2,3	-
Principle 5: Businesses should respect and promote human rights.	1,2,3,4,5,6,8,9,10,11	3 (b),7
Principle 6: Businesses should respect and make efforts to protect and restore the environment.	1,2,3,4,5,6,8,10,11,12,13	1,3,4,7,9
Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	1,2	-
Principle 8: Businesses should promote inclusive growth and equitable development.	1,2,3,4,5,6	4,5
Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner	1,2,3,4,5,6	7

INDEPENDENT AUDITOR'S REPORT

TO

THE MEMBERS OF

HDB FINANCIAL SERVICES LIMITED

Report on the Audit of the Ind-AS Financial Statements

OPINION

We have audited the accompanying Ind-AS financial statements of **HDB FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and the Notes to the Ind-AS financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "Ind-AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS financial statements give the information required by the Companies Act, 2013, (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (India Accounting Standard) Rules, 2015, as amended, (Ind-AS), the relevant circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time ("RBI Guidelines") and with other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, the profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Ind-AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Ind-AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind-AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind-AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in our audit
Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109.	
Refer to the accounting policies in 'Note 3(B) to the Ind AS Financial Statements: Expected Credit Loss',	
Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.	Our audit procedures were focused on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: • Reviewed the Board approved ECL Policy and ECL approach note and assessed the Company's accounting policy in respect of the ECL provisioning for compliance with Ind AS 109 Financial Instruments.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How the matter was addressed in our audit
• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward - looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty and have assessed the risk of a material misstatement arising from the same as significant for the audit, hence the Key Audit Matter.	• With the assistance of auditors' external experts, we have verified the appropriateness of the methodology and models used by the Company and assessed reasonableness of the assumptions used within the computation process to determine the impairment loss allowance. • Tested controls placed over and reviewed the key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and reasonableness of economic forecasts, weights and model assumptions applied. • Performed the following substantive procedures on sample of loan assets: - Tested appropriateness of staging of borrowers based on DPD and other loss indicators. - Evaluated the methodology used to determine management overlays and adjustments to the output of the ECL model - Verified the mathematical accuracy of the ECL computation by using the same input data as used by the Company. - Verified the adequacy of the disclosures made in the financial statements. Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent management's expert, whose report is placed before the Audit committee of the Company.
Information Technology system used for the financial reporting process	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on information technology considering the significant number of transactions that are processed daily across multiple and distinct Information Technology ('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems as well as several other systemic workflows.	During the course of audit, we deployed our internal experts to carry out the review of IT general controls. Our key audit processes were as under: • Review of the IT applications and IT infrastructure of the Company in order to identify the IT applications and the infrastructure which has a significant impact on the financial reporting process, as "Key IT systems / applications" • Obtaining an understanding of Company's Key IT applications, databases and operating systems.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Key Audit Matter	How the matter was addressed in our audit
These includes implementation of preventive and detective controls across critical applications and infrastructure. IT general and application controls are critical to ensure that IT systems are able to process the data, completely, accurately and consistently for reliable financial reporting, changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. Due to the pervasive nature of role of information technology systems in financial reporting, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.	• Testing design and operating effectiveness of IT controls such as IT governance and policy framework, access controls, change management controls, program development & system implementation, IT operations & backup controls, data integrity and protection controls, business continuity and disaster recovery, incident management, batch processing & monitoring etc. • Testing the accuracy of the information produced by the Company's key IT systems / applications. • Testing compensating controls and performing alternate procedures, whenever necessary. • Testing compliance with the requirements relating to 'Audit Trail' under 'the Companies Act, 2013'. We employed various techniques such as inquiry, review of documentation / record / reports, observation and re-performance for the purpose of review of Information Technology Controls relevant to our audit.

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

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

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

In connection with our audit of the Ind-AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind-AS Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the other information, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE IND-AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind-AS financial statements that give a true and fair view of the financial position, financial performance including 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 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 Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

In preparing the Ind-AS financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind-AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

   e) On the basis of the written representations received from the Directors of the Company as on March 31, 2026, taken on record by the Board of Directors, none of the Directors of the Company is disqualified as on March 31, 2026, from being appointed as a Director in terms of Section 164 (2) of the Act.

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

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its Ind-AS financial statements – Refer Note 40.1 and 40.2 to the Ind-AS financial statements.

      ii) The Company has made provision, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 40.3 to the Ind-AS financial statements.

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

      iv) The Management has represented that:

         a) to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entity(ies) ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         b) to the best of their knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         Based on such audit procedures performed by us that have been

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

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

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

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

vi) Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

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

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

Saurabh Peshwe
Partner
Membership Number: 121546
UDIN: 26121546VWKHGI2801

Place: Mumbai
Date: April 15, 2026

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 26106548DASOSQ9036

Place: Mumbai
Date: April 15, 2026

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF HDB FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2026

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the financial statements are held in the name of the Company.

d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of clause 3(ii)(a) of the Order is not applicable to it.

b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks which are secured on the basis of security of current assets. The difference between the quarterly returns or statements filed by the Company with such banks or financial institutions and the books of account of the Company is not material.

iii) a) Since the Company's principal business is to give loans, the provision of clause 3(iii)(a) of the Order are not applicable it.

b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

c) & d) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act / Rules, particularly, the prudential regulation under RBI (Non-Banking Financial Companies Income Recognition and Asset Classification and Provisioning Directions, 2025 monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting.

Refer note 58, 59 & 60 to the Ind AS Financial Statements for summarised details of such loans / advances which are not repaid by borrowers as per stipulations as also details of reasonable steps taken by the Company for recovery thereof.

e) Since the Company's principal business is to give loans, the provision of clause 3(iii)(e) of the order are not applicable to it.

f) The Company has not granted any loans or advances in the nature of loans to Promoters / Related Parties (as defined in section 2(76) of the Act which are either repayable on demand or without specifying any terms or period of repayment.

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF HDB FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (CONTD.)

iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of the provisions of sections 185 and 186(1) of the Act, the other provision of the section 186 of the Act are not applicable to the Company.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi) The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under paragraph 3(vi) of the Order is not applicable to the Company.

vii) a) In our opinion and according to the information and explanations given to us, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2026 for a period of more than six months from the date they became payable.

b) We confirm that there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, which have not been deposited to / with the appropriate authority on account of any dispute except as provided below:

(Amount Rs. in crores)

Sr	Name of the Statue	Nature of Dues	Amount under dispute	Amount paid under dispute	Net Dues	Period	Forum where dispute is pending
1	Goods & Ser-vices Tax Act 2017	Goods and Service Tax	12.62	4.43	8.19	2017-18 to 2022-23	Additional / Joint Commissioner (Appeals), GST

(Note: The above balances do not include amounts of Interest and Penalty)

viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix) a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained.

d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e) & f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions of the clauses (ix)(e) & (f) of the Order are not applicable to the Company.

x) a) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer or further public offer (including

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF HDB FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (CONTD.)

debt instrument) during the year have been applied for the purpose for they were raised and there were no delays or default regarding application.

b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year, other than 8 instances of fraud with an aggregate amount of Rs.4.56 Crores, noticed and reported by the management in terms of the regulatory provisions applicable to the Company

b) During the year, Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 under sub-section (12) of section 143 of the Act, for one instance of fraud identified by the Management, has been filed with Central Government within stipulated time.

c) Our review of the whistle blower complaints received during the year by the Company did not reveal any material observations.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

b) We have considered the internal audit reports of the Company issued till date, for the period under audit in accordance with the guidance provided in SA 610 Using the work of Internal Auditors.

xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi) a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India.

d) As per information provided in course of our audit, the Group to which Company belongs, does not have CIC.

xvii) The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.

xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF HDB FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2026 (CONTD.)

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) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of section 135 of the said Act.

According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub-section (5) of the section 135 of the Act pursuant to any ongoing project.

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

Saurabh Peshwe
Partner
Membership Number: 121546
UDIN: 26121546VWKHGI2801

Place: Mumbai
Date: April 15, 2026

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 26106548DASOSQ9036

Place: Mumbai
Date: April 15, 2026

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the financial statements of HDB Financial Services Limited (hereinafter referred to as the 'the Company'), as of March 31, 2026, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that:

i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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

iii) 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.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has in all material respects, adequate internal financial controls with reference to the financial statements and such internal financial controls were operating effectively as at March 31, 2026, based on the internal controls with reference financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

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

Saurabh Peshwe
Partner
Membership Number: 121546
UDIN: 26121546VWKHGI2801

Place: Mumbai
Date: April 15, 2026

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

Roshni R. Marfatia
Partner
Membership Number: 106548
UDIN: 26106548DASOSQ9036

Place: Mumbai
Date: April 15, 2026

BALANCE SHEET

AS AT MARCH 31, 2026

(Currency: Indian Rupees in Crore)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS:			
1 Financial Assets			
(a) Cash and cash equivalents	4	**1,246.12**	950.46
(b) Bank balances other than (a) above	5	**427.49**	33.81
(c) Derivative financial instruments	6	**1,337.37**	108.00
(d) Trade receivables	7	**295.95**	225.17
(e) Loans	8	**1,14,689.55**	1,03,343.04
(f) Investments	9	**3,747.66**	2,060.13
(g) Other financial assets	10	**55.30**	47.65
		1,21,799.44	**1,06,768.26**
2 Non-Financial Assets			
(a) Current tax assets (Net)	11	**-**	76.89
(b) Deferred tax assets (Net)	12	**943.08**	883.25
(c) Property, plant and equipment	13	**230.08**	243.12
(d) Other intangible assets	13	**65.30**	32.30
(e) Right of use Assets	14	**478.11**	459.67
(f) Other non-financial assets	15	**135.47**	199.80
		1,852.04	**1,895.03**
TOTAL ASSETS		**1,23,651.48**	**1,08,663.29**
LIABILITIES AND EQUITY:			
Liabilities			
3 Financial Liabilities			
(a) Derivative financial instruments	6	**5.80**	2.06
(b) Trade payables	16		
(i) Total outstanding dues of micro enterprises and small enterprises		**55.28**	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**124.60**	439.30
(c) Debt securities	17	**32,358.95**	41,373.09
(d) Borrowings (other than debt securities)	18	**59,895.20**	42,077.33
(e) Subordinated liabilities	19	**6,975.90**	6,231.94
(f) Other financial liabilities	20	**2,681.02**	2,008.84
		1,02,096.75	**92,132.56**
4 Non-Financial Liabilities			
(a) Current tax liabilities (net)	21	**92.52**	65.66
(b) Provisions	22	**715.12**	564.51
(c) Other non-financial liabilities	23	**83.04**	80.81
		890.68	**710.98**
5 Equity			
(a) Equity share capital	24	**830.33**	795.78
(b) Other equity	25	**19,833.72**	15,023.97
		20,664.05	**15,819.75**
TOTAL LIABILITIES AND EQUITY		**1,23,651.48**	**1,08,663.29**
Accounting policies and notes to the Financial Statements.	2 - 107		

The notes referred to above form an integral part of the Financial Statements.
As per our report of even date attached

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

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

For and on behalf of the Board of Directors of HDB Financial Services Limited

Saurabh S. Peshwe
Partner
Membership No: 121546

Roshni R. Marfatia
Partner
Membership No: 106548

G. Ramesh
Managing Director & CEO
DIN: 05291597

Jayant Gokhale
Independent Director
DIN: 00190075

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Dipti Khandelwal
Company Secretary
Membership No: F11340

Place: Mumbai
Date: April 15, 2026

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2026

(Currency: Indian Rupees in Crore)

Particulars		Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
1	**Revenue from operations**			
	(a) Interest income	26	**15,788.29**	13,835.79
	(b) Sale of services		**1,223.91**	1,216.66
	(c) Other financial charges		**1,366.26**	1,192.45
	(d) Net gain on fair value changes	27	**52.36**	54.92
	(e) Net gain / (loss) on derecognition of financial instruments under amortised cost category		**(1.15)**	0.46
	Total Revenue from operations		**18,429.67**	**16,300.28**
2	**Expenses**			
	(a) Finance Costs	28	**6,820.15**	6,390.15
	(b) Impairment on financial instruments	29	**2,814.78**	2,113.05
	(c) Employee Benefits Expenses	30	**3,913.61**	3,619.57
	(d) Depreciation, amortisation and impairment	13,34	**209.27**	194.42
	(e) Others expenses	31	**1,285.58**	1,055.29
	Total Expenses		**15,043.39**	**13,372.48**
3	**Profit / (loss) before tax**		**3,386.28**	**2,927.80**
4	**Tax Expense:**	11,12		
	(a) Current tax		**930.10**	739.19
	(b) Deferred tax (credit)		**(60.97)**	72.80
	(c) Income tax for earlier year		**(26.68)**	(60.11)
	Total Tax expense		**842.45**	**751.88**
5	**Profit for the year**		**2,543.83**	**2,175.92**
6	**Other Comprehensive Income**			
	(a) Items that will not be reclassified to profit or loss			
	- Remeasurement loss on defined benefit plan		**(25.11)**	(9.48)
	- Income tax relating to items that will not be reclassified to profit or loss		**6.32**	2.38
	Sub total (a)		**(18.79)**	**(7.10)**
	(b) Items that will be reclassified to profit or loss			
	- Change in fair value of debt instruments measured at fair value through other comprehensive income		**(64.00)**	-
	- Movement in cash flow hedge reserve		**93.63**	(54.50)
	- Income tax relating to items that will be reclassified to profit or loss		**(7.46)**	13.72
	Sub total (b)		**22.17**	**(40.78)**
	Other Comprehensive Income		**3.38**	**(47.88)**
7	**Total Comprehensive Income for the year**		**2,547.21**	**2,128.04**
8	**Earnings per equity share (for continuing operations)**	32		
	Basic (₹)		**30.97**	27.40
	Diluted (₹)		**30.88**	27.32
Accounting policies and notes to the Financial Statements.		2 - 107		

The notes referred to above form an integral part of the Financial Statements.
As per our report of even date attached

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

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of HDB Financial Services Limited

G. Ramesh
Managing Director & CEO
DIN: 05291597

Jayant Gokhale
Independent Director
DIN: 00190075

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Dipti Khandelwal
Company Secretary
Membership No: F11340

Place: Mumbai
Date: April 15, 2026

STATEMENT OF CHANGES IN EQUITY

AS AT MARCH 31, 2026

(Currency: Indian Rupees in Crore)

A EQUITY SHARE CAPITAL

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	**795.78**	793.08
- Changes in Equity Share Capital due to prior period errors	**-**	-
- Restated balance at the beginning of the current year	**-**	-
- Changes in Equity Share Capital during the year	**34.55**	2.70
Balance at the end of the year	**830.33**	**795.78**

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	Fair value changes of debt instruments measured at fair value through other comprehensive income	Cash Flow Hedges Reserve	
Balance as at April 01, 2025	**3,371.40**	**105.35**	**2,612.44**	**9,070.26**	**(88.35)**	**-**	**(47.13)**	**15,023.97**
Profit for the year	-	-	-	2,543.83	-		-	**2,543.83**
Other Comprehensive Income	-	-	-	-	(18.79)	(47.89)	70.06	**3.38**
Total Comprehensive Income for the year	-	-	-	2,543.83	(18.79)	(47.89)	70.06	**2,547.21**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	508.77	(508.77)	-	-	-	**-**
Premium on issue of shares	2,459.04	-	-	-	-	-	-	**2,459.04**
Share based payment	-	48.99	-	-	-	-	-	**48.99**
Transfer on allotment of shares pursuant to ESOP scheme	14.06	(14.06)						**-**
Dividends	-	-	-	(79.58)	-	-	-	**(79.58)**
Interim Dividend	-	-	-	(165.91)	-	-	-	**(165.91)**
Balance as at March 31, 2026	**5,844.50**	**140.29**	**3,121.21**	**10,859.83**	**(107.14)**	**(47.89)**	**22.92**	**19,833.72**

STATEMENT OF CHANGES IN EQUITY
AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)		Total
	Securities Premium Account	Employee stock Options Outstanding Account	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	Retained Earnings- Other than Remeasurement of Post Employment Benefit Obligations	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	Fair value changes of debt instruments measured at fair value through other comprehensive income	Cash Flow Hedges Reserve	
Balance as at April 01, 2024	**3,223.13**	**69.22**	**2,177.26**	**7,567.62**	**(81.25)**	**-**	**(6.35)**	**12,949.63**
Profit for the year	-	-	-	2,175.92	-	-	-	**2,175.92**
Other Comprehensive Income	-	-	-	-	(7.10)	-	(40.78)	**(47.88)**
Total Comprehensive Income for the year	-	-	-	2,175.92	(7.10)	-	(40.78)	**2,128.04**
Transfer to Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	-	-	435.18	(435.18)	-	-	-	**-**
Premium on issue of shares	121.92	-	-	-	-	-	-	**121.92**
Share based payment	-	62.48	-	-	-	-	-	**62.48**
Transfer on allotment of shares pursuant to ESOP scheme	26.35	(26.35)				-	-	**-**
Dividends	-	-	-	(79.31)	-	-	-	**(79.31)**
Interim Dividend	-	-	-	(158.79)	-	-	-	**(158.79)**
Balance as at March 31, 2025	**3,371.40**	**105.35**	**2,612.44**	**9,070.26**	**(88.35)**	**-**	**(47.13)**	**15,023.97**

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.

Accounting policies and notes to the Financial Statements. Note 2 - 107

The notes referred to above form an integral part of the Financial Statements.
As per our report of even date attached

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

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of HDB Financial Services Limited

G. Ramesh
Managing Director & CEO
DIN: 05291597

Jayant Gokhale
Independent Director
DIN: 00190075

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Dipti Khandelwal
Company Secretary
Membership No: F11340

Place: Mumbai
Date: April 15, 2026

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2026

(Currency: Indian Rupees in Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	**3,386.28**	2,927.80
Adjustments for		
Interest Income	**(15,788.29)**	(13,835.79)
Interest Expenses	**6,611.06**	6,263.50
(Profit) / loss on sale of asset	**(0.99)**	(0.20)
Realised net loss / (gain) on FVTPL investments	**(49.21)**	(58.21)
Unrealised net loss / (gain) on FVTPL investments	**(3.15)**	3.29
Discount on commercial paper	**172.76**	99.25
Provision for compensated absence and gratuity	**91.85**	11.54
Employee share based payment expenses	**48.99**	62.48
Depreciation, amortisation and impairment	**209.27**	194.42
Impairment on financial instruments	**2,814.78**	2,113.05
Operating cash flow before working capital changes	**(2,506.65)**	**(2,218.87)**
Adjustments for working capital changes:		
(Increase) / decrease in Loans	**(14,144.37)**	(18,720.91)
(Increase) / decrease in trade receivables	**(78.62)**	(99.52)
(Increase) / decrease in other financial assets and others	**(1,645.76)**	(400.29)
Increase / (decrease) in other financial and non financial liabilities & provisions	**2,268.71**	712.06
Increase / (decrease) in trade payables	**(259.42)**	(56.32)
Cash generated from / (Used in) operations before adjustments for interest received and interest paid	**(16,366.11)**	**(20,783.84)**
Interest Paid	**(6,897.94)**	(5,810.74)
Interest Received	**15,568.87**	13,663.02
Cash generated from / (Used in) operations	**(7,695.18)**	**(12,931.56)**
Direct taxes (paid) / net of refunds	**(910.38)**	(694.77)
Net cash flow generated from / (used in) operating activities (A)	**(8,605.56)**	**(13,626.33)**
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	**(43,730.01)**	(42,427.90)
Sale of investments	**42,098.88**	43,794.86
Purchase of fixed assets	**(143.61)**	(209.79)
Sale of fixed assets	**2.65**	1.85
Net cash generated (used in) / from investing activities (B)	**(1,772.09)**	**1,159.02**
C CASH FLOW FROM FINANCING ACTIVITIES		
Debt securities issued	**19,398.00**	26,223.00
Debt securities repaid	**(28,225.00)**	(21,566.00)
Borrowings other than debt securities issued	**63,145.69**	43,193.59
Borrowings other than debt securities repaid	**(46,523.00)**	(35,223.72)
Subordinated debt issued	**700.00**	857.00
Subordinated debt repaid	**-**	(500.00)
Proceeds from issue of shares and security premium	**2,493.59**	124.62
Repayment of lease liabilities	**(70.48)**	(100.47)
Dividend paid	**(245.49)**	(238.10)
Net cash generated (used in) / from financing activities (C)	**10,673.31**	**12,769.92**

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**295.66**	**302.61**
Add: Cash and cash equivalents as at the beginning of the year	**950.46**	647.85
Cash and cash equivalents as at the end of the year *	**1,246.12**	950.46
*** Components of cash and cash equivalents**		
Cash on hand	**27.74**	35.22
Balances with banks	**1,208.45**	909.61
Demand drafts on hand	**9.93**	5.63
	1,246.12	**950.46**

Note:- There are no conditions or restrictions in using the cash and cash equivalents.

Accounting policies and notes to the Financial Statements. Note 2 - 107

The notes referred to above form an integral part of the Financial Statements.

The above Statement of cash flow has been prepared under the indirect method set out in Ind AS 7 - Statement of Cash Flow.

As per our report of even date attached

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

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of HDB Financial Services Limited

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Managing Director & CEO
DIN: 05291597

Jayant Gokhale
Independent Director
DIN: 00190075

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Dipti Khandelwal
Company Secretary
Membership No: F11340

Place: Mumbai
Date: April 15, 2026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026

(Currency: Indian Rupees in Crore)

1 COMPANY OVERVIEW

HDB Financial Services Limited ('the Company') (Corporate Identity Number CIN L65993GJ2007PLC051028), incorporated in Ahmedabad, India, is a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The company is registered with the Reserve Bank of India (RBI) with registration no. N.01.00477. The Reserve Bank of India, under Scale Based Regulations has categorised the Company as Upper Layer (NBFC-UL), vide it's circular dated January 16, 2025.

The Company provides lending services and business process outsourcing services. The Company also provides services related to the marketing and promotion of various financial products.

The Company's registered office is situated at Radhika, 2nd floor, Law Garden Road, Navrangpura, Ahmedabad - 380009, India, while its corporate office is located in Mumbai, India. The Company is a subsidiary of HDFC Bank Limited.

2 MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance, Basis of Preparation and Presentation of Financial Statements

(A) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. Any directions issued by the RBI or other regulators are implemented as and when they become applicable. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification RBI/DOR/2025-26/359 DOR.ACC.REC. No.278/21.04.018/2025-26 dated November 28, 2025, Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. These standalone financial statements subjected to audit by the Statutory Auditors of the Company have been reviewed by the Audit Committee and approved by the Board of Directors on April 15, 2026.

(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. The financial statements have been prepared on accrual and going concern basis. All amounts disclosed in the financial statements and notes have been rounded off to the nearest INR Crore in compliance with Schedule III of the Act, unless otherwise stated.

(D) Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

(E) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The estimates and judgements that have significant impact on the carrying amount of assets and liabilities at each balance sheet date are discussed in Note 3.

2.2 Financial Instruments

(A) Date of recognition

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(B) Initial measurement

Recognised financial instruments are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

Trade receivables are initially measured at transaction price.

(C) Classification and subsequent measurement

(i) Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held to collect contractual cash flows'); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model for assets 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 the statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain or loss on de-recognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company records loans and investments in government securities (classified as held to maturity) at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

(b) **Financial assets at fair value through other comprehensive income**

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss.

The Company records investments in government securities (classified as available for sale) at FVOCI.

(c) **Financial assets at fair value through profit and loss**

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss.

The Company records investments in equity instruments and mutual funds at FVTPL.

(ii) **Financial liabilities and equity instrument**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) **Equity instrument**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

(b) **Financial liabilities**

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in the statement of profit and loss.

Any gain or loss on de-recognition of financial liabilities is also recognised in the 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

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 financial liability and the recognition of a new financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in statement of profit and loss.

(G) Impairment of financial assets

The Company applies the expected credit loss ('ECL') model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categorises financial assets at the reporting date into stages based on the days past due ('DPD') status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

Loan accounts where principal and / or interest are past due for more than 90 days continue to be classified as stage 3 till overdues across all loans of same borrower are cleared.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL is recognised through statement of profit and loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(H) Write offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Company determines that the trade receivables does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

2.3 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired due to events or changes in circumstances indicating that their carrying amounts may not be realised. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit ('CGU'). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.4 Foreign exchange transactions and translations

(A) Initial recognition

Transactions in foreign currencies are recognised at prevailing exchange rates between reporting currency and foreign currency on transaction date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

(B) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in Statement of profit and loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

2.5 Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value as at the date of when a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain / loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting policy

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specific criteria. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

of the hedging instrument match with the terms of the hedged item and so a qualitative and quantitative assessment of effectiveness is performed.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash at banks and on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

The Company follows the policy of crediting the customer's account only on receipt of amount in the bank and as such no cheques in hand are taken into consideration.

2.7 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on a straight line basis over the remaining contractual maturity of the underlying loans.

2.8 Property, plant and equipment

(A) Recognition and measurement

Tangible property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. The cost of property, plant and equipment comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not put to use before such date are disclosed under Capital work-in-progress.

(B) Subsequent expenditure

Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future economic benefits / functioning capability from / of such assets.

(C) Depreciation, estimated useful lives and residual value

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act. The estimated lives used and differences from the lives prescribed under Schedule II are noted in the table below:-

Type of Assets	Estimated useful life as assessed by the Company	Estimated useful life under Schedule II of the Act
Computers	2-5 years	3 years
Software and system development	3 years	3 years
Office equipment	3-5 years	5 years
Motor cars	4 years	8 years
Furniture and fixtures	3-7 years	10 years
Building	60 years	60 years
Leasehold improvements	Tenure of lease agreements	Tenure of lease agreements

The Company uniformly estimates a zero residual value for all these assets. Items costing less than ₹5,000 are fully depreciated in the year of purchase. Depreciation is pro-rated in the year of acquisition as well as in the year of disposal.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain computer-related assets, furniture and fixtures, office equipment and motor cars differ from the life prescribed in Schedule II of the Act.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate and treated as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the period the asset is de-recognised.

2.9 Other intangible assets

Software and system development expenditure are capitalised at cost of acquisition including cost attributable to readying the asset for use. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. The useful life of these intangible assets is estimated at 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.10 Dividends

Provision is made for the amount of any dividend declared on or before the end of the reporting period but not distributed at the end of the reporting period, being appropriately authorised and no longer at the discretion of the Company. The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.11 Revenue recognition

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at the amount of transaction price. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Specific policies for the Company's different sources of revenue are explained below:

(A) Income from lending business

Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the Effective Interest Rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Cheque bouncing charges, late payment charges, prepayment 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 and running collection call centres. 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 is evaluated and adjusted for ECL and expected prepayment.

2.12 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.13 Employee benefits

(A) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(B) Provident fund

Retirement benefit in the form of provident fund, is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

(C) ESIC and Labour welfare fund

The Company's contribution paid / payable during the period to ESIC and Labour welfare fund are recognised in the statement of profit and loss.

(D) Gratuity

The Company operates a defined benefit gratuity plan that provides for gratuity benefit to all employees. The Company makes annual contributions to a fund administered by trustees and managed by insurance companies. 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 wages payable as per the New Labour Codes (the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020, collectively referred to as the 'New Labour Codes' notified by the Government of India on November 21, 2025) 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 by an independent actuary.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non- routine settlements; and
- Net interest expense or income

(E) Share-based payments

The Company recognises compensation expense relating to share-based payments in the statement of profit and loss 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, contingent Liabilities & Contingent Assets

The Company recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may arises from past events but probably will not require an outflow of resources to settle the obligation.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.15 Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions in the standard, the Company is not required to restate the comparative figures.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

The following policies apply subsequent to the date of initial application, April 01, 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in the statement of profit and loss.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to and account separately for, any services provided by the supplier as part of the contract.

2.16 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

2.17 Income tax

(A) Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

(B) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

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 in future to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

2.18 Earnings per share

The Company reports basic and diluted earnings per equity share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director & CEO of the Company has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Company and makes strategic decisions.

Operating segments identified by the Company comprises as under:

- Lending services
- BPO services

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments. Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'. Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

2.20 Repossession and Collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as securities, letters of credit / guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements.

To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

The Company physically repossess and takes 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 /

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

obligors. The Company does not use the assets repossessed for the internal operations. Assets held under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards. Value of the repossessed asset is not netted off from the exposure at default for calculation of expected credit loss.

2.21 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit for the year 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 44.

(B) Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information.

The component used by the Company in determining the ECL have been disclosed in Note 46.

(C) Effective interest rate

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

(D) Business model assessment

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(E) Useful life and expected residual value of assets

Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

(F) Leases

- The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options.
- The determination of the incremental borrowing rate used to measure lease liabilities.

(G) Deferred Tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

(H) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(I) Provisions and contingences

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in statutory litigation in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

4 CASH AND CASH EQUIVALENTS

	As at March 31, 2026	As at March 31, 2025
Cash on hand	**27.74**	35.22
Balances with banks (In Current Accounts)	**1,208.45**	909.61
Demand drafts on hand	**9.93**	5.63
Total	**1,246.12**	**950.46**

5 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2026	As at March 31, 2025
Deposits with bank *	**3.27**	2.58
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	**361.04**	-
Collateral with Banks for Derivative	**30.97**	30.97
Escrow Account	**23.36**	-
Interest accrued but not due	**8.85**	0.26
Total	**427.49**	**33.81**

** All the above deposits are lien marked*

6 DERIVATIVE FINANCIAL INSTRUMENTS

	As at March 31, 2026			As at March 31, 2025		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Part I						
(i) Currency derivatives:						
Currency swaps	**12,328.55**	**1,344.09**	**-**	8,974.88	108.54	-
Subtotal (i)	**12,328.55**	**1,344.09**	**-**	**8,974.88**	**108.54**	**-**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	**1,225.00**	**-**	**5.80**	2,475.00	-	2.06
Subtotal (ii)	**1,225.00**	**-**	**5.80**	**2,475.00**	**-**	**2.06**
Less: Provision on derivative financial instruments	**-**	**6.72**	**-**	**-**	**0.54**	**-**
Total Derivative Financial Instruments (i)+(ii)	**13,553.55**	**1,337.37**	**5.80**	**11,449.88**	**108.00**	**2.06**
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	**-**	**-**	**-**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

	As at March 31, 2026			As at March 31, 2025		
	Notional amounts	Fair Value-Assets	Fair Value-Liabilities	Notional amounts	Fair Value-Assets	Fair Value-Liabilities
Subtotal (i)	-	-	-	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	**12,328.55**	**1,344.09**	-	8,974.88	108.54	-
Interest rate derivatives	**1,225.00**	-	**5.80**	2,475.00	-	2.06
Subtotal (ii)	**13,553.55**	**1,344.09**	**5.80**	**11,449.88**	**108.54**	**2.06**
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-
Less: Provision on derivative financial instruments	-	**6.72**	-	-	**0.54**	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**13,553.55**	**1,337.37**	**5.80**	**11,449.88**	**108.00**	**2.06**

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

7 TRADE RECEIVABLES

	As at March 31, 2026	As at March 31, 2025
Receivables Considered good - Unsecured	**307.02**	226.72
Receivables which have significant increase in the credit risk	**0.17**	-
Receivables credit impaired	**4.83**	6.68
	312.02	**233.40**
Less: Impairment loss allowance	**16.07**	8.23
Total	**295.95**	**225.17**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Reconciliation of impairment Loss allowance on trade receivables:

	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	**8.23**	9.27
Increase during the year	**8.67**	6.18
Decrease during the year	**(0.83)**	(7.23)
Balance at end of the year	**16.07**	**8.23**

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Trade receivables ageing schedule:

Previous Period figures are in italics

Particulars	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
(i) Undisputed Trade Receivables - Considered good	**304.11**	**2.48**	**0.34**	**0.09**	**0.00**	**307.02**
	(226.37)	*(0.33)*	*(0.02)*	-	-	*(226.72)*
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	**-**	**-**	**-**	**-**	**0.17**	**0.17**
	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit impaired	**0.33**	**0.11**	**3.24**	**-**	**1.14**	**4.83**
	(1.21)	*(2.58)*	*(0.94)*	*(1.77)*	*(0.18)*	*(6.68)*
(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	**304.44**	**2.60**	**3.58**	**0.09**	**1.31**	**312.02**
	(227.58)	***(2.91)***	***(0.96)***	***(1.77)***	***(0.18)***	***(233.40)***

8 LOANS (AT AMORTISED COST)

		As at March 31, 2026	As at March 31, 2025
A	**Term Loans in India**	**1,18,493.35**	**1,06,877.58**
	Less: Impairment loss allowance	**3,803.80**	3,534.54
	Total	**1,14,689.55**	**1,03,343.04**
B	**Out of above**		
	Secured (Secured by tangible assets)	**88,112.57**	78,032.20
	Unsecured	**30,380.78**	28,845.38
	Total	**1,18,493.35**	**1,06,877.58**
	Less: Impairment loss allowance	**3,803.80**	3,534.54
	Total	**1,14,689.55**	**1,03,343.04**
C	**Out of above**		
	Term Loans in India - at amortised cost		
	- Public sector	**-**	-
	- Others	**1,18,493.35**	1,06,877.58
	Secured (Secured by tangible assets)	**88,112.57**	78,032.20
	Unsecured	**30,380.78**	28,845.38
	Total Gross Loans	**1,18,493.35**	**1,06,877.58**
	Less: Impairment loss allowance	**3,803.80**	3,534.54
	Total	**1,14,689.55**	**1,03,343.04**

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Credit quality of assets

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

Stage	As at March 31, 2026	As at March 31, 2025
Stage 1	**1,13,823.33**	1,02,734.94
Stage 2	**1,774.50**	1,728.93
Stage 3	**2,895.52**	2,413.71
Total	**1,18,493.35**	**1,06,877.58**

Loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties, either severally or jointly with any other person.

Particulars	As at March 31, 2026	% to the total Loans and Advances in the nature of loans	As at March 31, 2025	% to the total Loans and Advances in the nature of loans
Promoter	**Nil**	**Nil**	Nil	Nil
Directors	**Nil**	**Nil**	Nil	Nil
KMPs	**Nil**	**Nil**	Nil	Nil
Related parties	**Nil**	**Nil**	Nil	Nil

9 INVESTMENTS

	As at March 31, 2026	As at March 31, 2025
Recorded at Fair value through statement of profit and loss		
Outside India	**-**	-
In India		
Securities receipt of ARC	**-**	13.74
Unquoted equity shares	**5.45**	2.30
Recorded at Amortised Cost		
Outside India	**-**	-
In India		
Treasury bills / G-Sec	**-**	2,044.09
Recorded at Fair value through other comprehensive income(FVOCI)		
Outside India	**-**	-
In India		
Treasury bills / G-Sec	**3,742.21**	-
Total	**3,747.66**	**2,060.13**

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

10 OTHER FINANCIAL ASSETS

	As at March 31, 2026	As at March 31, 2025
Offer for sale (OFS) Proceeds Receivable (Unsecured, considered good)	**8.02**	-
Security deposits at amortised cost (Unsecured, considered good)	**33.01**	31.45
Prepaid rent (Security deposits, Unsecured, considered good)	**13.25**	13.52
Retained interest on assigned loan	**0.18**	1.32
Servicing assets on assigned loan	**0.84**	1.36
Total	**55.30**	**47.65**

11 CURRENT TAX ASSETS (NET)

	As at March 31, 2026	As at March 31, 2025
Current tax assets		
Advance tax and tax deducted at source (Net of provision for tax ₹930.10 Crore)(Previous Period: ₹739.19 Crore)	**-**	76.89
Total	**-**	**76.89**

12 DEFERRED TAX ASSETS (NET)

	Balance as at April 01, 2024	(Charge) / Credit to profit and loss	(Charge) / Credit to OCI	Balance as at March 31, 2025	(Charge) / Credit to profit and loss	(Charge) / Credit to OCI	As at March 31, 2026
Deferred Tax Asset							
Depreciation and amortisation	67.62	(39.54)	-	**28.08**	3.25	-	**31.33**
Provision for employee benefits	34.46	(6.30)	2.38	**30.54**	29.79	6.32	**66.65**
Loans - Impairment	913.82	(31.57)	-	**882.25**	30.90	-	**913.15**
Securitisation and others	24.85	(24.85)	-	**-**	-	-	**-**
Cash Flow Hedges Reserve	2.13	-	13.72	**15.85**	-	(23.56)	**(7.71)**
Deferred Tax Asset	**1,042.88**	**(102.26)**	**16.10**	**956.72**	**63.94**	**(17.25)**	**1,003.42**
Deferred Tax Liabilities							
Borrowings	(8.37)	(9.32)	-	**(17.69)**	1.69	-	**(16.00)**
Investments - MTM and others	(23.41)	23.41	-	**(0.00)**	(0.79)	16.11	**15.32**
Loans - DSA	(40.11)	(28.88)	-	**(68.99)**	(7.47)	-	**(76.46)**
Lease	(31.04)	44.25	-	**13.21**	3.59	-	16.80
Deferred Tax Liabilities	**(102.93)**	**29.46**	**-**	**(73.47)**	**(2.97)**	**16.11**	**(60.34)**
Net Deferred Tax Assets	**939.95**	**(72.80)**	**16.10**	**883.25**	**60.97**	**(1.14)**	**943.08**

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

The components of income tax expense for the year ended March 31, 2026 and March 31, 2025 are:

	As at March 31, 2026	As at March 31, 2025
Current tax:		
In respect of current year	**930.10**	739.19
In respect of prior years	**(26.68)**	(60.11)
Deferred Tax:		
Deferred tax relating to origination and reversal of temporary differences	**(60.97)**	72.80
Adjustments due to changes in tax rates in respect of prior years	**-**	-
Total Income Tax recognised in Statement of Profit or Loss (Credit)	**842.45**	**751.88**
Current tax	**930.10**	739.19
Deferred tax (Credit)	**(60.97)**	72.80

Income Tax recognised in Other comprehensive income

	As at March 31, 2026	As at March 31, 2025
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	**6.32**	2.38
Income tax relating to items that will be reclassified to profit or loss	**(7.46)**	13.72
Total Income tax recognised in Other comprehensive income (Debit)	**(1.14)**	**16.10**

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	As at March 31, 2026	As at March 31, 2025
Profit before tax	**3,386.28**	2,927.80
Applicable income tax rate (%)	**25.17**	25.17
Income tax expense calculated at applicable income tax rate	**852.26**	736.87
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of income exempt from tax	**-**	-
Effect of expenses / provisions not deductible in determining taxable profit	**27.16**	27.52
Effect of tax incentives (net)	**(14.73)**	-
Effects of income not considered as taxable on compliance of condition	**-**	-
Adjustments due to changes in tax rates	**-**	-
Income tax for earlier year	**(22.24)**	(12.51)
Income tax expense recognised in profit and loss	**842.45**	**751.88**

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

13 PROPERTY, PLANT AND EQUIPMENT (PPE) AND OTHER INTANGIBLE ASSETS

Description	Office equipment	Furniture and fixtures	Leasehold improvements	Computers	Building	Motor cars	Total PPE Tangibles	Software and System development	Total Other Intangibles	Total
Balance as at April 01, 2025	**107.66**	**119.20**	**144.25**	**302.17**	**0.15**	**18.60**	**692.02**	**112.24**	**112.24**	**804.26**
Additions during the year	13.31	9.40	15.77	44.38	-	6.95	89.81	53.80	53.80	143.61
Disposals / Adjustments during the year	7.03	9.10	5.85	11.90	-	3.75	37.63	0.01	0.01	37.64
Balance as at March 31, 2026	**113.94**	**119.50**	**154.17**	**334.65**	**0.15**	**21.80**	**744.20**	**166.03**	**166.03**	**910.23**
Accumulated Depreciation / impairment as at April 01, 2025	**63.36**	**92.44**	**71.87**	**213.60**	**0.04**	**7.60**	**448.90**	**79.94**	**79.94**	**528.84**
Depreciation charge during the year	14.94	10.90	15.64	54.58	-	5.12	101.18	20.80	20.80	121.98
Disposals / Adjustments during the year	6.96	9.01	5.45	11.85	-	2.70	35.97	0.01	0.01	35.98
Accumulated Depreciation / impairment as at March 31, 2026	**71.34**	**94.33**	**82.06**	**256.33**	**0.04**	**10.02**	**514.11**	**100.73**	**100.73**	**614.84**
Net carrying amount as at March 31, 2026	**42.60**	**25.17**	**72.11**	**78.32**	**0.11**	**11.78**	**230.08**	**65.30**	**65.30**	**295.38**
Balance as at April 01, 2024	**82.29**	**102.79**	**101.04**	**257.53**	**0.15**	**13.03**	**556.82**	**83.75**	**83.75**	**640.57**
Additions during the year	32.05	26.49	49.58	65.69	-	7.49	181.30	28.49	28.49	209.79
Disposals / Adjustments during the year	6.68	10.08	6.37	21.05	-	1.92	46.10	-	-	46.10
Balance as at March 31, 2025	**107.66**	**119.20**	**144.25**	**302.17**	**0.15**	**18.60**	**692.02**	**112.24**	**112.24**	**804.26**
Accumulated Depreciation / impairment as at April 01, 2024	**56.72**	**88.67**	**62.73**	**181.26**	**0.03**	**4.89**	**394.29**	**61.60**	**61.60**	**455.89**
Depreciation charge for the year	13.16	13.65	14.92	53.34	0.01	3.98	99.06	18.34	18.34	117.40
Disposals / Adjustments during the year	6.52	9.88	5.78	21.00	-	1.27	44.45	-	-	44.45
Accumulated Depreciation / impairment as at March 31, 2025	**63.36**	**92.44**	**71.87**	**213.60**	**0.04**	**7.60**	**448.90**	**79.94**	**79.94**	**528.84**
Net carrying amount as at March 31, 2025	**44.30**	**26.76**	**72.38**	**88.57**	**0.11**	**11.00**	**243.12**	**32.30**	**32.30**	**275.42**

Note: No revalution of any class of assets is carried out during the period.

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

14 RIGHT OF USE ASSETS

	As at March 31, 2026	As at March 31, 2025
Right of Use Assets (ROU) (Refer note 34)	**478.11**	459.67
Total	**478.11**	**459.67**

15 OTHER NON-FINANCIAL ASSETS

	As at March 31, 2026	As at March 31, 2025
Capital advances	**8.26**	39.67
Advances recoverable in cash or in kind (Unsecured, considered good)	**127.21**	160.13
Total	**135.47**	**199.80**

16 TRADE PAYABLES

	As at March 31, 2026	As at March 31, 2025
Trade payables		
i) total outstanding dues to micro and small enterprises	**55.28**	-
ii) total outstanding dues of creditors other than micro and small enterprises	**124.60**	439.30
Total	**179.88**	**439.30**

16.1 Trade Payables includes ₹55.28 Crore payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The above is based on the information available with the Company which has been relied upon by the auditors.

16.2 Trade payables ageing schedule:

Previous Period figures are in italics

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME	**55.28**	**-**	**-**	**-**	**55.28**
	-	-	-	-	-
ii) Others	**123.21**	**0.95**	**0.26**	**0.17**	**124.60**
	(438.68)	*(0.38)*	*(0.23)*	*(0.01)*	*(439.30)*
iii) Disputed dues - MSME	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
iv) Disputed dues - Others	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
v) Unbilled Trade payables	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Total	**178.49**	**0.95**	**0.26**	**0.17**	**179.88**
	(438.68)	***(0.38)***	***(0.23)***	***(0.01)***	***(439.30)***

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

17 DEBT SECURITIES

	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Secured		
Privately placed redeemable Non Convertible Debenture	**28,876.68**	36,203.68
Unsecured		
Commercial paper	**2,025.00**	3,525.00
Total	**30,901.68**	**39,728.68**
Less: Unamortised borrowing cost	**65.36**	**263.51**
Add: Interest Accrued	**1,522.63**	1,907.92
Debt Securities	**32,358.95**	41,373.09
Debt securities in India	**30,901.68**	39,728.68
Debt securities outside India	**-**	-
Total	**30,901.68**	**39,728.68**
Less: Unamortised borrowing cost	**65.36**	**263.51**
Add: Interest Accrued	**1,522.63**	1,907.92
Debt Securities	**32,358.95**	**41,373.09**

17.1 - No non convertible debentures, non convertible perpetual debentures and any other borrowing is guaranteed by directors and / or others.

17.2 - Terms of repayment of privately placed redeemable non convertible debenture.

Previous Period figures are in italics

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.5-5.5	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
5.5-6.5	**1,785.00**	**-**	**-**	**-**	**1,785.00**
	(1,845.00)	*(1,785.00)*	-	-	*(3,630.00)*
6.5-7.5	**400.00**	**3,073.00**	**625.00**	**-**	**4,098.00**
	(936.00)	-	-	-	*(936.00)*
7.5-8.5	**6,751.50**	**13,132.18**	**3,110.00**	**-**	**22,993.68**
	(13,879.00)	*(15,463.68)*	*(2,295.00)*	-	*(31,637.68)*
8.5-9.5	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
9.5-10.5	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-
Add: Accrued Interest	**1,514.00**	**8.62**	**-**	**-**	**1,522.63**
	(1,907.92)	-	-	-	*(1,907.92)*
Less: Unamortised borrowing cost	**11.12**	**34.99**	**0.69**	**-**	**46.80**
	(12.19)	*(136.86)*	*(2.21)*	-	*(151.26)*
Total	**10,439.39**	**16,178.81**	**3,734.31**	**-**	**30,352.51**
	(18,555.74)	***(17,111.82)***	***(2,292.79)***	**-**	***(37,960.35)***

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

17.3 - The non convertible debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no.130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and / or further secured by way of hypothecation of receivables under financing activity. Minimum security cover of 1.0 times is required to be maintained throughout the year(Refer Note 98).

18 BORROWINGS (OTHER THAN DEBT SECURITIES)

	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Borrowings (other than debt securities)		
Secured		
(a) External commercial borrowings (ECB)	**12,328.55**	8,974.88
(b) Term loan against hypothecation of Receivables under financing activity	**44,289.15**	32,990.21
(c) Borrowing under Securitisation	**3,108.26**	-
Total	**59,725.96**	**41,965.09**
Less: Unamortised borrowing cost	**31.43**	36.20
Add: Interest Accrued	**200.67**	148.44
Borrowings (Other than Debt Securities)	**59,895.20**	**42,077.33**
Borrowings in India	**47,397.41**	32,990.21
Borrowings outside India	**12,328.55**	8,974.88
Total	**59,725.96**	**41,965.09**
Less: Unamortised borrowing cost	**31.43**	36.20
Add: Interest Accrued	**200.67**	148.44
Borrowings (Other than Debt Securities)	**59,895.20**	**42,077.33**

18.1 - No term loans, external commercial borrowings , commercial paper and any other borrowing is guaranteed by directors and / or others.

18.2 - During the year presented there were no defaults in the repayment of principal and interest.

18.3 - Terms of repayment of External commercial borrowings in foreign currency:

Previous Period figures are in italics

Rate of interest (%)	0-3 years	3-5 years	>5 years	Total
6- 9	**12,328.55**	**-**	**-**	**12,328.55**
	(8,974.88)	-	-	*(8,974.88)*
Add: Accrued Interest	**116.11**	**-**	**-**	**116.11**
	(73.71)	-	-	*(73.71)*
Less: Unamortised borrowing cost	**31.43**	**-**	**-**	**31.43**
	(36.20)	-	-	*(36.20)*
Total	**12,413.23**	**-**	**-**	**12,413.23**
	(9,012.39)	**-**	**-**	***(9,012.39)***

The Company had availed total External Commercial Borrowing (ECBs) of USD 1300 Mn for financing prospective borrower as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. Out of same, USD 250 Mn was raised in FY23-24 ,USD 800 Mn was raised in FY24-25 and USD 250 Mn was raised in FY25-26. The borrowing has a maturity of three years. In terms of the RBI guidelines, borrowings have been swapped into rupees and fully hedged for the entire maturity by way of cross currency swaps.

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

18.4 - Terms of repayment of Term loans from Banks / FIs

Previous Period figures are in italics

Marginal Cost of Funds Based Lending Rate (MCLR) (a)	0-1 years	1-3 years	3-5 years	>5 years	Total
Overnight MCLR + (0.00% to 0.75%)	**40.00**	**60.00**	**0.00**	**-**	**100.00**
	(140.00)	*(280.00)*	*(45.00)*	*-*	*(465.00)*
1 Month MCLR + (0.00% to 0.75%)	**-**	**-**	**-**	**-**	**-**
	(1,011.90)	*(739.88)*	*-*	*-*	*(1,751.79)*
3 Month MCLR + (0.00% to 1.5%)	**431.25**	**-**	**-**	**-**	**431.25**
	(427.50)	*(431.25)*	*-*	*-*	*(858.75)*
Total (a)	**471.25**	**60.00**	**-**	**-**	**531.25**
	(1,579.40)	***(1,451.13)***	***(45.00)***	***-***	***(3,075.54)***

Rate linked to T-Bills rates (b)	0-1 years	1-3 years	3-5 years	>5 years	Total
1 Month T-Bills rates + (0.00% to 4.00%)	**3,728.75**	**2,045.00**	**-**	**-**	**5,773.75**
	(4,680.83)	*(2,311.67)*	*(735.00)*	*-*	*(7,727.50)*
3 Month T-Bills rates + (0.00% to 4.00%)	**5435.76**	**5,819.44**	**211.12**	**-**	**11,466.31**
	(4,429.72)	*(4,610.07)*	*(1,133.33)*	*-*	*(10,173.12)*
Repo Rate + (0.00% to 3.50%)	**5,996.44**	**11,219.06**	**4,400.22**	**508.93**	**22,124.65**
	(3,430.33)	*(2,974.26)*	*(1,141.25)*	*-*	*(7,545.84)*
Total (b)	**15,160.95**	**19,083.50**	**4,611.34**	**508.93**	**39,364.72**
	(12,540.88)	***(9,896.00)***	***(3,009.58)***	***-***	***(25,446.46)***

Fixed Interest rate (c)	0-1 years	1-3 years	3-5 years	>5 years	Total
4.50% - 8.35%	**1,738.43**	**2,580.18**	**74.57**	**-**	**4,393.18**
	(2,255.98)	*(2,051.11)*	*(161.11)*	*-*	*(4,468.21)*
Total (c)	**1,738.43**	**2,580.18**	**74.57**	**-**	**4,393.18**
	(2,255.98)	*(2,051.11)*	*(161.11)*	*-*	*(4,468.21)*
Add: Accrued Interest(d)	**80.04**	**-**	**-**	**-**	**80.04**
	(74.73)	*-*	*-*	*-*	*(74.73)*
Total (a)+(b)+(c)+(d)	**17,450.67**	**21,723.68**	**4,685.91**	**508.93**	**44,369.19**
	(16,451.00)	***(13,398.24)***	***(3,215.69)***	***-***	***(33,064.94)***

18.4.1 -Term loans includes ₹8,767.38 crore (Previous period ₹6,573.32 Crore) from related parties.

18.5 - All the above Term loans are secured by specific charge on receivables under financing activities. Minimum security cover of 1.0 time is required to be maintained throughout the year.

18.6 - Terms of repayment of Borrowing under Securitisation:

Rate of interest (%)	0-1 years	1-3 years	3-5 years	>5 years	Total
3.50% to 6.00%	1,183.67	1,656.99	266.05	1.55	3,108.26
Add: Accrued Interest	4.51	-	-	-	4.51
Total	**1,188.18**	**1,656.99**	**266.05**	**1.55**	**3,112.77**

18.7 - Term Loans were used fully for the purpose for which the same were obtained.

18.8 - Periodic Statements of securities filed with lending banks are as per books of accounts.

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

19 SUBORDINATED LIABILITIES

	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Unsecured		
(a) Privately placed subordinated (Tier II) redeemable bonds	**5,227.00**	4,527.00
(b) Redeemable non convertible perpetual bonds	**1,500.00**	1,500.00
Total	**6,727.00**	**6,027.00**
Less: Unamortised borrowing cost	**22.31**	23.29
Add: Interest Accrued	**271.21**	228.23
Subordinated Liabilities	**6,975.90**	**6,231.94**
Subordinated Liabilities in India	**6,727.00**	6,027.00
Subordinated Liabilities outside India	**-**	-
Total	**6,727.00**	**6,027.00**
Less: Unamortised borrowing cost	**22.31**	23.29
Add: Interest Accrued	**271.21**	228.23
Subordinated Liabilities	**6,975.90**	**6,231.94**

19.1 - No subordinate debts and any other borrowing is guaranteed by directors and / or others.

19.2 - Terms of repayment of Privately placed unsecured subordinated (Tier II) redeemable bonds and redeemable non convertible perpetual bonds

Previous Period figures are in italics

Rate of interest (%)	**<5 year**	**>5 years**	**Total**
7.35-10.50	**2,670.00**	**4,057.00**	**6,727.00**
	(2,313.50)	*(3,713.50)*	*(6,027.00)*
Add: Accrued Interest	**271.21**	**-**	**271.21**
	(228.23)	*-*	*(228.23)*
Less: Unamortised borrowing cost	**0.86**	**21.45**	**22.31**
	(0.59)	*(22.69)*	*(23.29)*
Total	**2,940.35**	**4,035.55**	**6,975.90**
	(2,541.14)	***(3,690.81)***	***(6,231.95)***

20 OTHER FINANCIAL LIABILITIES

	As at March 31, 2026	As at March 31, 2025
Overdrawn balances in current account with banks	**297.93**	920.74
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	**0.36**	10.21
Collateral from Banks for Derivative	**1,223.52**	125.66
Creditors for other expenses	**14.09**	9.83
Payable for expenses	**587.71**	416.78
Unclaimed Dividend	**0.10**	0.06
Lease Liability (ROU)	**544.89**	512.16
Advance from customers	**12.42**	13.40
Total	**2,681.02**	**2,008.84**

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

21 CURRENT TAX LIABILITIES (NET)

	As at March 31, 2026	As at March 31, 2025
Provisions for tax (Net of advance tax ₹735 Crore, Previous Period ₹555 Crore)	**92.52**	65.66
Total	**92.52**	**65.66**

Particulars	Opening Balance	Additions during the period	Reversals during the period	Closing Balance
As at March 31, 2026	**65.66**	**28.11**	**1.25**	**92.52**
As at March 31, 2025	58.65	45.83	38.82	65.66

22 PROVISIONS

	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity	**211.22**	119.44
Salary, bonus and reimbursements	**472.02**	413.62
Contribution to provident fund	**31.88**	31.45
	715.12	**564.51**

23 OTHER NON-FINANCIAL LIABILITIES

	As at March 31, 2026	As at March 31, 2025
Statutory liabilities	**83.04**	80.81
Total	**83.04**	**80.81**

24 EQUITY SHARE CAPITAL

	Face Value ₹ each	As at March 31, 2026 Number of shares	As at March 31, 2025 Number of shares	As at March 31, 2026	As at March 31, 2025
Authorised equity shares	10	**1,00,15,50,000**	1,00,15,50,000	**1,001.55**	1001.55
Issued, Subscribed & Paid up equity shares fully paid up	10	**83,03,27,216**	79,57,76,345	**830.33**	795.78
				830.33	**795.78**

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

24.1 Reconciliation of the number of shares

	As at March 31, 2026		As at March 31, 2025	
	Number	Amount	Number	Amount
Equity shares of ₹10 fully paid up				
Shares outstanding at the beginning of the year	**79,57,76,345**	**795.78**	79,30,74,566	793.08
Shares issued - exercised for ESOP scheme	**7,67,089**	**0.77**	27,01,779	2.70
Shares issued - IPO	**3,37,83,782**	**33.78**	-	-
Shares issued - right issue	**-**	**-**	-	-
Shares outstanding at the end of the year	**83,03,27,216**	**830.33**	79,57,76,345	795.78

24.2 Terms / rights attached to equity shares.

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

24.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2026			As at March 31, 2025		
	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)	**61,54,61,535**	**74.12**	**(18.00%)**	75,05,96,670	94.32	0.00%

24.4 Number of shares reserved for ESOPs

	As at March 31, 2026	As at March 31, 2025
Equity shares of ₹10 fully paid up		
Number of Shares reserved for ESOPs (Refer note 35)	**1,05,26,098**	83,56,111

NOTES TO THE FINANCIAL STATEMENTS
AS AT MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

25 OTHER EQUITY

		As at March 31, 2026	As at March 31, 2025
Other equity			
(i)	Securities Premium Account	**5,844.50**	3,371.40
(ii)	Employee Stock Options Outstanding Account	**140.29**	105.35
(iii)	Reserve Fund U/S 45-IC (1) Of Reserve Bank Of India Act, 1934	**3,121.21**	2,612.44
(iv)	Retained Earnings-Other than Remeasurement of Post Employment Benefit Obligations	**10,859.83**	9,070.26
(v)	Retained Earnings- Remeasurement of Post Employment Benefit Obligations	**(107.14)**	(88.35)
(vi)	Cash Flow Hedges Reserve	**22.92**	(47.13)
(vii)	Fair value changes of debt instruments measured at fair value through other comprehensive income	**(47.89)**	-
		19,833.72	**15,023.97**

(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.

(vii) Fair value changes of debt instruments measured at fair value through other comprehensive income

The Company recognises changes in the fair value of debt instruments held with a dual business objective to collect and sell in other comprehensive income.These changes are accumulated in the FVOCI debt investments reserve. The Company transfers amounts from this reserve to profit or loss when the debt instruments are derecognised. Any impairment loss on such instruments is reclassified immediately to the Statement of Profit and Loss

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

26 INTEREST INCOME

	For the year ended March 31, 2026	For the year ended March 31, 2025
On Financial Assets measured at Amortised Cost:		
Interest on Loans	**15,553.18**	13,670.52
Interest on deposits with Banks	**15.74**	16.42
Interest income from Investment	**195.15**	141.15
Other Interest Income	**24.22**	7.70
Total	**15,788.29**	**13,835.79**

27 NET GAIN / (LOSS) ON FAIR VALUE CHANGES

	For the year ended March 31, 2026	For the year ended March 31, 2025
Net gain / (loss) on financial instruments at fair value through profit or loss (FVTPL) Investments	**52.36**	54.92
	52.36	54.92
Net gain / (loss) on financial instruments at fair value through profit or loss (FVTPL)		
Realised	**49.21**	58.21
Unrealised	**3.15**	(3.29)
Total	**52.36**	**54.92**

28 FINANCE COSTS

	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (includes Interest on lease liabilities ₹42.73 Crore, Previous Period ₹35.60 Crore)	**3,316.97**	2,813.13
Interest on debt securities	**2,744.97**	2,945.42
Interest on subordinated liabilities	**549.12**	504.95
Discount on commercial paper	**172.76**	99.25
Other borrowing costs	**36.33**	27.40
Total	**6,820.15**	**6,390.15**

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment on financial instruments at amortised cost		
Loans	**2,806.94**	2,114.09
Trade receivables	**7.84**	(1.04)
Total	**2,814.78**	**2,113.05**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

30 EMPLOYEE BENEFITS EXPENSES

	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries and wages (including bonus)	**3,473.69**	3,246.45
Contribution to provident and other funds	**337.37**	264.11
Employee share based payment expenses	**48.99**	62.48
Staff welfare expenses	**53.56**	46.53
Total	**3,913.61**	**3,619.57**

31 OTHER EXPENSES

	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	**22.32**	4.32
Rates and taxes	**1.69**	3.46
Telephone	**78.49**	70.64
Power and fuel	**44.06**	40.90
Repairs and maintenance- premises	**13.08**	19.56
Repairs and maintenance-others	**6.31**	4.82
Credit report charges	**81.12**	59.89
Commission and brokerage	**0.01**	0.09
Auditor's remuneration (Refer Note No. 33)	**1.70**	1.61
Insurance	**2.82**	2.05
Loss / (Profit) on sale of asset	**(0.99)**	(0.20)
Expenses towards Corporate Social Responsibility Initiative (Refer Note No. 42)	**58.92**	46.86
Bank Charges	**36.20**	43.21
Legal & professional	**54.57**	53.14
Travelling expenses	**112.44**	108.11
Collection expenses	**338.35**	225.59
Information technology expenses	**170.65**	128.20
Printing & stationery	**24.96**	42.86
Others administrative expenses	**238.88**	200.18
Total	**1,285.58**	**1,055.29**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

32 EARNING PER SHARE

	For the year ended March 31, 2026	For the year ended March 31, 2025
Net Profit (₹ in Crore)	**2,543.83**	2,175.92
Weighted average number of equity shares		
Basic	**82,14,33,375**	79,40,39,471
Diluted	**82,38,53,798**	79,63,49,252
Earnings per share (₹)		
Basic	**30.97**	27.40
Diluted	**30.88**	27.32
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 24,20,423 shares (Previous period 23,09,781 shares).

33 AUDITOR'S REMUNERATION

	For the year ended March 31, 2026	For the year ended March 31, 2025
As Auditor	**1.50**	1.46
For taxation matters	**-**	-
For company law matters	**-**	-
For other services	**-**	-
For reimbursement of expenses	**0.06**	0.02
Sub Total	**1.56**	**1.48**
GST	**0.14**	0.13
Total	**1.70**	**1.61**

34 LEASES

The Company has entered into leasing arrangements for premises. All of the leases are cancellable by the Company. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

I. Lease disclosures under Ind-AS 116 for the current year ended March 31, 2026

(i) Amounts recognised in the Balance sheet

Sr No.	Particulars	March 31, 2026	March 31, 2025
a)	**Right-of-use assets (net)**	**478.11**	459.67
b)	**Lease liabilities**		
	Current	**74.33**	65.68
	Non-current	**470.56**	446.48
	Total Lease liabilities	**544.89**	**512.16**
c)	**Additions to the Right-of-use assets**	**133.73**	224.63

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

(ii) Amounts recognised in the Statement of Profit and Loss

Sr No.	Particulars	March 31, 2026	March 31, 2025
a)	Depreciation charge for right-of-use assets	**87.29**	77.02
b)	Interest expense (included in finance cost)	**42.73**	35.60
c)	Expense relating to short-term leases	**22.32**	4.32

(iii) Cash Flows

Particulars	March 31, 2026	March 31, 2025
The total cash outflow of leases	**113.20**	100.47

(iv) Future Commitments

Particulars	March 31, 2026	March 31, 2025
Future undiscounted lease payments to which leases is not yet commenced	**39.96**	35.17

(v) Maturity analysis of undiscounted lease liability

Period	March 31, 2026	March 31, 2025
Not later than one year	**114.15**	103.89
Later than one year and not later than five years	**396.18**	365.67
Later than five years	**192.24**	201.85
Total	**702.57**	**671.41**

35 ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through Employee Stock Option Scheme (ESOP). On the approval of Nomination and Remuneration Committee (NRC), each ESOP is issued. The NRC has approved ESOP-10 on October 13, 2017, ESOP-11 on January 15, 2019, ESOP-12 on October 05, 2020, ESOP-13 on January 14, 2021, ESOP-13A on August 31, 2021, ESOP-14 on October 27, 2021, ESOP-15A on May 18, 2022, ESOP-15B on October 31, 2022, ESOP-16A on June 12, 2023, ESOP-16B on October 23, 2023, ESOP-16C on October 23, 2023, ESOP-17A on June 17, 2024 and ESOP-17B on September 16, 2024 and ESOP-18A, ESOP-18B, ESOP-18C on October 14, 2025. Under the term of the ESOP, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed / approved by the NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of four years from the date of vesting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Description of share based payments plans

Particulars	Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
i. ESOP - 10	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2017	7 years	Equity settled	NA	NA
ii. ESOP - 11	30% at the end of each 12 and 24 months and 40% at the end of 36 months from January 31, 2019	7 years	Equity settled	NA	NA
iii. ESOP - 12	60% at the end of 12 months and 40% at the end of 24 months from October 31, 2020	6 years	Equity settled	NA	NA
iv. ESOP - 13	30% at the end of each 12 and 24 months and 40% at the end of 36 months from Jan 31, 2021	7 years	Equity settled	NA	NA
v. ESOP - 13A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from August 31, 2021	7 years	Equity settled	NA	NA
vi. ESOP - 14	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2021	7 years	Equity settled	NA	NA
vii. ESOP - 15A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from May 31, 2022	7 years	Equity settled	NA	NA
viii. ESOP - 15B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2022	7 years	Equity settled	NA	NA
ix. ESOP - 16A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2023	10 years	Equity settled	NA	NA
x. ESOP - 16B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	7 years	Equity settled	NA	NA
xi. ESOP - 16C	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2023	10 years	Equity settled	NA	NA
xii. ESOP - 17A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from June 30, 2024	10 years	Equity settled	NA	NA
xiii. ESOP - 17B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from September 30, 2024	10 years	Equity settled	NA	NA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Particulars	Vesting requirements	Maximum term of option	Method of settlement	Modifications to share based payment plans	Any other details as disclosed in the audited Ind-AS financials
xiv. ESOP - 18A	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2026	7 years	Equity settled	NA	NA
xv. ESOP - 18B	30% at the end of each 12 and 24 months and 40% at the end of 36 months from October 31, 2026	7 years	Equity settled	NA	NA
xvi. ESOP - 18C	30% at the end of each 12 and 24 months and 40% at the end of 36 months from September 30, 2026	10 years	Equity settled	NA	NA

Method used for accounting for shared based payment plan.

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2026

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 – 11	4,960	-	920	4,040	-	-
ESOP – 12	1,01,990	-	49,096	944	51,950	51,950
ESOP – 13	1,67,725	-	42,560	8,340	1,16,825	1,16,825
ESOP – 13A	20,000	-	1,000	-	19,000	19,000
ESOP – 14	3,98,337	-	27,393	15,270	3,55,674	3,55,674
ESOP – 15A	8,38,120	-	51,040	-	7,87,080	7,87,080
ESOP – 15B	16,73,081	-	3,29,057	99,580	12,44,444	12,44,444
ESOP – 16A	11,53,546	-	45,136	54,848	10,53,562	5,70,502
ESOP – 16B	3,07,774	-	39,800	11,360	2,56,614	1,07,406
ESOP – 16C	11,45,528	-	82,957	72,732	9,89,839	4,80,935
ESOP – 17A	20,26,050	-	58,570	92,510	18,74,970	5,44,025
ESOP – 17B	5,19,000	-	39,560	25,410	4,54,030	1,10,050
ESOP – 18A	-	15,10,520	-	1,08,300	14,02,220	-
ESOP – 18B	-	9,71,980	-	15,760	9,56,220	-
ESOP – 18C	-	9,63,670	-	-	9,63,670	-
Total	83,56,111	34,46,170	7,67,089	5,09,094	1,05,26,098	43,87,891
Weighted average exercise price (₹)	494.05	739.85	482.14	558.68	572.27	482.21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2025

Particulars	Outstanding, beginning of year	Granted during the year	Exercised during the year	Forfeited / lapsed during the year	Outstanding, end of year	Options exercisable, end of year
ESOP – 10	42,000	-	42,000	-	-	-
ESOP – 11	16,150	-	7,770	3,420	4,960	4,960
ESOP – 12	1,57,517	-	55,327	200	1,01,990	1,01,990
ESOP – 13	3,22,595	-	1,53,925	945	1,67,725	1,67,725
ESOP – 13A	23,000	-	3,000	-	20,000	20,000
ESOP – 14	12,10,134	-	7,82,462	29,335	3,98,337	3,98,337
ESOP – 15A	10,35,390	-	1,97,270	-	8,38,120	3,64,864
ESOP – 15B	27,30,822	-	9,42,013	1,15,728	16,73,081	4,62,309
ESOP – 16A	13,44,770		1,91,224		11,53,546	2,12,207
ESOP – 16B	4,27,020		88,126	31,120	3,07,774	33,500
ESOP – 16C	14,19,400		2,38,662	35,210	11,45,528	1,88,068
ESOP – 17A	-	20,34,550		8,500	20,26,050	-
ESOP – 17B	-	5,20,800		1,800	5,19,000	-
Total	**87,28,798**	**25,55,350**	**27,01,779**	**2,26,258**	**83,56,111**	**19,53,960**
Weighted average exercise price (₹)	**472.43**	**534.00**	**461.24**	**502.91**	**494.05**	**450.94**

Following summarises the information about stock options outstanding as at March 31, 2026

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 12	**300**	**51,950**	**0.51**
ESOP – 13	**348**	**1,16,825**	**1.39**
ESOP – 13A	**409**	**19,000**	**2.42**
ESOP – 14	**433**	**3,55,674**	**1.94**
ESOP – 15A	**457**	**7,87,080**	**2.46**
ESOP – 15B	**509**	**12,44,444**	**3.16**
ESOP – 16A	**424**	**10,53,562**	**6.46**
ESOP – 16B	**533**	**2,56,614**	**4.05**
ESOP – 16C	**533**	**9,89,839**	**6.92**
ESOP – 17A	**534**	**18,74,970**	**7.33**
ESOP – 17B	**534**	**4,54,030**	**7.66**
ESOP – 18A	**740**	**14,02,220**	**5.64**
ESOP – 18B	**740**	**9,56,220**	**5.64**
ESOP – 18C	**740**	**9,63,670**	**8.64**

Following summarises the information about stock options outstanding as at March 31, 2025

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 11	274	4,960	0.84
ESOP – 12	300	1,01,990	1.59
ESOP – 13	348	1,67,725	2.84
ESOP – 13A	409	20,000	3.42

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Plan	Exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)
ESOP – 14	433	3,98,337	3.59
ESOP – 15A	457	8,38,120	4.17
ESOP – 15B	509	16,73,081	4.59
ESOP – 16A	424	11,53,546	8.25
ESOP – 16B	533	3,07,774	8.59
ESOP – 16C	533	11,45,528	8.59
ESOP – 17A	534	20,26,050	9.25
ESOP – 17B	534	5,19,000	9.51

Fair Value methodology

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	ESOP 18A	ESOP 18B	ESOP 18C
Dividend yield	0.41%	0.41%	0.41%
Expected volatility	32.21%	32.21%	32.21%
Risk- free interest rate	5.74%	5.74%	5.74%
Expected life of the option	2.26	2.26	2.26

The Company recorded an employee stock compensation expense of ₹48.99 Crore (previous year ₹62.48 Crore) in Statement of Profit and Loss.

36 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the revenue from contracts with customers and reconciliation to the statement of profit and loss.

Particulars	March 31, 2026	March 31, 2025
Type of services or service		
Sale of services	**1,223.91**	1,216.66
Other financial charges	**1,366.26**	1,192.45
Total revenue from contract with customers	**2,590.17**	**2,409.11**
Geographical markets		
- India	**2,590.17**	2,409.11
- Outside India	**-**	-
Total revenue from contract with customers	**2,590.17**	**2,409.11**
Timing of revenue recognition		
Services rendered at a point in time	**2,590.17**	2,409.11
Services rendered over a period of time	**-**	-
Total revenue from contracts with customers	**2,590.17**	**2,409.11**

Contract balance

Particulars	March 31, 2026	March 31, 2025
Trade receivables	**155.48**	122.51
Contract assets	**-**	-

The Company does not have any contract assets or liability, hence disclosures related to it have not been presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

37 SEGMENT REPORTING

Sr No.	Particulars	March 31, 2026	March 31, 2025
i.	**Segment Revenue**		
	Lending business	**17,205.76**	15,083.62
	BPO Services	**1,223.91**	1,216.66
	Unallocated	**-**	-
	Income from Operations	**18,429.67**	**16,300.28**
ii.	**Segment Results**		
	Lending business	**3,363.97**	2,903.37
	BPO Services	**81.22**	71.29
	Unallocated	**(58.92)**	(46.86)
	Profit before tax	**3,386.27**	**2,927.80**
	Income Tax expenses		
	Current tax	**930.10**	739.19
	Deferred tax Asset	**(60.97)**	72.80
	Income tax for earlier year	**(26.68)**	(60.11)
	Net Profit	**2,543.82**	**2,175.92**
iii.	**Capital Employed**		
	Segment assets		
	Lending business	**1,22,520.79**	1,07,504.76
	BPO Services	**179.59**	198.39
	Unallocated	**951.10**	960.14
	Total Assets	**1,23,651.48**	**1,08,663.29**
	Segment Liabilities		
	Lending business	**1,02,510.42**	92,099.66
	BPO Services	**301.35**	242.14
	Unallocated	**175.68**	501.76
	Total Liabilities	**1,02,987.45**	**92,843.55**
	Net Segment assets / (liabilities)	**20,664.03**	15,819.74
iv.	**Capital Expenditure (including net CWIP)**		
	Lending business	**139.58**	199.43
	BPO Services	**4.03**	10.35
	Unallocated	**-**	-
	Total	**143.61**	**209.79**
v.	**Depreciation**		
	Lending business	**202.13**	184.45
	BPO Services	**7.14**	9.97
	Unallocated	**-**	-
	Total	**209.27**	**194.42**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
vi.	**Other non cash expenditure**		
	Lending business	**2,814.78**	2,113.05
	BPO Services	**-**	-
	Unallocated	**-**	-
	Total	**2,814.78**	**2,113.05**

a) Chief Operating Decision Maker

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM). The Managing Director & CEO of the Company has been identified as the CODM as defined by Ind AS 108 Operating Segments, who assesses the financial performance and position of the Company and makes strategic decisions.

b) Operating Segment

Primary Segment (Business Segment)

The Company is organised primarily into two operating segments, i.e. Lending business and BPO services. Lending business includes providing finance to retail customers for a variety of purposes like purchase of commercial equipment and commercial vehicles, personal purposes, enterprise loans, etc. Revenue from lending business includes (i) interest income and processing fees net of loan origination costs, (ii) collection-related charges like cheque bouncing charges, late payment charges and foreclosure charges and (iii) insurance commission. BPO services comprises of sales support services, back office, operations, processing support, running collection call centres and collecting overdue amounts from borrowers.

Secondary Segment (Geographical Segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

c) Segment Revenue and Expense

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'.

d) Segment Assets and Liabilities

Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

e) Accounting Policies

The accounting policies consistently used in the preparation of the financial statements are also applied to items of revenue and expenditure in individual segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

38 RELATED PARTY DISCLOSURES

Name of the related Party and Nature of Relationship

Holding Company:
HDFC Bank Limited

Enterprise under common control of Holding Company:
HDFC Securities Limited.
HDFC Ergo General Insurance Company Limited
HDFC Life Insurance Company Limited

Key Management Personnel (KMP):
Adayapalam Viswanathan (Independent Director)
Arijit Basu (Part Time Non Executive Chairman & Independent Director)(till January 23, 2026)
Arundhati Mech (Independent Director)
Bhaskar Sharma(Independent Director) (date of appointment September 16, 2024)
Dr. Amla Samanta (Independent Director)
Jayant Gokhale(Independent Director) (date of appointment September 16, 2024)
Jayesh Chakravarthi (Independent Director)
Jimmy Tata (Non Executive Director)
G Ramesh (Managing Director & CEO)

Other related party:
HDBFS Employees Welfare Trust

Details of Related Party Transactions for the Year:

Related Party	Nature of Transaction	March 31, 2026	March 31, 2025
HDFC Bank Limited	Bank charges	**12.32**	8.54
	Charges for back office support services received / recoverable	**206.85**	204.83
	Charges for sales support services received / recoverable	**736.69**	738.05
	BBPS Charges	**2.73**	2.53
	Corporate logo license fees	**38.81**	32.59
	Dividend paid	**198.15**	225.18
	ASBA Commission	**1.10**	-
	Interest paid on non-convertible debentures	**9.53**	56.60
	Interest paid on term loan and OD account	**567.96**	633.91
	Investment banking fees paid	**-**	0.01
	IPA charges	**0.05**	0.07
	Reimbursement of IT expense, secondment charge & other common expenses	**2.23**	3.64
	Rent paid for premises taken on sub-lease	**-**	0.94
	Term loan availed during the year	**5,200.00**	500.00
	Tele collection charges / field collection charges received / recoverable for collection services rendered	**280.37**	273.77
	Redemption of NCD	**-**	675.00
	Sale of Fixed Assets	**0.02**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Related Party	Nature of Transaction	March 31, 2026	March 31, 2025
HDFC Securities Ltd.	Rent income for premises given on sub-lease	**-**	0.02
	Recovery of expenses	**-**	(0.07)
Key Management Personnel	a) Short term employee benefits	**8.16**	7.99
	b) post-employment benefits	**-**	-
	c) Other long-term benefits	**-**	-
	d) Termination benefits	**-**	-
	e) Share based Payments #	**2.85**	-
	f) Commission paid	**1.17**	0.83
HDFC Life Insurance Company Limited	Income from Insurance commission	**78.08**	70.56
	Redemption of bonds(Including Premium)	**110.00**	-
HDFC Ergo General Insurance Company Limited	Income from Insurance commission	**19.63**	8.04
	Insurance Premium Expense (Car & Group policy)	**0.00**	0.25
	Redemption of NCD	**-**	50.00

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

 # The intrinsic value of the stock options granted is Nil. However, in accordance with IND AS 102 the Company has recognised an expense of ₹4.90 Crore in the statement of profit and loss (previous year ₹5.78 Crore) with a corresponding credit to the reserves.

Balances outstanding:

Related Party	Nature of Transaction	March 31, 2026	March 31, 2025
HDFC Bank Limited	Balance in current accounts	**993.38**	544.32
	Balance receivable	**92.70**	94.75
	Balance payable	**-**	8.73
	Security deposit paid	**-**	0.10
	Security deposit received	**-**	9.85
	Term loan outstanding	**8,767.38**	6,573.32
	Non convertible debentures issued	**150.00**	150.00
HDFC Securities Ltd.	Balance receivable	**-**	0.02
HDFC Life Insurance Company Limited**	Balance payable - Securities	**1,144.00**	1,289.00
	Balance receivable	**8.43**	7.51
HDFC Ergo General Insurance Company Limited**	Balance payable	**20.00**	20.00
	Balance receivable	**3.02**	0.79

*** excludes amounts pertaining to insurance premiums payable that are in the nature of pass through.*

Note: The above related party transactions are at Arm's length and in the ordinary course of business.

39 EMPLOYEE BENEFITS

A) Defined contribution plan

The contribution made to various statutory funds is recognised as expense and included in Note 30 'Employee benefits expense' under 'Contribution to provident and other funds' in Statement of Profit and Loss.

B) Defined benefit plan (Gratuity)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ('HDFC Life') Limited and Life Insurance Corporation of India Limited (LIC). HDFC Life and LIC have certified the Fair Value of the Plan Assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Details of Actuarial Valuation as at March 31, 2026.

Particulars			March 31, 2026	March 31, 2025
A.	**Change in defined benefit obligation**			
1	Defined benefit obligation at beginning of period		**162.35**	142.14
2	Service cost			
	a.	Current service cost	**16.95**	12.85
	b.	Past service cost	**72.22**	-
	c.	(Gains) / Losses on Curtailments And Settlements	**(11.70)**	-
3	Interest expenses		**11.69**	10.25
4	Cash flows			
	a.	Benefit payments from plan	**(10.31)**	(8.25)
	b.	Benefit payments from employer	**(4.48)**	(4.76)
	c.	Settlement payments from plan	**-**	-
	d.	Settlement payments from employer	**-**	-
5	Remeasurements			
	a.	Effect of changes in demographic assumptions	**2.42**	1.18
	b.	Effect of changes in financial assumptions	**16.47**	(1.67)
	c.	Effect of experience adjustments	**6.19**	10.60
6	Transfer In / Out			
	a.	Transfer In	**-**	-
	b.	Transfer out	**-**	-
7	Defined benefit obligation at end of period		**261.80**	162.35
B.	**Change in fair value of plan assets**			
1	Fair value of plan assets at beginning of period		**42.91**	34.25
2	Interest income		**2.89**	2.47
3	Cash flows			
	a.	Total employer contributions	**-**	-
		(i) Employer contributions	**15.12**	13.80
		(ii) Employer direct benefit payments	**-**	-
		(iii) Employer direct settlement payments	**-**	-
	b.	Participant contributions	**-**	-
	c.	Benefit payments from plan assets	**(10.31)**	(8.25)
	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)	**(0.03)**	0.63
5	Transfer In / Out			
	a.	Transfer In	**-**	-
	b.	Transfer out	**-**	-
6	Fair value of plan assets at end of period		**50.58**	42.91

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Particulars			March 31, 2026	March 31, 2025
C.	**Amounts recognised in the Balance Sheet**			
	1	Defined benefit obligation	**261.80**	162.35
	2	Fair value of plan assets	**(50.58)**	(42.91)
	3	Funded status	**211.22**	119.44
	4	Effect of asset ceiling	**-**	-
	5	Net defined benefit liability (asset)	**211.22**	119.44
D.	**Components of defined benefit cost**			
	1	Service cost		
		a. Current service cost	**16.95**	12.85
		b. Past service cost	**72.22**	-
		c. (Gain) / loss on settlements	**(11.70)**	-
		d. Total service cost	**77.47**	12.85
	2	Net interest cost		
		a. Interest expense on DBO	**11.69**	10.25
		b. Interest (income) on plan assets	**(2.89)**	(2.47)
		c. Interest expense on effect of (asset ceiling)	**-**	-
		d. Total net interest cost	**8.80**	7.78
	3	Remeasurements (recognised in OCI / Retained Earnings)		
		a. Effect of changes in demographic assumptions	**2.42**	1.18
		b. Effect of changes in financial assumptions	**16.47**	(1.67)
		c. Effect of experience adjustments	**6.19**	10.60
		d. Return on plan assets (excluding interest income)	**0.03**	(0.63)
		e. Changes in asset ceiling (excluding interest income)	**-**	-
		f. Total remeasurements included in OCI / Retained Earnings	**25.11**	9.48
	4	Total defined benefit cost recognised in P&L and OCI	**111.38**	30.11
E.	**Re-measurement**			
	a.	Actuarial Loss / (Gain) on DBO	**25.08**	10.11
	b.	Returns above Interest Income	**0.03**	(0.63)
	c.	Change in Asset ceiling	**-**	-
	Total Re-measurements (OCI / Retained Earnings)		**25.11**	**9.48**
F.	**Employer Expense (P&L)**			
	a.	Current Service Cost	**16.95**	12.85
	b.	Interest Cost on net DBO	**8.80**	7.78
	c.	Past Service Cost	**72.22**	-
	d.	(Gains) / Losses on Curtailments And Settlements	**(11.70)**	-
	d.	Total P&L Expenses	**86.27**	20.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Particulars			March 31, 2026	March 31, 2025
G.	**Net defined benefit liability (asset) reconciliation**			
1	Net defined benefit liability (asset)		**119.44**	107.89
2	Defined benefit cost included in P&L		**86.27**	20.63
3	Total remeasurements included in OCI / Retained Earnings		**25.11**	9.48
4	a.	Employer contributions	**(15.12)**	(13.80)
	b.	Employer direct benefit payments	**(4.48)**	(4.76)
	c.	Employer direct settlement payments	**-**	-
5	Net transfer		**-**	-
6	Net defined benefit liability (asset) as of end of period		**211.22**	119.44
H.	**Reconciliation of OCI (Re-measurement)**			
1	Recognised in OCI at the beginning of period		**116.75**	107.27
2	Recognised in OCI during the period		**25.11**	9.48
3	Recognised in OCI / Retained Earnings at the end of the period		**141.86**	116.75
I.	**Sensitivity analysis - DBO end of Period**			
1	Discount rate +100 basis points		**(7.85)**	(4.81)
2	Discount rate -100 basis points		**8.58**	5.29
3	Salary Increase Rate +1%		**5.44**	4.94
4	Salary Increase Rate -1%		**(5.35)**	(4.60)
5	Attrition Rate +1%		**(1.75)**	(1.84)
6	Attrition Rate -1%		**1.87**	1.99
J.	**Significant actuarial assumptions**			
1	Discount rate Current Year (p.a.)		**5.69%**	6.63%
2	Discount rate Previous Year (p.a.)		**6.63%**	7.21%
3	Salary increase rate (p.a.)		**4.60% to 13% p.a**	4% to 14% p.a
4	Attrition Rate (%)		**0.01% to 85.00%**	9% to 86% p.a
5	Retirement Age (years)		**60**	60
6	Pre-retirement mortality		**Indian Assured Lives Mortality 2012-14 (Urban)**	Indian Assured Lives Mortality 2012-14 (Urban)
K.	**Data**			
1	No.		**84,911**	87,183
2	Average age (yrs.)		**30.65**	30.22
3	Average past service (yrs.)		**2.87**	2.57
4	Average salary monthly (₹)		**14,937.61**	9,704.82
5	Future service (yrs.)		**29.35**	29.78
6	Weighted average duration of DBO		**4.00**	4.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Particulars			March 31, 2026	March 31, 2025
L.	**Expected cash flows for following year**			
	1	Expected contributions / Addl. Provision Next Year	**126.84**	72.91
	2	Expected total benefit payments		
		Year 1	**81.46**	60.70
		Year 2	**44.74**	24.31
		Year 3	**30.86**	15.63
		Year 4	**26.39**	12.75
		Year 5	**20.01**	13.01
		Above 5 years	**120.19**	83.65

Category of Plan assets	% of Fair value to total planned assets (as at March 31, 2026)
Government securities and corporate bonds / debentures	**93.73%**
Money market instruments and fixed deposits	**2.94%**
Net current assets and other approved security	**3.33%**
Total	**100.00%**

The Company's gratuity plan obligation is determined by actuarial valuation and is funded by investments in government securities. As such, the valuation and the funding are exposed to certain risks, including mainly salary increments, attrition levels, interest rates and investment yields. If salaries and interest rates rise faster than assumed or if the attrition rates are lower than assumed, then the Company's gratuity obligation would rise faster in future periods and an increase in market yields of government securities would reduce the value of the plan's investments, leading to higher future funding requirements. The Company monitors plan obligations and investments regularly with a view to ensuring that there is adequate funding on an ongoing basis, thus mitigating any potential adverse consequences of the risks described.

C) Compensated absences

The Company neither has a policy of encashment of unavailed leaves for its employees nor allows the leaves to be carry forward to next year.

D) Effective November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 collectively referred to as the 'New Labour Codes' - consolidating 29 existing labour laws. The Ministry of Labour & Employment has published draft Central Rules and FAQs on December 30, 2025, to facilitate assessment of the financial impact arising from these regulatory changes. Under IND AS 19, changes to employee benefit plans arising from the New Labour Codes constitute plan amendments and they are required to be treated as past service costs and recognised as an expense in the statement of profit and loss. Accordingly, the New Labour Codes has resulted in an estimated increase in provision for employee benefits of ₹60.52 Crore and the same has been recognised under the head "Employee Benefit Expenses" for the year ended March 31, 2026. The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting treatment on the basis of such developments as needed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	Claims against the Company not acknowledged as debt (Refer Note 40.1)	**130.33**	124.26
2	Estimated amount of contracts remaining to be executed on capital account and not provided for:	**38.54**	34.36
	(Net of Advances amounting to ₹8.25 Crore, previous year ₹39.63 Crore)		
3	Undrawn committed sanctions to borrowers	**458.91**	629.12

40.1 Claims against the Company not acknowledged as debt

Particulars	March 31, 2026	March 31, 2025
Suit filed by borrowers	**23.55**	38.61
Other contingent liabilities in respect of:		
1. Provident Fund matter - (see (a) below)	**50.14**	50.14
2. Payment of Bonus (Amendment) Act, 2015 - (see (b) below)	**34.88**	34.88
3. Payment of Labour Welfare Fund	**0.32**	0.32
4. Maharashtra Profession Tax Assessment	**0.31**	0.31
5. GST matters - (see (c) below)	**21.13**	-
Total	**130.33**	**124.26**

a) Provident Fund matter

The Company has received a notice of demand from the Provident Fund department amounting to ₹50.14 Crore. The Company had filed an appeal challenging the Provident Fund Commissioner's order before the Provident Fund Appellate Tribunal, wherein the Company had received a favourable outcome. However, a sum of ₹1 Crore has been deposited under protest with the Provident Fund Appellate Authority. This amount is shown under Other financial assets.

The Provident Fund department has challenged order of the appellate authority in the High Court. The management of the Company is of the view that no material losses will arise in respect of the legal claim and accordingly the same has been disclosed as a contingent liability. In the eventuality of any claim arising out of this case, the same will be billed to the customer in the year the claim is final and accordingly no provision has been made.

b) Payment of Bonus (Amendment) Act, 2015

As per the amendment to the Payment of Bonus (Amendment) Act, 2015 vide notification number DL-(N)04/70007/2003-16 issued on January 01, 2016 by Government of India, the Company would be required to pay statutory bonus to all eligible employees as per the amendments specified thereunder, with effect from April 01, 2014. However, various High Courts have granted a stay on retrospective effect of Payment of Bonus (Amendment) Act, 2015 from financial year 2014-15. In light of the above, the Company has decided to disclose such bonus amounting to ₹34.88 Crore as a contingent liability.

c) GST matter

In respect of disputes, the company is of the view of succeeding in appeals and does not expect any significant liabilities to materialise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

40.2 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.

40.3 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.

41 MATURITY ANALYSIS OF ASSETS & LIABILITIES

Particulars	March 31, 2026		March 31, 2025	
	Within 12 months	After 12 months	Within 12 months	After 12 months
ASSETS				
Financial Assets				
(a) Cash and cash equivalents (CCE)	**1,246.12**	**-**	950.46	-
(b) Bank balances other than CCE	**96.84**	**330.65**	2.84	30.97
(c) Derivative financial instruments	**281.44**	**1,055.93**	-	108.00
(d) Trade receivables	**295.95**	**-**	225.17	-
(e) Loans	**41,275.53**	**73,414.02**	36,267.74	67,075.30
(f) Investments	**3,742.21**	**5.45**	2,044.09	16.04
(g) Other financial assets	**8.02**	**47.28**	-	47.65
	46,946.11	**74,853.32**	**39,490.30**	**67,277.96**
Non-financial Assets				
(a) Current tax assets (Net)	**-**	**-**	76.89	-
(b) Deferred tax assets (Net)	**-**	**943.08**	-	883.25
(c) Property, plant and equipment	**-**	**230.08**	-	243.12
(d) Other intangible assets	**-**	**65.30**	-	32.30
(e) Right of Use Assets	**85.87**	**392.24**	79.66	380.01
(f) Other non-financial assets	**127.21**	**8.26**	160.13	39.67
	213.08	**1,638.96**	316.68	1,578.35
TOTAL ASSETS	**47,159.19**	**76,492.28**	**39,806.98**	**68,856.30**
LIABILITIES				
Financial Liabilities				
(a) Derivative financial instruments	**0.64**	**5.16**	-	2.06
(b) Trade payables	**179.88**	**-**	425.46	13.84
(c) Debt securities	**12,445.83**	**19,913.12**	21,968.49	19,404.61
(d) Borrowings other than debt securities	**21,125.83**	**38,769.36**	16,524.71	25,552.62
(e) Subordinated liabilities	**661.11**	**6,314.80**	228.23	6,003.71
(f) Other financial liabilities	**1,221.07**	**1,459.95**	1,427.76	581.07
	35,634.36	**66,462.39**	**40,574.65**	**51,557.91**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Particulars	March 31, 2026		March 31, 2025	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Non-Financial Liabilities				
(a) Current tax liabilities (net)	**92.52**	**-**	65.66	-
(b) Provisions	**630.73**	**84.39**	517.98	46.53
(c) Other non-financial liabilities	**83.05**	**-**	80.81	-
	806.30	**84.39**	664.45	46.53
TOTAL LIABILITIES	**36,440.66**	**66,546.78**	**41,239.10**	**51,604.44**
NET	**10,718.53**	**9,945.50**	**(1,432.12)**	**17,251.86**

42 CORPORATE SOCIAL RESPONSIBILITY

The average profit before tax of the Company for last three financial years was ₹2,948.60 Crore, basis which the Company's Prescribed CSR Budget for FY 2025-26 is ₹58.97 Crore. In FY 2024-25, an excess amount of ₹0.44 Crore was spent against the Prescribed CSR Budget for FY 2024-25, hence after adjusting the excess spend, the Company's total CSR Obligation for FY 2025-26 is ₹58.53 Crore.

a) Amount spent during the year on:

Particulars	March 31, 2026			March 31, 2025		
	Amount Spent	Amount Unpaid / provision	Total	Amount Spent	Amount Unpaid / provision	Total
Construction / acquisition of any asset	**-**	**-**	**-**	-	-	-
On purpose other than (i) above	**58.92**	**-**	**58.92**	46.78	0.07	46.86

b) In case of Section 135(5) unspent amount:

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
Not Applicable				

c) In case of Section 135(5) Excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
(0.44)	58.97	58.92	(0.39)

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
(0.44)	-	58.97	58.92	-	(0.39)	-

e) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, enhancing employability skills for unemployed individuals, supporting restoration of waterbodies and other water conservation activities, among other interventions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

43 DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2026	March 31, 2025
The Principal amount remaining unpaid at the end of the year	**55.28**	-
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	**55.28**	-

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

44 FAIR VALUE MEASUREMENT

a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below:

b) Total financial assets measured at fair value on a recurring basis:

The following tables show an analysis of the fair value of financial assets by level of the fair value hierarchy.

Particulars	Category	Fair value hierarchy	Fair Value	
			March 31, 2026	March 31, 2025
Mutual fund units	FVTPL	Level 1	**-**	-
Government securities / Treasury bills	FVOCI	Level 1	**3,742.21**	-
Government securities / Treasury bills	Amortised cost		**-**	2,078.87
Unquoted equity shares	FVTPL	Level 3	**5.45**	2.30
Securities receipt of ARC	FVTPL	Level 2	**-**	13.74
Derivative financial instruments	FVOCI	Level 2	**1,337.37**	108.00

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.

Government Securities and Treasury bills are valued based on market quotes.

Level 2:

Fair value of debt securities, borrowings other than debt securities and subordinated liabilities have been estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data. Fair valuation of cross currency swaps is achieved by estimating forward exchange rates to calculate the present value of future net cash flows, adjusted for currency-specific risks. The fair value of INR interest rate swaps is determined by discounting future fixed and floating rate payments using the appropriate floating rates, reflecting the current market conditions and interest rate expectations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Level 3:

Fair value of loans has been estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

Unquoted equity shares are measured at fair value using suitable valuation models viz., net asset value technique.

c) The table below presents information pertaining to the fair values and carrying values of the Company's financial assets and liabilities.

Particulars	Category	Fair value hierarchy	March 31, 2026		March 31, 2025	
			Carrying value	Fair value	Carrying value	Fair value
Financial Assets						
(a) Cash and cash equivalents (CCE)	Amortised cost		**1,246.12**	**1,246.12**	950.46	950.46
(b) Bank balances other than CCE	Amortised cost		**427.49**	**427.49**	33.81	33.81
(c) Derivative financial instruments	FVOCI	Level 2	**1,337.37**	**1,337.37**	108.00	108.00
(d) Trade receivables	Amortised cost		**295.95**	**295.95**	225.17	225.17
(e) Loans	Amortised cost		**1,14,689.55**	**1,15,160.80**	1,03,343.04	1,04,137.86
(f) Investments - Mutual funds	FVTPL	Level 1	**-**	**-**	-	-
Investments - G-Sec & Treasury bills	FVOCI	Level 1	**3,742.21**	**3,742.21**	-	-
Investments - G-Sec & Treasury bills	Amortised cost		**-**	**-**	2,044.09	2,078.87
Investments - In Security Receipts	FVTPL	Level 2	**-**	**-**	13.74	13.74
Investments - Unquoted equity shares	FVTPL	Level 3	**5.45**	**5.45**	2.30	2.30
(g) Other financial assets	Amortised cost		**55.30**	**55.30**	47.65	47.65
			1,21,799.44	**1,22,270.69**	1,06,768.26	1,07,597.86
Financial Liabilities						
(a) Derivative financial instruments	FVOCI	Level 2	**5.80**	**5.80**	2.06	2.06
(b) Trade payables	Amortised cost		**179.88**	**179.88**	439.30	439.30
(c) Debt securities	Amortised cost	Level 2	**32,358.95**	**32,352.93**	41,373.09	41,418.20
(d) Borrowings other than Securitisation	Amortised cost	Level 2	**56,782.43**	**56,536.16**	42,077.33	42,000.94
Borrowings under Securitisation	Amortised cost	Level 2	**3,112.77**	**3,095.55**	-	-
(e) Subordinated liabilities	Amortised cost	Level 2	**6,975.90**	**7,021.16**	6,231.94	6,321.10
(f) Other financial liabilities	Amortised cost		**2,681.02**	**2,681.02**	2,008.84	2,008.84
			1,02,096.75	**1,01,872.50**	92,132.56	92,190.44

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

(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.

d) Movements in Level 3 Financial Instruments Measured at Fair Value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities, which are recorded at fair value:

Particulars	As at April 01, 2025	Purchase / (Sales)	Transfers into / (from) Level 3	Statement of Profit and Loss	Other Comprehensive Income	At March 31, 2026
Investment in Equity Instruments	2.30	-	-	3.15	-	**5.45**
Total Financial Assets Measured at Fair Value on a Recurring Basis	2.30	-	-	-	-	**2.30**

Particulars	As at April 01, 2024	Purchase / (Sales)	Transfers into / (from) Level 3	Statement of Profit and Loss	Other Comprehensive Income	At March 31, 2025
Investment in Equity Instruments	2.30	-	-	-	-	**2.30**
Total Financial Assets Measured at Fair Value on a Recurring Basis	2.30	-	-	-	-	**2.30**

45 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

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.

46 RISK MANAGEMENT

While risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls.

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Supervisory Board.

The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

a) Credit risk

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and industry concentrations and by monitoring exposures in relation to such limits.

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Secured / unsecured i.e. based on whether the loans are secured
- Nature of security i.e. the nature of the security if the loans are determined to be secured
- Nature of loan i.e. based on the nature of loan

Significant increase in credit risk

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

Impairment assessment

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

Exposure at default

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Loss given default

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

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

Credit quality of assets

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

Stage	March 31, 2026	March 31, 2025
Stage 1	**1,13,823.33**	1,02,734.94
Stage 2	**1,774.50**	1,728.93
Stage 3	**2,895.52**	2,413.71
Total	**1,18,493.35**	**1,06,877.58**

b) **An analysis of changes in the gross carrying amount and corresponding ECL allowances in relations to loans is as under:**

	March 31, 2026			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**1,02,734.94**	**1,728.93**	**2,413.71**	**1,06,877.58**
Originated or new	**68,064.86**	**338.16**	**206.15**	**68,609.17**
Matured or repaid	**(51,544.06)**	**(997.54)**	**(1,920.30)**	**(54,461.90)**
Transfers to Stage 1	**525.36**	**(258.42)**	**(266.94)**	**-**
Transfers to Stage 2	**(1,827.87)**	**1,866.35**	**(38.48)**	**-**
Transfers to Stage 3	**(4,129.90)**	**(902.98)**	**5,032.88**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,531.50)**	**(2,531.50)**
Gross carrying amount - closing balance	**1,13,823.33**	**1,774.50**	**2,895.52**	**1,18,493.35**

	March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	87,218.17	1,287.94	1,711.82	90,217.93
Originated or new	65,413.44	418.34	275.72	66,107.50
Matured or repaid	(44,676.28)	(911.49)	(1,784.39)	(47,372.16)
Transfers to Stage 1	346.33	(206.34)	(139.99)	-
Transfers to Stage 2	(1,756.40)	1,780.51	(24.11)	-
Transfers to Stage 3	(3,810.32)	(640.03)	4,450.35	-
Amounts written off (net of recovery)	-	-	(2,075.69)	(2,075.69)
Gross carrying amount - closing balance	**1,02,734.94**	**1,728.93**	**2,413.71**	**1,06,877.58**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

	March 31, 2026			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**1,788.05**	**395.91**	**1,350.58**	**3,534.54**
Originated or new	**920.15**	**87.70**	**133.68**	**1,141.53**
Increase / (decrease) in provision on existing financial assets (Net of recovery)	**(669.39)**	**109.06**	**2,219.56**	**1,659.23**
Transfers to Stage 1	**121.42**	**(33.43)**	**(87.99)**	**-**
Transfers to Stage 2	**(55.58)**	**69.19**	**(13.61)**	**-**
Transfers to Stage 3	**(268.11)**	**(269.16)**	**537.27**	**-**
Amounts written off (net of recovery)	**-**	**-**	**(2,531.50)**	**(2,531.50)**
Impairment loss allowance - closing balance	**1,836.54**	**359.27**	**1,607.99**	**3,803.80**

	March 31, 2025			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	1,974.39	378.45	1,143.83	3,496.67
Originated or new	1,006.92	123.51	171.23	1,301.66
Increase in provision on existing financial assets (Net of recovery)	(854.48)	80.03	1,586.35	811.90
Transfers to Stage 1	104.53	(38.22)	(66.31)	-
Transfers to Stage 2	(82.12)	92.39	(10.27)	-
Transfers to Stage 3	(361.19)	(240.25)	601.44	-
Amounts written off (net of recovery)	-	-	(2,075.69)	(2,075.69)
Impairment loss allowance - closing balance	**1,788.05**	**395.91**	**1,350.58**	**3,534.54**

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 Company's forbearance policy, loan forbearance is granted on a selective basis if the customer is currently in default on its debt or if there is a high risk of default, there is evidence that the customer made all reasonable efforts to pay under the original contractual terms and the customer is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

Upon renegotiation, such accounts are classified as Stage 3. Such accounts are upgraded to Stage 1 only upon observation of satisfactory repayments of one year from the date of such down-gradation and accordingly loss allowance is measured using 12 month PD.

Exposure to modified financial assets	March 31, 2026	March 31, 2025
Gross carrying amount	**336.86**	605.52
Impairment allowance	**44.82**	172.95
Net carrying amount	**292.04**	432.57

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Analysis of risk concentration

The following table shows risk concentration of the Company's loans basis risk exposure into smaller homogeneous portfolios, based on shared credit risk characteristics as under:

	March 31, 2026	March 31, 2025
Carrying value of Loans	**1,14,689.55**	1,03,343.04
Mortgage backed loans	**27,544.90**	24,463.51
Other assets backed loans	**52,843.89**	47,690.10
Unsecured Loans	**29,090.09**	27,344.87
Others	**5,210.67**	3,844.56
Total	**1,14,689.55**	**1,03,343.04**

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, commercial properties and hypothecation of vehicles financed under asset finance products.

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 (net)

Loan to Value (LTV) range	March 31, 2026	March 31, 2025
Upto 50 % Coverage	**1,263.00**	931.10
51-75 % Coverage	**24.52**	122.86
76-100 % Coverage	**0.01**	9.17
Above 100% Coverage	**-**	-
Total	**1,287.53**	**1,063.13**

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(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 March 31, 2026.

March 31, 2026	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	**179.88**	**-**	**-**	**-**	**179.88**
Debt securities	**13,179.67**	**18,453.56**	**4,084.62**	**-**	**35,717.85**
Borrowings	**22,675.93**	**33,493.91**	**5,024.22**	**539.69**	**61,733.75**
Borrowings under Securitisation	**1,297.31**	**1,746.01**	**272.05**	**1.56**	**3,316.93**
Subordinated liabilities	**960.31**	**2,231.38**	**1,893.14**	**5,228.07**	**10,312.90**
Total	**38,293.10**	**55,924.86**	**11,274.03**	**5,769.32**	**1,11,261.31**

March 31, 2025	Less than 1 year	1 years to 3 years	3 years to 5 years	5 years and above	Total
Trade payables	438.84	13.84	-	-	452.68
Debt securities	23,252.48	19,610.25	2,601.13	-	45,463.86
Borrowings	18,990.75	24,643.50	3,400.52	-	47,034.77
Borrowings under Securitisation	-	-	-	-	-
Subordinated liabilities	514.88	1,666.50	2,475.44	4,917.36	9,574.18
Total	**43,196.95**	**45,934.09**	**8,477.09**	**4,917.36**	**1,02,525.49**

c) Market risk

Market risk represents the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

i) Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss.

	% Increase / decrease in rate		Increase / decrease in profit	
	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
Borrowings that are re-priced	**0.25%**	**0.25%**	105.01	72.30
Loans that are re-priced	**0.25%**	**0.25%**	55.33	60.90

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 swaps. 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

iii) Investments

The Company's investment portfolio primarily consist of government securities, mutual fund and Fixed deposits, which is reviewed by the ALCO on monthly basis and reported to the Board on quarterly basis.

iv) Equity price risk

The Company's investments in equity carry a risk of adverse price movement. To mitigate pricing risk emerging from investments in equity, the Company intermittently observes the performance of sectors and measures MTM gains / losses as per applicable accounting policy of the Company.

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.

47 IMPACT OF HEDGING ACTIVITIES

a) Disclosure of effects of hedge accounting on financial position:

March 31, 2026								
Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	12,328.55	-	1,344.09	-	January 12, 2027 August 30, 2027 August 13, 2027 September 27, 2027 March 24, 2028, April 15, 2028 February 12, 2029	1,235.54	(1,138.18)	Borrowings
Interest rate swaps	1,225.00	-	-	5.80	May 28, 2026 September 27, 2028 September 24, 2027 June 25, 2027 June 25, 2027	(3.74)	-	Borrowings

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

March 31, 2025								
Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
Cash flow hedge	Assets	Liabilities	Assets	Liabilities				
Foreign exchange forward contracts (Cross currency interest rate swaps)	8,974.88	-	108.54	-	January 12, 2027 August 13, 2027 August 30, 2027 September 27, 2027 March 24, 2028	113.31	(163.84)	Borrowings
Interest rate swaps	2,475.00	-	-	2.06	May 28, 2026 September 27, 2028 September 24, 2027 June 25, 2027 June 25, 2027	(3.98)	-	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

March 31, 2026				
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	**1,235.54**	**-**	**-**	
Interest rate risk	**(3.74)**	**-**	**-**	

March 31, 2025				
Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit 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	113.31	-	-	
Interest rate risk	(3.98)	-	-	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

48 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	April 01, 2025	Cash flows	Exchange Difference	Other	March 31, 2026
Debt securities	41,373.10	(8,827.00)	-	(187.15)	**32,358.95**
Borrowings other than debt securities	42,077.33	13,514.44	1,138.18	52.48	**56,782.42**
Borrowings under Securitisation	-	3,108.26	-	4.51	**3,112.77**
Subordinated liabilities	6,231.95	700.00	-	43.96	**6,975.91**
Total	**89,682.37**	**8,495.69**	**1,138.18**	**(86.19)**	**99,230.05**

Particulars	April 01, 2024	Cash flows	Exchange Difference	Other	March 31, 2025
Debt securities	36,357.74	4,657.00	-	358.36	**41,373.10**
Borrowings other than debt securities	33,862.30	8,055.09	163.84	(3.90)	**42,077.33**
Borrowings under Securitisation	85.31	(85.22)	-	(0.09)	**-**
Subordinated liabilities	5,858.53	357.00	-	16.42	**6,231.95**
Total	**76,163.87**	**12,983.87**	**163.84**	**370.78**	**89,682.37**

(i) Other column includes the effect of accrued interest and unamortised (discount) / premium on borrowings.

(ii) Total Liabilities comprises of Debt securities, Borrowings (other than debt securities), Borrowings under Securitisation and Subordinated Liabilities.

49 EXPENDITURE / REMITTANCES IN FOREIGN CURRENCIES

a) Expenditure in Foreign Currencies

Particulars	March 31, 2026	March 31, 2025
Processing charges for debt instrument	**12.75**	45.34
Professional charges	**0.74**	0.83
Annual software application fee	**3.62**	9.58
Other Expenditure	**-**	-

b) There is no dividend paid in foreign currency.

50 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require adjustment / disclosure in the financial statements.

51 TRANSFER OF FINANCIAL ASSETS

51.1 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Through Certificates (PTCs) issued by the SPV Trust. These securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs etc. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as 'Borrowing under Securitisation' under Note 18.

The details of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	March 31, 2026	March 31, 2025
Carrying amount of transferred assets measured at amortised cost	**3,037.94**	-
Carrying amount of associated liabilities (Debt securities - measured at amortised cost)	**3,108.26**	-
Fair value of assets	**2,836.02**	-
Fair value of associated liabilities	**3,047.62**	-
Net position at Fair Value	**(211.60)**	-

B) Assignment

The Company has sold some loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance.

As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain / (loss) on derecognition, per type of asset.

Particulars	March 31, 2026	March 31, 2025
Carrying amount of de-recognised financial asset	**227.01**	374.97
Carrying amount of retained assets at amortised cost*	**25.27**	41.73
Gain on sale of the de-recognised financial asset	**NIL**	Nil

**excludes Excess Interest Spread (EIS) on de-recognised financial assets*

51.2 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Disclosures from Notes 52 to 96 have been prepared as per Master Direction - Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 DOR.ACC.REC.No.278/21.04.018/2025-26 dated as on November 28, 2025 (as amended from time to time).

52 DISCLOSURE RELATING TO SECURITISATION

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	No of SPEs holding assets for securitisation transactions originated by the originator	**4**	-
	(only the SPVs relating to outstanding securitisation exposures to be reported here)		
2	Total amount of securitised assets as per books of the SPEs	**3,037.94**	-
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First Loss	**-**	-
	• Others	**-**	-
	b) On-balance sheet exposures		
	• First Loss	**361.04**	-
	• Others	**-**	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	ii) Exposure to third party securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
	ii) Exposure to third party securitisations		
	• First Loss	**-**	-
	• Others	**-**	-
5	Sale consideration received for the securitised assets and gain / loss on sale on account of securitisation	**-**	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
7	Performance of facility provided. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
	Fixed Deposit		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	361.04	-
	Corporate Guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	-	-
8	Average default rate of portfolios observed in the past.	0.35%	
9	Amount and number of additional / top up loan given on same underlying asset.		
	(a) Amount	-	-
	(b) Number	-	-
10	Investor complaints		
	(a) Directly / Indirectly received	Nil	Nil
	(b) Complaints outstanding	Nil	Nil

53 Disclosure relating to securitisation pursuant to Reserve Bank of India (Non-Banking Financial Companies – Securitisation Transactions) Directions, 2025, RBI/DOR/2025-26/353 DOR.STR.REC.272/21.04.177/2025-26, dated November 28, 2025 for STC (Simple, transparent and comparable) Securitisation Transactions are not applicable.

54 DISCLOSURE OF STRESSED LOANS TRANSFERRED DURING THE YEAR

a) Details of NPA loans transferred during the year (Refer note 63)

Sr No.	Particulars	March 31, 2026			March 31, 2025		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	76	-	-	-	-	-
ii)	Aggregate principal outstanding ofloans transferred	1.93	-	-	-	-	-
iii)	Weighted average residual tenor of the loans transferred	19.26	-	-	-	-	-
iv)	Net book value of loans transferred (at the time of transfer)	0.05	-	-	-	-	-
v)	Aggregate consideration	0.14	-	-	-	-	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-	-
vii)	Excess provision reversed to the Statement of profit and loss on account of sale	2.02	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

b) Security Receipts (SRs) Ratings held

Particulars	March 31, 2026		March 31, 2025	
	Rating Agencies	Rating	Rating Agencies	Rating
EARC TRUST SC - 411 Series I (*)	Indian rating and research	IND RR5- (Upto 25%)	Indian rating and research	IND RR5- (Upto 25%)

(*) Rating Band awarded by SEBI approved Ratings agencies to Security Receipts issued by above mentioned trust(s) set up by Edelweiss Asset Reconstruction Company Ltd (EARC).

c) Details of loans (not in default) acquired during the year (Refer note 63)

Sr No.	Particulars	March 31, 2026	March 31, 2025
i)	Aggregate amount of loans acquired (₹ in Crore)	-	-
ii)	Weighted average residual maturity (in years)	-	-
iii)	Weighted average holding period by originator (in years)	-	-
iv)	Retention of beneficial economic interest by the originator	-	-
v)	Aggregate consideration paid	-	-
vi)	Tangible security coverage	-	-

d) Details of Assignment Transactions

Sr No.	Particulars	March 31, 2026			March 31, 2025		
		To ARCs	To permitted transferees	To other transferees	To ARCs	To permitted transferees	To other transferees
i)	Number of Accounts	-	-	-	-	2,102	-
ii)	Aggregate principal outstanding of loans transferred	-	-	-	-	4,589	-
iii)	Weighted average residual tenor of the loans transferred	-	-	-	-	3.10 years	-
iv)	Net book value of loans transferred (at the time of transfer)	-	-	-	-	4,589	-
v)	Aggregate consideration	-	-	-	-	4,589	-
vi)	Additional consideration realised in respect of accounts transferred in earlier years	-	-	-	-	-	-

** The securitised loans disclosed in the above notes, i.e. 52, 53 and 54 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.*

55 DISCLOSURES ON CO-LENDING ARRANGEMENTS

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	Quantum of CLA's (₹ In Cr)*	**1,781.55**	1,000.39
2	Weighted average rate of interest	**26.31%**	26.83%
3	Fees charged / paid # (₹ In Cr)	**22.81**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
4	Broad sectors in which CLA was made	**Salaried Customer**	Salaried Customer
5	Performance of loans under CLA	**Gross Stage 3- 1.13%** **Net Stage 3- 0.23%**	Gross Stage 3- 1.76% Net Stage 3- 0.21%
6	Details related to default loss guarantee, if any	**Upto 5%**	Upto 5%

 # Contractual charges to the customer

**Disbursement during the year*

56 Total fixed deposits stands ₹361.04 Crore (Previous year NIL) on account of securitisation transaction outstanding till March 31, 2026.

57 LOAN AGAINST GOLD AND SILVER COLLATERAL

a) Loan against gold portfolio to Total assets is 1.35% (previous year 0.75%) & Loan against silver portfolio to Total assets is Nil (previous year Nil).

b) Details of loans extended against eligible gold and silver collateral

As at March 31, 2026

Particulars	Loan outstanding		Average ticket size (₹ Crore)	Average LTV ratio	Gross NPA (%)
	₹ Crore	As %Total of Loans			
1. Opening balance of the FY [(a)+(b)]	800.44	0.75%	0.02	73.69%	2.03%
(a) Consumption loans	476.60	0.45%	0.02	73.70%	2.18%
of which bullet repayment loans	162.75	0.15%	0.02	73.65%	2.77%
(b) Income generating loans	323.84	0.30%	0.02	73.68%	1.82%
2. New loans sanctioned and disbursed during the FY [(c)+(d)]	2,241.99	1.89%	0.03	73.83%	NA
(c) Consumption loans	909.32	0.77%	0.03	73.76%	NA
of which bullet repayment loans	432.27	0.36%	0.04	73.89%	NA
(d) Income generating loans	1,332.67	1.12%	0.03	73.87%	NA
3. Renewals sanctioned and disbursed during the FY	36.15	0.03%	0.04	69.12%	NA
4. Top-up loans sanctioned and disbursed during the FY	212.21	0.18%	0.03	72.55%	NA
5. Loans repaid during the FY [(e)+(f)]	1,581.10	1.33%	0.02	NA	NA
(e) Consumption loans	776.20	0.66%	0.02	NA	NA
of which bullet repayment loans	326.46	0.28%	0.03	NA	NA
(f) Income generating loans	804.90	0.68%	0.03	NA	NA
6. Non-Performing Loans recovered during the FY [(g) + (h)]	110.47	0.09%	0.02	NA	NA
(g) Consumption loans	57.52	0.05%	0.02	NA	NA
of which bullet repayment loans	22.56	0.02%	0.02	NA	NA
(h) Income generating loans	52.95	0.04%	0.02	NA	NA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Particulars	Loan outstanding		Average ticket size (₹ Crore)	Average LTV ratio	Gross NPA (%)
	₹ Crore	As %Total of Loans			
7. Loans written off during the FY [(i) + (j)]	**0.75**	**0.00%**	**0.02**	**NA**	**NA**
(i) Consumption loans	**0.45**	**0.00%**	**0.02**	**NA**	**NA**
of which bullet repayment loans	**0.28**	**0.00%**	**0.03**	**NA**	**NA**
(j) Income generating loans	**0.30**	**0.00%**	**0.01**	**NA**	**NA**
8. Closing balance at the end of FY [(k) + (l)]	**1,598.47**	**1.35%**	**0.03**	**73.55%**	**0.81%**
(k) Consumption loans	**663.62**	**0.56%**	**0.03**	**73.47%**	**0.94%**
of which bullet repayment loans	**265.67**	**0.22%**	**0.04**	**73.70%**	**0.82%**
(l) Income generating loans	**934.85**	**0.79%**	**0.03**	**73.61%**	**0.72%**

The above is based on the information available with the Company which has been relied upon by the auditors.

As at March 31, 2025

Particulars	Loan outstanding		Average ticket size (₹ Crore)	Average LTV ratio	Gross NPA (%)
	₹ Crore	As %Total of Loans			
1. Opening balance of the FY [(a)+(b)]	512.93	0.57%	0.01	73.48%	1.41%
(a) Consumption loans	299.86	0.33%	0.02	73.57%	1.11%
of which bullet repayment loans	93.97	0.10%	0.02	73.46%	0.79%
(b) Income generating loans	213.07	0.24%	0.01	73.36%	1.83%
2. New loans sanctioned and disbursed during the FY [(c)+(d)]	1,081.63	1.01%	0.02	73.81%	NA
(c) Consumption loans	642.12	0.60%	0.02	73.81%	NA
of which bullet repayment loans	257.56	0.24%	0.02	73.78%	NA
(d) Income generating loans	439.51	0.41%	0.02	73.79%	NA
3. Renewals sanctioned and disbursed during the FY	8.71	0.01%	0.03	68.84%	NA
4. Top-up loans sanctioned and disbursed during the FY	93.01	0.09%	0.03	73.47%	NA
5. Loans repaid during the FY [(e)+(f)]	821.97	0.77%	0.02	NA	NA
(e) Consumption loans	497.08	0.47%	0.02	NA	NA
of which bullet repayment loans	193.21	0.18%	0.02	NA	NA
(f) Income generating loans	324.89	0.30%	0.02	NA	NA
6. Non-Performing Loans recovered during the FY [(g) + (h)]	73.69	0.07%	0.01	NA	NA
(g) Consumption loans	40.92	0.04%	0.01	NA	NA
of which bullet repayment loans	13.34	0.01%	0.02	NA	NA
(h) Income generating loans	32.77	0.03%	0.01	NA	NA
7. Loans written off during the FY [(i) + (j)]	0.18	0.00%	0.01	NA	NA
(i) Consumption loans	0.13	0.00%	0.01	NA	NA
of which bullet repayment loans	0.10	0.00%	0.03	NA	NA
(j) Income generating loans	0.05	0.00%	0.00	NA	NA
8. Closing balance at the end of FY [(k) + (l)]	800.44	0.75%	0.02	73.69%	2.03%
(k) Consumption loans	476.60	0.45%	0.02	73.70%	2.18%
of which bullet repayment loans	162.75	0.15%	0.02	73.65%	2.77%
(l) Income generating loans	323.84	0.30%	0.02	73.68%	1.82%

The above is based on the information available with the Company which has been relied upon by the auditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

c) Details of gold and silver collateral and auctions*

Sr No.	Particulars	March 31, 2026	March 31, 2025
(a)	Unclaimed gold or silver collateral at the end of the financial year (in grams)	**1,890.11**	456.79
(b)	Number of loan accounts in which auctions were conducted	**351**	641
(c)	Total outstanding in loan accounts mentioned in (b)	**2.05 Crore**	3.23 Crore
(d)	Gold or silver collateral acquired during the FY due to default of loans (in grams)#	**6,507.73**	11,675.39
(e)	Gold or silver collateral auctioned during the FY (in grams)	**6,507.73**	11,675.39
(f)	Recovery made through auctions during the FY (in ₹ Crore)	**3.26 Crore**	4.94 Crore
(g)	Recovery percentage:		
(h)	as % of value of gold or silver collateral	**80.06%**	79.89%
(i)	as % of outstanding loan	**100.00%**	100.00%

** there is no sister concern participation in any of the above auctions.*

#Gold acquired within the reporting period has been considered as equivalent to gold auctions conducted during the same period.

The above is based on the information available with the Company which has been relied upon by the auditors.

58 COMPARISON BETWEEN PROVISIONS REQUIRED UNDER IRACP AND IMPAIRMENT ALLOWANCES MADE UNDER IND AS 109

As at March 31, 2026

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	**1,13,823.33**	**1,828.12**	**1,11,995.21**	**453.97**	**1,374.15**
	Stage 2	**1,774.50**	**359.27**	**1,415.23**	**7.95**	**351.32**
Subtotal		**1,15,597.83**	**2,187.39**	**1,13,410.44**	**461.92**	**1,725.47**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	**2,486.17**	**1,390.01**	**1,096.16**	**245.57**	**1,144.44**
Doubtful - up to 1 year	**Stage 3**	**300.92**	**156.87**	**144.05**	**66.98**	**89.89**
1 to 3 years	**Stage 3**	**77.32**	**39.76**	**37.56**	**24.25**	**15.51**
More than 3 years	**Stage 3**	**29.26**	**19.51**	**9.75**	**15.12**	**4.39**
Loss	**Stage 3**	**1.85**	**1.84**	**0.01**	**1.84**	**-**
Subtotal for NPA		**2,895.52**	**1,607.99**	**1,287.53**	**353.76**	**1,254.23**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
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**	**2,520.88**	**26.20**	**2,494.68**	**12.46**	**13.74**
	Stage 2	**0.17**	**0.17**	**-**	**0.08**	**0.09**
	Stage 3	**4.83**	**4.83**	**-**	**2.21**	**2.62**
Subtotal of other items		**2,525.88**	**31.20**	**2,494.68**	**14.75**	**16.45**
TOTAL	**Stage 1**	**1,16,344.21**	**1,854.32**	**1,14,489.89**	**466.43**	**1,387.89**
	Stage 2	**1,774.67**	**359.44**	**1,415.23**	**8.03**	**351.41**
	Stage 3	**2,900.35**	**1,612.82**	**1,287.53**	**355.97**	**1,256.85**
	Total	**1,21,019.23**	**3,826.58**	**1,17,192.65**	**830.43**	**2,996.15**

As at March 31, 2025

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amounts as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 Provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	**Stage 1**	1,02,734.94	1,780.15	1,00,954.79	454.30	1,325.85
	Stage 2	1,728.93	395.91	1,333.02	11.97	383.94
Subtotal		**1,04,463.87**	**2,176.06**	**1,02,287.81**	**466.27**	**1,709.79**
Non-Performing Assets (NPA)						
Substandard	**Stage 3**	2,038.42	1,077.53	960.89	192.50	885.03
Doubtful - up to 1 year	**Stage 3**	226.69	176.74	49.95	43.78	132.96
1 to 3 years	**Stage 3**	104.60	68.01	36.59	30.93	37.08
More than 3 years	**Stage 3**	43.98	28.28	15.70	21.26	7.02
Loss	**Stage 3**	0.02	0.02	-	0.02	-
Subtotal for NPA		**2,413.71**	**1,350.58**	**1,063.13**	**288.49**	**1,062.09**
Other items such as guarantee, loan commitment, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	**Stage 1**	963.75	9.90	953.85	1.76	8.14
	Stage 2	-	-	-	-	-
	Stage 3	6.77	6.77	-	0.04	6.73
Subtotal of other items		970.52	16.67	953.85	1.80	14.87
TOTAL	**Stage 1**	**1,03,698.69**	**1,790.05**	**1,01,908.64**	**456.06**	**1,333.99**
	Stage 2	**1,728.93**	**395.91**	**1,333.02**	**11.97**	**383.94**
	Stage 3	**2,420.48**	**1,357.35**	**1,063.13**	**288.53**	**1,068.82**
	Total	**1,07,848.10**	**3,543.31**	**1,04,304.79**	**756.56**	**2,786.75**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

59 THE BELOW TABLE DEPICTS STAGE WISE COUNT AND AMOUNT OF LOAN BOOK OUTSTANDING.

Sr. No.	Stage	Count	March 31, 2026	Count	March 31, 2025
1	Stage 1	68,74,843	1,13,823.33	61,73,374	1,02,734.94
2	Stage 2	1,34,266	1,774.50	1,80,798	1,728.93
3	Stage 3	1,19,123	2,895.52	1,28,089	2,413.71
Total		**71,28,232**	**1,18,493.35**	**64,82,261**	**1,06,877.58**

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.

60 MOVEMENT OF CREDIT IMPAIRED LOANS UNDER IND-AS

Sr No.	Particulars	March 31, 2026	March 31, 2025
(i)	Credit impaired loans under Ind-AS (Net) to Loans (Net) (%)	**1.10%**	1.01%
(ii)	Movement of Credit impaired loans under Ind-AS (Gross)		
	a) Opening balance	**2,413.71**	1,711.82
	b) Additions during the year	**5,239.03**	4,726.07
	c) Reductions during the year	**4,757.22**	4,024.18
	d) Closing balance	**2,895.52**	2,413.71
(iii)	Movement of Credit impaired loans under Ind-AS (Net)		
	a) Opening balance	**1,063.13**	567.99
	b) Additions during the year	**2,348.52**	2,367.05
	c) Reductions during the year	**2,124.12**	1,871.91
	d) Closing balance	**1,287.53**	1,063.13
(iv)	Movement of impairment loss allowance on credit impaired loans		
	a) Opening balance	**1,350.58**	1,143.83
	b) Impairment loss allowance made during the year	**2,890.51**	2,359.02
	c) Write-off / write-back of excess allowance	**2,633.10**	2,152.27
	d) Closing balance	**1,607.99**	1,350.58

61 MOVEMENT OF IMPAIRMENT LOSS ALLOWANCE FOR LOW CREDIT RISK LOANS AND SIGNIFICANT INCREASE IN CREDIT RISK LOANS

Sr No.	Particulars	March 31, 2026	March 31, 2025
(i)	Movement of impairment allowance for low credit risk loans and significant increase in credit risk loans		
	a) Opening balance	**2,183.96**	2,352.84
	b) Additions during the year	**1,007.85**	1,130.43
	c) Reductions during the year	**996.00**	1,299.31
	d) Closing balance	**2,195.81**	2,183.96

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

62 CONCENTRATION OF ADVANCES, EXPOSURES & CREDIT IMPAIRED LOAN

a) Concentration of Advances

Particulars	March 31, 2026	March 31, 2025
Total Advances to Twenty Largest Borrowers	**353.53**	359.72
Percentage of advances to twenty largest borrowers to Total Advances	**0.30%**	0.34%

b) Concentration of Exposures

Particulars	March 31, 2026	March 31, 2025
Total Exposure to Twenty Largest Borrowers	**353.53**	359.72
Percentage of exposures to twenty largest borrowers to Total Exposures	**0.30%**	0.34%

c) Concentration of credit impaired loans

Particulars	March 31, 2026	March 31, 2025
Total Exposure of Top four credit impaired accounts	**22.95**	22.92

d) Sector-wise distribution of credit impaired loans

Sr. No.	Sector	Percentage of Impairment loss allowance to Total credit impaired loans in that sector	
		March 31, 2026	March 31, 2025
1	Agriculture & allied activities	**4.34%**	3.66%
2	Corporate borrowers	**1.72%**	2.06%
3	Services	**1.82%**	1.62%
4	Unsecured personal loans	**1.04%**	1.12%
5	Auto loans	**3.36%**	2.66%
6	Others	**2.89%**	2.79%

Note: MSME category is included in the above categories

63 DETAILS OF CREDIT IMPAIRED FINANCIAL ASSETS PURCHASED / SOLD

The Company has not purchased any credit impaired financial assets during the financial year 2025-26. However, the Company has transferred credit impaired assets to Asset Reconstruction Company in terms of guidelines issued by Reserve Bank of India (Non-Banking Financial Companies - Transfer and Distribution of Credit Risk) Directions, 2025, RBI/DOR/2025-26/352 DOR.STR.REC.271/21.04.048/2025-26, dated November 28, 2025 (Refer Note 54). Further, the Company has not sold any credit impaired financial asset to institutions other than to Securitisation / Asset Reconstruction Company (SC/RC).

64 INVESTMENTS

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	**Value of Investments***		
	i) Gross value of Investments	**3,747.66**	2,060.13
	ii) Less: Provisions for Depreciation	**-**	-
	iii) Net Value of Investments	**3,747.66**	2,060.13
	** Please note that all investments are held in India*		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
2	**Movement of provisions held towards depreciation on investments**		
	i) Opening Balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write-off / write-back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

65 DERIVATIVES

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Sr No.	Particulars	March 31, 2026	March 31, 2025
i)	The notional principal of swap agreements	**1,225.00**	2,475.00
i)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreement	-	-
ii)	Collateral required by the Company upon entering into swaps	-	-
iii)	Concentration of credit risk arising from the swaps	**0.99%**	2.28%
iv)	The fair value of the swap book (Asset / (Liability))	**(5.80)**	(2.06)

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 outlines 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 are reported to the board of directors on every quarterly board meetings including their financial positions. For derivative accounting refer note no. 2.5

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

d) Quantitative Disclosures

Foreign currency non-repatriate loans availed

Sr No.	Particulars	March 31, 2026		March 31, 2025	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	- For hedging	**12,328.55**	**-**	8,974.88	-
ii)	Marked to Market Positions				
	(a) Asset [+] Estimated gain	**1,344.09**	**-**	108.54	-
	(b) Liability [-] Estimated loss				-
iii)	Credit exposure	**12,328.55**	**-**	8,974.88	
iv)	Unhedged exposures	**-**	**-**	-	-

** Cross currency interest rate swap*

66 CURRENCY FUTURES AND CURRENCY OPTIONS

The Company has not participated in currency futures and currency options during the financial years ended March 31, 2026 and March 31, 2025

67 CAPITAL ADEQUACY RATIO

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines and disclosed using Ind-AS terminology, is as follows:

Particulars	March 31, 2026	March 31, 2025
CRAR%	**21.40%**	19.22%
CRAR –Tier I Capital %	**17.06%**	14.67%
CRAR-Tier II Capital %	**4.34%**	4.55%
Amount of Subordinated Debt raised as Tier-II capital	**5,227**	4,527
Amount Raised by the issue of Perpetual Debt Instruments	**-**	500
Closing balance of Perpetual Debt Instruments	**1,500**	1,500
Percentage of the amount of PDI of the amount of its Tier I Capital	**7.74%**	10.06%

There were ₹ Nil Crore (Previous Year ₹ Nil Crore) interest outstanding to pay Perpetual Debt Instrument holders.

68 ASSET LIABILITY MANAGEMENT (MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES)

Particulars	Deposits With Bank	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day to 7 days	**0.17**	**4,122.30**	**3,742.21**	**1,205.12**		
	0.16	*3,269.19*	*2,044.09*	*1,768.00*		
8 day to 14 days	**0.00**	**567.39**	**-**	**1,181.81**		
	0.00	*419.90*	-	*184.42*	-	-
15 day to 30/31 days	**0.09**	**263.04**	**-**	**3,888.28**		
	0.08	*266.50*	-	*2,119.43*	-	-
Over one month to 2 months	**0.86**	**3,837.07**	**-**	**3,627.20**		
	0.85	*3,360.45*	-	*4,249.35*		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Particulars	Deposits With Bank	Advances	Investments(*)	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Over 2 months upto 3 months	**0.01**	**3,839.20**	**-**	**2,129.89**		
	-	*3,372.47*	*-*	*4,812.67*		
Over 3 months to 6 months	**1.63**	**10,624.35**	**-**	**10,349.78**		
	1.27	*9,379.47*	*-*	*9,833.11*		
Over 6 months to 1 year	**63.14**	**18,022.18**	**-**	**9,363.70**		**2,486.98**
	0.46	*16,199.76*	*-*	*15,754.46*		
Over 1 year to 3 years	**307.26**	**44,700.82**	**-**	**40,738.15**		**9,926.25**
	-	*41,394.61*	*-*	*31,105.48*		*9,012.39*
Over 3 years to 5 years	**-**	**14,317.57**	**-**	**9,786.86**		
	-	*12,795.52*	*13.74*	*7,152.27*		
Over 5 years	**-**	**14,395.63**	**5.45**	**4,546.03**		
	-	*12,885.17*	*2.30*	*3,690.80*		
Total	**373.16**	**1,14,689.55**	**3,747.66**	**86,816.82**	**-**	**12,413.23**
	2.84	***1,03,343.04***	***2,060.13***	***80,669.98***	**-**	***9,012.39***

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

Previous year figures are presented in italics.

69 DISCLOSURE PERTAINING TO RESOLUTION FRAMEWORK FOR COVID-19-RELATED STRESS AND RESOLUTION FRAMEWORK - 2.0: RESOLUTION OF COVID-19 RELATED STRESS OF INDIVIDUALS AND SMALL BUSINESSES TO BE READ WITH RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – RESOLUTION OF STRESSED ASSETS) DIRECTIONS, 2025, RBI/DOR/2025-26/357 DOR.STR.REC.276/21.04.048/2025-26, DATED NOVEMBER 28, 2025.

Format-B For Resolution framework

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount Paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	**13.16**	**4.82**	**0.05**	**1.53**	**6.76**
	27.64	*4.66*	*0.20*	*5.53*	*17.26*
Corporate persons*	**-**	**-**	**-**	**-**	**-**
	0.96	*-*	*-*	*0.96*	*-*
Of which, MSMEs	**-**			**-**	**-**
	0.96	*-*	*-*	*0.96*	*-*
Others	**-**	**-**	**-**	**-**	**-**
	0.00	*-*	*-*	*-*	*0.00*
Total	**13.16**	**4.82**	**0.05**	**1.53**	**6.76**
	28.60	**4.66**	**0.20**	**6.48**	**17.26**

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

Previous year figures are presented in italics.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

70 DISCLOSURE PERTAINING TO RESOLUTION FRAMEWORK - 2.0: RESOLUTION OF COVID-19 RELATED STRESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) – REVISION IN THE THRESHOLD FOR AGGREGATE EXPOSURE TO BE READ WITH RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – RESOLUTION OF STRESSED ASSETS) DIRECTIONS, 2025, RBI/DOR/2025-26/357 DOR.STR.REC.276/21.04.048/2025-26, DATED NOVEMBER 28, 2025.

Type of borrower	Year	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current Year	-	-
	Previous Year	-	-

71 EXPOSURE

a) Exposure to Real Estate Sector

Categories			March 31, 2026	March 31, 2025
A.	**Direct Exposure**			
	i.	Residential Mortgages -	**17,274.06**	16,850.35
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.		
	ii.	Commercial Real Estate –	**10,779.47**	8,266.67
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits		
	iii.	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
		a) Residential,	-	-
		b) Commercial Real Estate	-	-
B.	**Indirect Exposure**			
	Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.			
	Total Exposure to Real Estate Sector		**28,053.53**	**25,117.02**

b) Exposure to Capital Market

Sr No.	Particulars	March 31, 2026	March 31, 2025
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	**5.45**	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	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security ;	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds ' does not fully cover the advances ;	-	-
v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers ;	-	-
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources ;	-	-
vii)	Bridge loans to companies against expected equity flows / issues ;	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		
ix)	Financing to stockbrokers for margin trading		
x)	All exposures to Alternative Investment Funds	-	-
	i) Category I		
	ii) Category II		
	iii) Category III		
	Total Exposure to Capital Market	**5.45**	**2.30**

Note: The Company does not have exposure against pledge of shares by promotor of Company for any of the above items.

c) Sectoral exposure

Sr No.	Sectors	March 31, 2026			March 31, 2025		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
		(₹ in Crore)	(₹ in Crore)	%	(₹ in Crore)	(₹ in Crore)	%
	Total sectors exposure	**1,18,493.35**	**2,895.52**	**2.44%**	**1,06,877.58**	**2,413.71**	**2.26%**
1	**Agriculture and Allied Activities**	**249.75**	**4.18**	**1.67%**	**240.86**	**4.74**	**1.97%**
2	**Industry**						
	(i) Micro and Small	**1,871.04**	**22.65**	**1.21%**	1,568.33	10.58	0.67%
	(ii) Medium	**171.41**	**3.51**	**2.05%**	206.78	0.80	0.39%
	(iii) Others	**265.60**	**16.69**	**6.28%**	522.82	37.85	7.24%
	Total of Industry	**2,308.05**	**42.85**	**1.86%**	**2,297.93**	**49.23**	**2.14%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Sectors	March 31, 2026			March 31, 2025		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
		(₹ in Crore)	(₹ in Crore)	%	(₹ in Crore)	(₹ in Crore)	%
3	**Services**						
	(i) Transport Operators	**998.03**	**23.77**	**2.38%**	1,055.78	11.95	1.13%
	(ii) Computer Software	**36.98**	**0.20**	**0.54%**	33.18	1.56	4.70%
	(iii) Tourism, Hotel and Restaurants	**300.84**	**2.71**	**0.90%**	323.61	7.96	2.46%
	(iv) Shipping	**16.27**	**-**	**0.00%**	12.68	0.61	4.81%
	(v) Professional Services	**40.18**	**-**	**0.00%**	37.61	-	0.00%
	(vi) Total of Trade	**1,466.69**	**12.52**	**0.85%**	1,452.15	19.30	1.33%
	(vi) (a) Wholesale Trade (other than Food Procurement)	**312.07**	**5.35**	**1.71%**	318.68	1.52	0.48%
	(vi) (b) Retail Trade	**1,154.62**	**7.17**	**0.62%**	1,133.47	17.78	1.57%
	(vii) Commercial Real Estate	**256.95**	**2.64**	**1.03%**	265.66	7.68	2.89%
	(viii) NBFCs	**-**	**-**	**0.00%**	-	-	0.00%
	(ix) Aviation	**3.97**	**-**	**0.00%**	1.01	-	0.00%
	(x) Other	**3,217.61**	**52.79**	**1.64%**	3,399.03	49.91	1.47%
	Total of Services	**6,337.52**	**94.63**	**1.49%**	**6,580.71**	**98.97**	**1.50%**
4	**Retail Loan**						
	(i) Housing Loans (incl. priority sector Housing)	**-**	**-**	**0.00%**	-	-	0.00%
	(ii) Consumer Durables	**5,240.82**	**30.82**	**0.59%**	3,605.77	27.06	0.75%
	(iii) Credit Card Receivables	**-**	**-**	**0.00%**	-	-	0.00%
	(iv) Vehicle / Auto Loans	**44,105.09**	**1,594.18**	**3.61%**	38,747.61	1,171.44	3.02%
	(v) Education Loans	**-**	**-**	**0.00%**	-	-	0.00%
	(vi) Advances against Fixed Deposit	**-**	**-**	**0.00%**	-	-	0.00%
	(vii) Advances to Individuals against Shares, Bonds	**0.68**	**-**	**0.00%**	0.96	0.05	5.21%
	(viii) Advances to Individuals against Gold	**1,598.47**	**12.99**	**0.81%**	800.44	16.28	2.03%
	(ix) Micro finance loan / SHG Loan	**551.88**	**2.10**	**0.38%**	447.63	7.00	1.56%
	(x) Other	**58,101.09**	**1,113.77**	**1.92%**	54,155.67	1,038.94	1.92%
	Total of Retail Loan	**1,09,598.03**	**2,753.86**	**2.51%**	**97,758.08**	**2,260.77**	**2.31%**
5	**Others, if any (please specify)**	**-**	**-**	**-**	**-**	**-**	**-**

d) Intra-group exposures disclosure

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	Total amount of intra-group exposures	**Nil**	Nil
2	Total amount of top 20 intra-group exposures	**Nil**	Nil
3	Percentage of intra-group exposures to total exposure of the NBFC on borrowers / customers	**Nil**	Nil

e) Unhedged foreign currency exposure - Refer Significant accounting policies Note 2.5 and Note 46 (c) (ii)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

72 DISCLOSURE OF COMPLAINTS

a) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr No.	Particulars	March 31, 2026	March 31, 2025
i)	Number of Complaints Pending at the beginning of the year	**247**	85
ii)	Number of Complaints received during the year	**24,316**	17,487
iii)	Number of Complaints disposed / redressed during the year	**23,771**	17,325
iiia)	Of which (iii), number of complaints rejected by the NBFC	**2,769**	1,320
iv)	Number of complaints pending at the end of the year	**792**	247
	Maintainable complaints received by the NBFC from Office of Ombudsman		
v)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**706**	382
va)	Of (v), number of complaints resolved in favour of the NBFC by Office of Ombudsman	**674**	361
vb)	Of (v), number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	**32**	21
vc)	Of (v), number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	**Nil**	Nil
vi)	Number of Awards unimplemented within the stipulated time (other than those appealed)	**Nil**	Nil

Note:- Complaints include any expression of dissatisfaction from a customer or any identified service deficiency

b) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of (v), number of complaints pending beyond 30 days
		March 31, 2026			
Ground - 1 Recovery Agents / Direct Sales Agents	-	**149**	**(31.34%)**	-	-
Ground - 2 Loans and advances	**205**	**21,282**	**41.70%**	**721**	**8**
Ground - 3 Non-observance of fair practices code	-	-	-	-	-
Ground - 4 Levy of charges without prior notice / excessive charges / foreclosure charges	-	-	-	-	-
Ground - 5 Facilities for customers visiting the office / adherence to prescribed working hours, etc.	-	-	-	-	-
Others	**42**	**2,885**	**28.17%**	**71**	-
Total	**247**	**24,316**	**39.05%**	**792**	**8**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of (v), number of complaints pending beyond 30 days
March 31, 2025					
Ground - 1 Recovery Agents / Direct Sales Agents	-	217	(35.80%)	-	-
Ground - 2 Loans and advances	73	15,019	438.51%	205	-
Ground - 3 Non-observance of fair practices code	-	-	-	-	-
Ground - 4 Levy of charges without prior notice / excessive charges / foreclosure charges	-	-	-	-	-
Ground - 5 Facilities for customers visiting the office / adherence to prescribed working hours, etc.	-	-	-	-	-
Others	12	2,251	130.87%	42	-
Total	**85**	**17,487**	**326.30%**	**247**	

73 BREACH OF COVENANT

There are no instances of breach of covenant of loan availed or debt securities issued during the current year 2025-2026 as well as previous year 2024-2025.

74 DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING

a) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5% of the reported profits before tax and impairment loss on financial instruments for the reference period

Not applicable

b) Additional Gross NPAs identified by RBI exceeds 5% of the reported Gross NPAs for the reference period.

Sr.	Particulars	March 31, 2026	March 31, 2025
1	Gross NPAs as on March 31, as reported by Company	**2,413.71**	Not applicable
2	Gross NPAs as on March 31, as assessed by the Reserve Bank of India	**2,547.14**	
3	Divergence in Gross NPAs (2-1)	**133.43**	
4	Net NPAs as on March 31, as reported by the Company	**1,063.13**	
5	Net NPAs as on March 31, as assessed by Reserve Bank of India	**1,161.43**	
6	Divergence in Net NPAs (5-4)	**98.30**	
7	Provisions for NPAs as on March 31, as reported by the Company	**1,350.58**	
8	Provisions for NPAs as on March 31, as assessed by Reserve Bank of India	**1,385.71**	
9	Divergence in provisioning (8-7)	**35.13**	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr.	Particulars	March 31, 2026	March 31, 2025
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31.	**5,040.85**	Not applicable
11	Reported Net Profit after Tax (PAT) for the year ended March 31.	**2,175.92**	
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, after considering the divergence in provisioning	**2,140.79**	

The said divergence has been suitably addressed and incorporated in the current financial year.

** March 31, 2025 is the close of the reference period in respect of which divergences were assessed*

** March 31, 2024 is the close of the reference period in respect of which divergences were assessed*

75 MANDATORY LISTING REQUIREMENTS FOR NBFC - UPPER LAYER (UL)

Pursuant to the circular dated January 16, 2025 the Reserve Bank of India, under Scale Based Regulation has categorised the Company as Upper Layer (NBFC-UL). Pursuant to the same, the Company has raised equity capital through Initial Public Offer (IPO), of 16,89,18,917 equity shares of ₹10 each, comprising a fresh issue of 3,37,83,782 equity shares and 13,51,35,135 equity shares offered for sale by the selling shareholders. The equity shares were issued at a price of ₹740 per equity share (including a Share Premium of ₹730 per equity share). Pursuant to the aforesaid allotment of equity shares, the issued, subscribed and paid- up capital of the Company stands increased to ₹829.57 Crore (82,95,66,727 Equity shares of ₹10 each). The Company's equity shares were listed on National Stock Exchange of India Limited and on BSE Limited on July 02, 2025.

76 EXPOSURES TO RELATED PARTIES

Sr. No.	Particulars	March 31, 2026	March 31, 2025
A.	Loans to Related Parties		
1	Aggregate value of loans sanctioned to related parties during the year	**-**	-
2	Aggregate value of outstanding loans to related parties as on March 31	**-**	-
3	Aggregate value of outstanding loans to related parties as a proportion of total credit exposure as on March 31	**-**	-
4	Aggregate value of outstanding loans to related parties which are categorised as:	**-**	-
	(i) Special Mention Accounts as on March 31	**-**	-
	(ii) Non-Performing Assets as on March 31	**-**	-
5	Amount of provisions held in respect of loans to related parties as on March 31	**-**	-
B.	Contracts and Arrangements involving Related Parties		
6	Aggregate value of contracts and arrangements awarded to related parties during the year	**7,476.69**	3,493.27
7	Aggregate value of outstanding contracts and arrangements involving related parties as on March 31	**11,178.90**	8,698.39

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

77 RELATED PARTY DISCLOSURE

Sr No.	Related party	Parent (HDFC Bank)		Subsidiaries		Associates / Joint Ventures		Directors#		Key Management Personnel#		Others		Total	
	Items	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
A	**Details of Related Party Transactions for the Year:**														
(i)	Borrowings	**8,210.71**	4,103.48	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**8,210.71**	4,103.48
(ii)	Placement of deposits	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
(iii)	Sale of Fixed assets	**0.02**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**0.02**	
(iv)	Interest paid	**577.49**	690.51	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**577.49**	690.51
(v)	Interest received	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
(vi)	Others	**1,479.29**	2,165.14	**-**	-	**-**	-	**2.71**	2.28	**12.57**	9.81	**207.72**	128.80	**1,702.29**	2,306.02
(via)	Charges for back office support services received / recoverable	**206.85**	204.83	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**206.85**	204.83
(vib)	Charges for sales support services received / recoverable	**736.69**	738.05	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**736.69**	738.05
(vic)	Tele collection charges / field collection charges received / recoverable for collection services rendered	**280.37**	273.77	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**280.37**	273.77
(vid)	Others	**255.38**	948.48	**-**	-	**-**	-	**2.71**	2.28	**12.57**	9.81	**207.72**	128.80	**478.38**	1,089.37
B	**Balances outstanding:**														
(i)	Borrowings	**8,917.38**	6,723.32	**-**	-	**-**	-	**-**	-	**-**	-	**1,164.00**	1,309.00	**10,081.38**	8,032.32
(ii)	Deposits	**-**	9.85	**-**	-	**-**	-	**-**	-	**-**	-		-	**-**	9.85
(iii)	Placement of deposits	**-**	0.10	**-**	-	**-**	-	**-**	-	**-**	-		-	**-**	0.10
(iv)	Others	**1,086.07**	647.80	**-**	-	**-**	-	**-**	-	**-**	-	**11.45**	8.32	**1,097.52**	656.12
C	**Maximum balance during the year:**														
(i)	Borrowings	**9,418.92**	11,286.06	**-**	-	**-**	-	**-**	-	**-**	-	**1,309.00**	1,419.00	**10,727.92**	12,705.06
(ii)	Deposits	**9.85**	9.85	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**9.85**	9.85
(iii)	Placement of deposits	**0.10**	0.16	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**0.10**	0.16

 # The company does not have any transactions with relatives of Directors and Key Management Personnel

78 DISCLOSURE ON LIQUIDITY RISK MANAGEMENT

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2026 is given below:

Particulars		Quarter Ended March 31, 2026			Quarter Ended December 31, 2025			Quarter Ended September 30, 2025			Quarter Ended June 30, 2025		
		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)**	**3,421.20**	**100%**	**3,421.20**	**2,572.92**	**100%**	**2,572.92**	**2,784.39**	**100%**	**2,784.39**	**2,713.36**	**100%**	**2,713.36**
	Cash & Bank Balances	**430.65**	**100%**	**430.65**	351.17	100%	351.17	274.84	100%	274.84	298.11	100%	298.11
	Investment in G-Sec / T-Bill	**2,990.55**	**100%**	**2,990.55**	2,221.75	100%	2,221.75	2,509.55	100%	2,509.55	2,415.25	100%	2,415.25
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	**755.62**	**115%**	**868.97**	743.08	115%	854.55	845.24	115%	972.03	438.22	115%	503.96
4	Secured wholesale funding	**4,408.89**	**115%**	**5,070.22**	3,064.55	115%	3,524.23	3,426.12	115%	3,940.04	4,257.01	115%	4,895.57
5	Additional requirements, of which												
(i)	Outflows related to derivative exposures and other collateral requirements	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
(ii)	Outflows related to loss of funding on debt products	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
(iii)	Credit and liquidity facilities	**-**	**115%**	**-**	-	115%	-	-	115%	-	-	115%	-
6	Other contractual funding obligations	**1,015.39**	**115%**	**1,167.69**	1,044.77	115%	1,201.49	808.82	115%	930.14	1,039.32	115%	1,195.21
7	Other contingent funding obligations	**527.50**	**115%**	**606.62**	626.49	115%	720.47	487.94	115%	561.13	532.59	115%	612.48
8	**Total Cash Outflows**	**6,707.40**		**7,713.50**	**5,478.89**		**6,300.74**	**5,568.12**		**6,403.34**	**6,267.14**		**7,207.22**
Cash Inflows													
9	Secured Lending	**-**	**75%**	**-**	-	75%	-	-	75%	-	-	75%	-
10	Inflows from fully performing exposures	**5,274.72**	**75%**	**3,956.04**	5,143.87	75%	3,857.90	4,718.70	75%	3,539.03	4,634.50	75%	3,475.87
11	Other cash inflows	**7,589.36**	**75%**	**5,692.02**	9,897.75	75%	7,423.32	8,885.61	75%	6,664.21	9,393.30	75%	7,044.98
12	**TOTAL CASH INFLOWS**	**12,864.08**		**9,648.06**	**15,041.62**		**11,281.22**	**13,604.31**		**10,203.24**	**14,027.80**		**10,520.85**
13	TOTAL HQLA			**3,421.20**			2,572.92			2,784.39			2,713.36
14	TOTAL NET CASH OUTFLOWS			**1,928.38**			1,575.19			1,600.84			1,801.80
15	**LIQUIDITY COVERAGE RATIO (%)**			**177.41%**			**163.34%**			**173.93%**			**150.59%**

**The average weighted and unweighted amounts are calculated taking simple averages of daily values.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. The Reserve Bank of India introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹5,000 Crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid assets 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 01, 2020 with the minimum LCR to be 50% which rose to 100% effective from December 01, 2024. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities and Treasury Bills without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows (75% of stressed outflow). Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	16	58,623	56.92%

Note: The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Borrowing
1	Top 10	50,427	50.82%

Fund Concentration Based on Significant Instrument / Products

Sr. No	No of Instruments	Amount	% of Total Liabilities
1	Non Covertible Debentures & Market Linked Debentures	30,353	29.47%
2	Term Loans from Banks	44,369	43.08%
3	Subordinate Debts & Perpetual Debts	6,976	6.77%
4	External Commercial Borrowings	12,413	12.05%
5	Commercial Paper	2,006	1.95%
6	Securitisation Borrowings	3,113	3.02%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	2.02%
2	Commercial Paper as a % of Total Liabilities*	1.95%
3	Commercial Paper as a % of Total Assets	1.62%
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	34.70%
8	Other Short Term Liabilities as % of Total Liabilities	33.44%
9	Other Short Term Liabilities as a % of Total Assets	27.85%

** Total liabilities refer to Total Outside Liabilities i.e. Balance Sheet Total excluding Share Capital and Reserves*

***Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper*

Institutional set-up for liquidity risk management

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in assets and liabilities in various buckets. The Asset Liability Management (ALM) report is evaluated in the Asset Liability Committee (ALCO) meeting on monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in Government -Securities,Treasury-Bills, Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments like Non-Convertible Debentures, Commercial paper, other market instruments and also borrows through Term Loans, Line of Credits and External Commercial Borrowings, etc.

The Company has a diversified mix of investors which includes Banks, Mutual Funds,Insurance companies, Foreign Institutional Investors, Corporates,Provident Funds etc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2025 is given below:

Particulars		Quarter Ended March 31, 2025			Quarter Ended December 31, 2024			Quarter Ended September 30, 2024			Quarter Ended June 30, 2024		
		Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*	Total Unweighted Value (average)*	Weight	Total Weighted value (average)*
High Quality Liquid Assets													
1	**Total High Quality Liquid Assets (HQLA)**	2,330.86	100%	2,330.86	**2,239.13**	**100%**	**2,239.13**	**2,302.88**	**100%**	**2,302.88**	**2,283.84**	**100%**	**2,283.84**
	Cash & Bank Balances	269.53	100%	269.53	182.58	100%	182.58	248.45	100%	248.45	262.52	100%	262.52
	Investment in T-Bills	2,061.33	100%	2,061.33	2,056.55	100%	2,056.55	2,054.43	100%	2,054.43	2,021.32	100%	2,021.32
Cash Outflows													
2	Deposits(for deposit taking companies)	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.	N.A.	115%	N.A.
3	Unsecured wholesale funding	695.87	115%	800.25	1,223.95	115%	1,407.54	314.35	115%	361.50	722.46	115%	830.83
4	Secured wholesale funding	2,994.01	115%	3,443.11	2,590.24	115%	2,978.78	2,635.91	115%	3,031.30	2,871.72	115%	3,302.47
5	Additional requirements, of which												
(i)	Outflows related to derivative exposures and other collateral requirements	-	115%	-	-	115%	-	-	115%	-	-	115%	-
(ii)	Outflows related to loss of funding on debt products	-	115%	-	-	115%	-	-	115%	-	-	115%	-
(iii)	Credit and liquidity facilities	-	115%	-	-	115%	-	-	115%	-	-	115%	-
6	Other contractual funding obligations	809.07	115%	930.43	727.90	115%	837.09	721.59	115%	829.83	913.94	115%	1,051.03
7	Other contingent funding obligations	526.09	115%	605.00	419.55	115%	482.48	377.93	115%	434.62	408.73	115%	470.04
8	**Total Cash Outflows**	**5,025.04**		**5,778.79**	**4,961.64**		**5,705.89**	**4,049.78**		**4,657.25**	**4,916.85**		**5,654.37**
Cash Inflows													
9	Secured Lending	-	75%	-	-	75%	-	-	75%	-	-	75%	-
10	Inflows from fully performing exposures	4,408.53	75%	3,306.40	4,449.90	75%	3,337.42	4,228.62	75%	3,171.47	4,112.87	75%	3,084.65
11	Other cash inflows	8,599.95	75%	6,449.96	9,633.24	75%	7,224.93	9,226.66	75%	6,920.00	9,437.64	75%	7,078.23
12	**TOTAL CASH INFLOWS**	**13,008.48**		**9,756.36**	**14,083.14**		**10,562.35**	**13,455.28**		**10,091.47**	**13,550.51**		**10,162.88**
13	TOTAL HQLA			2,330.86			2,239.13			2,302.88			2,283.84
14	TOTAL NET CASH OUTFLOWS			1,444.70			1,426.47			1,164.31			1,413.59
15	**LIQUIDITY COVERAGE RATIO (%)**			**161.34%**			**156.97%**			**197.79%**			**161.56%**

**The average weighted and unweighted amounts are calculated taking simple averages of daily values.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. The Reserve Bank of India introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹5,000 Crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 01, 2020 with the minimum LCR to be 50% which rose to 100% effective from December 01, 2024. In order to determine High quality Liquid Assets, Company considers Cash and Bank Balances, Investment in Government Securities and Treasury Bills without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows (75% of stressed outflow). Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Public Disclosure on LCR

Fund Concentration based on Significant counter parties

Sr. No	No of Significant counter Parties	Amount	% of Total Liabilities
1	19	58,461	62.97%

Note: The above is arrived including Securitisation exposure to Banks

Top Ten Borrowings as a % of Total Borrowings

Sr. No	Particulars	Amount	% of Total Borrowing
1	Top 10	44,125	49.20%

Fund Concentration Based on Significant Instrument / Products

Sr. No	No of Instruments	Amount	% of Total Liabilities
1	Non Covertible Debentures & Market Linked Debentures	37,960	40.89%
2	Term Loans from Banks	33,065	35.61%
3	Subordinate Debts & Perpetual Debts	6,232	6.71%
4	External Commercial Borrowings	9,012	9.71%
5	Commercial Paper	3,413	3.68%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Stock Ratios

Sr. No	Stock Ratios	Ratio
1	Commercial Paper as a % of Total Public Funds	3.81%
2	Commercial Paper as a % of Total Liabilities*	3.68%
3	Commercial Paper as a % of Total Assets	3.14%
4	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Public Fund	N.A
5	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Liabilities	N.A
6	Non Convertible Debentures with (original maturity less than 1 year) as a % of Total Assets	N.A
7	Other Short Term Liabilities** as % of Total Public Funds	42.18%
8	Other Short Term Liabilities as % of Total Liabilities	40.74%
9	Other Short Term Liabilities as a % of Total Assets	34.81%

** Total liabilities refer to Total Outside Liabilities i.e. Balance Sheet Total excluding Share Capital and Reserves*

***Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper*

Institutional set-up for liquidity risk management

The Company monitors its inflows and outflows in various buckets and ensures that there are no major mismatches in assets and liabilities in various buckets. The Asset Liability Management (ALM) report is evaluated in the Asset Liability Committee (ALCO) meeting on monthly basis. The Company ensures that there is adequate liquidity cushion available in the form of investments in Government -Securities,Treasury-Bills, Mutual Funds etc. and unavailed Bank lines. The Company issues various instruments like Non-Convertible Debentures, Commercial paper, other market instruments and also borrows through Term Loans, Line of Credits and External Commercial Borrowings, etc.

The Company has a diversified mix of investors which includes Banks, Mutual Funds,Insurance companies, Foreign Institutional Investors, Corporates,Provident Funds etc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

79 DISCLOSURE ON RESTRUCTURED ACCOUNTS

SL. No.	Type of Restructuring / Asset Classification / Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	527	148	206	-	881	291	48	48	-	387	818	196	254	-	1,268
			-	-	-	-	-	1,380	818	65	-	2,263	650	226	-	-	876	2,030	1,044	65	-	3,139
		Amount outstanding	-	-	-	-	-	87.54	21.23	55.46	-	164.23	17.26	4.20	2.00	-	23.46	104.80	25.42	57.46	-	187.70
			-	-	-	-	-	160.64	122.58	42.29	-	325.51	36.81	8.51	-	-	45.31	197.45	131.09	42.29	-	370.83
		Provision thereon	-	-	-	-	-	15.90	5.84	42.34	-	64.09	3.90	1.17	1.43	-	6.49	19.80	7.00	43.76	-	70.58
			-	-	-	-	-	50.24	60.29	23.67	-	134.20	15.36	5.27	-	-	20.63	65.60	65.56	23.67	-	154.83
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY.	No. of borrowers	-	-	-	-	-	16	-	(16)	-	-	6	(2)	(4)	-	-	22	(2)	(20)	-	-
			-	-	-	-	-	52	(50)	(2)	-	-	11	(11)	-	-	-	63	(61)	(2)	-	-
		Amount outstanding	-	-	-	-	-	6.52	(2.53)	(3.99)	-	-	3.54	(3.47)	(0.08)	-	-	10.06	(5.99)	(4.07)	-	-
			-	-	-	-	-	23.03	(20.55)	(2.47)	-	0.00	0.31	(0.31)	-	-	-	23.33	(20.86)	(2.47)	-	0.00
		Provision thereon	-	-	-	-	-	3.24	(0.45)	(2.79)	-	-	0.84	(0.77)	(0.07)	-	-	4.07	(1.21)	(2.86)	-	-
			-	-	-	-	-	8.53	(8.05)	(0.48)	-	0.00	0.13	(0.13)	-	-	-	8.66	(8.18)	(0.48)	-	(0.00)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY *	No. of borrowers	-	-	-	-	-	234	69	73	-	376	95	10	21	-	126	329	79	94	-	502
			-	-	-	-	-	588	282	15	-	885	219	67	-	-	286	807	349	15	-	1,171
		Amount outstanding	-	-	-	-	-	28.73	10.46	13.74	-	52.93	8.70	0.28	1.80	-	10.78	37.45	10.73	15.52	-	63.70
			-	-	-	-	-	60.51	41.52	10.02	-	112.05	13.57	4.89	0.38	-	18.84	74.08	46.41	10.40	-	130.89
		Provision thereon	-	-	-	-	-	10.13	2.14	12.02	-	24.30	2.86	0.12	0.37	-	3.35	12.99	2.26	12.40	-	27.65
			-	-	-	-	-	32.66	19.13	(9.77)	-	42.02	8.47	3.63	(0.09)	-	12.01	41.13	22.76	(9.86)	-	54.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)

(Currency: Indian Rupees in Crore)

SL. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
5	Downgrade of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	(78)	44	34	-	-	(25)	13	12	-	-	(103)	57	46	-	-
			-	-	-	-	-	*(162)*	*(38)*	*200*	-	-	*(49)*	*1*	*48*	-	-	*(211)*	*(37)*	*248*	-	-
		Amount outstanding	-	-	-	-	-	(12.54)	6.39	6.15	-	-	(5.01)	0.01	5.01	-	-	(17.55)	6.40	11.16	-	-
			-	-	-	-	-	*(31.57)*	*(24.13)*	*55.69*	-	-	*(5.07)*	*2.68*	*2.39*	-	*0.00*	*(36.64)*	*(21.45)*	*58.08*	-	-
		Provision thereon	-	-	-	-	-	(2.31)	1.09	1.21	-	-	(0.75)	(0.00)	0.76	-	-	(3.06)	1.09	1.97	-	-
			-	-	-	-	-	*(8.60)*	*(18.19)*	*26.78*	-	-	*(2.43)*	*1.10*	*1.33*	-	*0.00*	*(11.03)*	*(17.09)*	*28.11*	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	11	43	58	-	112	34	23	11	-	68	45	66	69	-	180
			-	-	-	-	-	*155*	*300*	*42*	-	*497*	*102*	*101*	-	-	*203*	*257*	*401*	*42*	-	*700*
		Amount outstanding	-	-	-	-	-	0.11	2.96	27.05	-	30.11	0.33	0.27	0.14	-	0.74	0.44	3.23	27.19	-	30.86
			-	-	-	-	-	*4.05*	*15.15*	*30.02*	-	*49.22*	*1.22*	*1.80*	-	-	*3.02*	*5.27*	*16.95*	*30.02*	-	*52.24*
		Provision thereon	-	-	-	-	-	0.03	1.08	22.04	-	23.17	0.16	0.19	0.13	-	0.48	0.19	1.27	22.17	-	23.65
			-	-	-	-	-	*1.61*	*9.09*	*17.41*	-	*28.11*	*0.69*	*1.44*	-	-	*2.13*	*2.30*	*10.53*	*17.41*	-	*30.24*
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	-	-	-	-	-	220	80	93	-	393	143	26	24	-	193	363	106	117	-	586
			-	-	-	-	-	*527*	*148*	*206*	-	*881*	*291*	*48*	*48*	-	*387*	*818*	*196*	*254*	-	*1,268*
		Amount outstanding	-	-	-	-	-	52.68	11.68	16.85	-	81.20	6.76	0.18	5.00	-	11.94	59.44	11.87	21.85	-	93.15
			-	-	-	-	-	*87.54*	*21.23*	*55.47*	-	*164.24*	*17.26*	*4.19*	*2.01*	-	*23.46*	*104.80*	*25.42*	*57.48*	-	*187.70*
		Provision thereon	-	-	-	-	-	6.67	3.26	6.69	-	16.61	0.96	0.09	1.61	-	2.66	7.64	3.35	8.30	-	19.29
			-	-	-	-	-	*15.90*	*5.83*	*42.33*	-	*64.06*	*3.90*	*1.17*	*1.42*	-	*6.49*	*19.80*	*7.00*	*43.75*	-	*70.55*

** Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).*

Previous year figures are presented in italics.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

80 PROVISIONS AND CONTINGENCIES

Particulars	March 31, 2026	March 31, 2025
Category wise breakup of Provisions & Contingencies shown in Statement of Profit and Loss		
Diminution on investment	-	-
Provision towards non-performing assets*	**257.41**	206.75
Provision made towards income tax	**842.45**	751.88
Provision for standard assets#	**11.85**	(168.88)
Provision for gratuity	**111.38**	30.11
Provisions for trade receivables	**7.84**	(1.04)

** Represents impairment loss allowance on stage 3 loans.*

 # Represents impairment loss allowance on stage 1 and stage 2 loans.

81 SCHEDULE TO THE BALANCE SHEET OF AN NON-BANKING FINANCIAL COMPANY

Sr No.	Particulars	March 31, 2026	March 31, 2025
	Liabilities side:		
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:(*)		
	(a) Debentures		
	- Secured (*)	**30,352.51**	37,960.35
	- Unsecured (*)	**6,975.90**	6,231.94
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits		
	(c) Term Loans (*)	**44,289.15**	32,990.21
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	**2,006.44**	3,412.75
	(f) Public Deposits		
	(g) Other Loans (*)	**15,436.81**	8,974.88
	(*) There is no overdue		
2	**Break-up of (1)(f) above (outstanding public deposit inculsive of interest accrued thereon but not paid**		
	(a) In the form of unsecured debenture	-	-
	(b) In the form of partly secured debenture i.e. debenture where there is s shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side:		
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	**87,929.30**	77,944.56
	(b) Unsecured	**30,380.78**	28,823.17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
4	**Break up of Leased Assets and stock on Hire and other assets counting towards asset financing activities.**		
	(i) Lease Assets including lease rentals sundry debtors:		
	a) Financial Lease		-
	b) Operating Lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	a) Assets on hire		-
	b) Repossessed Assets		-
	(iii) Other loans counting towards asset financing activities		
	a) Loans where assets have been repossessed	**183.27**	109.85
	b) Loans other than (a) above	**-**	-
5	**Break-up of Investments (net of provision for diminution in value):**		
	Current Investments:		
	I. Quoted:		
	i. Shares		
	a) Equity		
	b) Preference		
	ii. Debentures and Bonds		
	iii. Units of Mutual Funds	**-**	-
	iv. Government Securities	**3,742.21**	2,044.09
	v. Others (please specify)	**-**	13.74
	II. Unquoted:		
	i. Shares		
	a) Equity		
	b) Preference		
	ii. Debentures and Bonds		
	iii. Units of Mutual Funds		
	iv. Government Securities		
	v. Others (please specify)		
	Long Term Investments:		
	I. Quoted:		
	i. Shares		
	a) Equity		
	b) Preference		
	ii. Debentures and Bonds		
	iii. Units of Mutual Funds		
	iv. Government Securities		
	v. Others (please specify)		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
	II. Unquoted:		
	i. Shares		
	a) Equity	**5.45**	2.30
	b) Preference		
	ii. Debentures and Bonds		
	iii. Units of Mutual Funds		
	iv. Government Securities		
	v. Others (please specify)		
6	**Borrower group-wise classification of assets financed as in (3) and (4) above: (Amount net of provisions)**		
	1. Related Parties		
	(a) Subsidiaries		
	i. Secured		
	ii. Unsecured		
	Total		
	(b) Companies in the same Group		
	i. Secured		
	ii. Unsecured		
	Total		
	(c) Other Related Parties		
	i. Secured		
	ii. Unsecured		
	Total		
	2. Other than Related Parties		
	i. Secured	**88,112.57**	78,054.41
	ii. Unsecured	**30,380.78**	28,823.17
	Total	**1,18,493.35**	**1,06,877.58**
7	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**		
	1. Related Parties		
	(a) Subsidiaries		
	i. Market Value / Break up or fair value or NAV		-
	ii. Book Value (Net of Provisions)		-
	(b) Companies in the same Group		
	i. Market Value / Break up or fair value or NAV		-
	ii. Book Value (Net of Provisions)		-
	(c) Other Related Parties		
	i. Market Value / Break up or fair value or NAV		-
	ii. Book Value (Net of Provisions)		-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

Sr No.	Particulars	March 31, 2026	March 31, 2025
	2. Other than Related Parties		
	i. Market Value / Break up or fair value or NAV	**3,747.66**	2,060.13
	ii. Book Value (Net of Provisions)	**3,744.50**	2,060.13
8	**Other Information**		
	(i) Gross credit impaired assets		
	(a) Related parties		
	(b) Other than related parties	**2,895.52**	2,413.71
	(ii) Net credit impaired assets		
	(a) Related parties		
	(b) Other than related parties	**1,287.53**	1,063.13
	(iii) Assets Acquired in satisfaction of debt		

82 PENALTIES IMPOSED BY RBI AND OTHER REGULATORS

During the year ended March 31, 2026, RBI by an order dated October 01, 2025 levied a penalty of ₹0.04 Crore for not obtaining of Permanent Account Number (PAN) or equivalent document thereof or Form No. 60 in certain loan accounts disbursed during FY 2023-24 which revealed, inter alia, contravention of Paragraph 16 & 66 of RBI's (Know Your Customer (KYC)) Direction, 2016.No penalties have been imposed by RBI and Other Regulators during Previous year.

83 DISCLOSURE ON FRAUDS PURSUANT TO RBI MASTER DIRECTION

The frauds detected and reported for the year amounted to ₹4.56 Crore (Previous year ₹0.81 Crore).

84 DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS

There is no financing during the current year.

85 DETAILS OF SINGLE BORROWER LIMITS (SBL) / GROUP BORROWER LIMITS (GBL) EXCEEDED

The Company has not exceeded the single borrower limits / group borrower limits as set as by Reserve Bank of India.

86 ADVANCES AGAINST INTANGIBLE SECURITIES

The Company has not given any loans against intangible securities.

87 OVERSEAS ASSETS (FOR THOSE WITH JOINT VENTURES AND SUBSIDIARIES ABROAD)

There are no overseas assets owned by the Company.

88 DRAW DOWN FROM RESERVES

The Company has made no drawdown from existing reserves.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

89 OFF-BALANCE SHEET SPVS SPONSORED

The Company is now required to provide its financial statements under Ind AS, which requires all securitisation related SPV's to be consolidated in the books of the originator (the Company). Accordingly, these SPV's stand consolidated and none of the SPV's sponsored are off-balance sheet.

90 OFF-BALANCE SHEET EXPOSURES AND STRUCTURED PRODUCTS

The Company has no structured products for the financial year ended March 31, 2026 and March 31, 2025.Details of all off-balance sheet exposures are as below:

Sr No.	Particulars	March 31, 2026	March 31, 2025
1	Undrawn Commitments	**458.91**	629.12
2	Estimated amount of contracts remaining to be executed on capital account and not provided for	**38.54**	34.36
3	Off Balance Sheet Exposures relating to Securitisation	**-**	-
4	Derivatives (Notional Principal Amount)	**13,553.55**	11,449.88

91 PROJECT FINANCE

The Company has not lent any funds for the financial year ended March 31, 2026 and March 31, 2025 through project finance activities nor has any recoverable balance as at the same date.

92 CREDIT DEFAULT SWAPS

The Company has not participated in any Credit Default Swap (CDS) transactions during the financial years ended March 31, 2026 and March 31, 2025.

93 RATINGS

The Credit Analysis & Research Limited (CARE) and CRISIL Limited (CRISIL) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Facility	March 31, 2026		March 31, 2025	
	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 programme	**A1+**	**A1+**	A1+	A1+
Subordinated bond issue	**AAA / Stable**	**AAA / Stable**	AAA / Stable	AAA / Stable
Perpetual bond issue	**AAA / Stable**	**AAA / Stable**	AAA / Stable	AAA / Stable
Market Linked Debentures	**Withdrawn**	**Withdrawn**	Withdrawn	Withdrawn

** Includes ECB and excludes WCDL / CC*

94 REGISTRATION UNDER OTHER FINANCIAL SECTOR REGULATORS

The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory & Development Authority of India (IRDAI).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

95 NON-FUND BASED (NFB) CREDIT FACILITIES:

The details of NFB credit facilities entered by the company are given below:

Sr. No.	Particulars	As at March 31, 2026	As at March 31, 2026	As at March 31, 2025	As at March 31, 2025
		Secured Portion	Unsecured Portion	Secured Portion	Unsecured Portion
I	Outstanding Guarantees (₹ Crore)				
	i) In India	**Nil**	**Nil**	Nil	Nil
	ii) Outside India	**Nil**	**Nil**	Nil	Nil
II	Acceptances, Endorsements and other Obligations (₹ Crore)	**Nil**	**Nil**	Nil	Nil
III	Other NFB Credit facilities (₹ Crore) (Undrawn Commitments)	**346.42**	**112.49**	356.70	272.42

96 LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

Particulars	March 31, 2026	March 31, 2025
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	**0.01**	0.04

97 DISCLOSURE PURSUANT TO REGULATION 53(F) READ WITH SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Sr No.	Particulars	March 31, 2026	March 31, 2025
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.	-	-

98 DISCLOSURE PURSUANT TO REGULATION 54 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 319, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and / or further secured by way of hypothecation of receivables under financing activity with a minimum requirement of asset cover of between 1 to 1.1 times. Assets cover as on March 31, 2026 is between 1 to 1.1 times.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

99 RELATIONSHIP WITH STRUCK OFF COMPANIES ON THE BASIS OF AVAILABLE DATA ON THE DATE OF REPORTING

Sr No.	Name of Struck off Company	Nature of transactions	As at March 31, 2026 (Amt in Crore)	As at March 31, 2025 (Amt in Crore)	Relation ship with the struck off company, if any, to be disclosed
1	Goldman Venture Private limited	Shareholder	*	*	Shareholder
2	Glamoroso Family Saloon And Spa Private Limited	Loan	**0.14**	0.21	Borrower
3	GVK Alliance Networks Private Limited	Loan	**0.39**	0.44	Borrower
4	Onus Labs Private Limited	Loan	**-**	0.19	Borrower
5	Deli Carrier Pack And Move Private Limited	Loan	**0.12**	0.16	Borrower
6	R S Vegetable Exporters India Private Limited	Loan	**-**	0.02	Borrower
7	PRS Gases Company LLP	Loan	**0.07**	0.11	Borrower
8	Make Magic Creations Private Limited	Loan	**0.03**	0.05	Borrower

Note:- In the absence of purchase price of share held by Goldman Venture Private Limited face value is considered for reporting purpose.

** Less than ₹1000/-.*

100 DETAILS OF REVENUE FROM INSURANCE SEGMENT

Particulars	As at March 31, 2026	As at March 31, 2025
Commission Income	**455.16**	277.48

101 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED SUCH AS

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year

b) There are no undisclosed transaction which have not been recorded in the books.

c) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

d) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority

e) The Company has not entered into any scheme of arrangement

f) No Registration or satisfaction of charges are pending to be filed with ROC.

102 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

b) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) The accounting software used by the Company to maintain its books of accounts has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software.

103 ANALYTICAL RATIOS AS PER MINISTRY OF CORPORATE AFFAIRS ("MCA") NOTIFICATION DATED MARCH 24, 2021

Sr. No.	Ratio	Numerator	Denominator	As at March 31, 2026	As at March 31, 2025	% Variance	Reason for variance (if above 25%)
1	Capital to riskweighted assets ratio (CRAR)	Total capital funds	Total risk weighted assets	**21.40%**	19.22%	11.34%	NA
(i)	Tier I CRAR	Capital funds - Tier I	Total risk weighted assets	**17.06%**	14.67%	16.32%	NA
(ii)	Tier II CRAR	Capital funds - Tier II	Total risk weighted assets	**4.34%**	4.55%	-4.61%	NA
2	Liquidity Coverage Ratio	Total HQLA (Maintained)	Total Net Cash Outflows	**166.38%**	168.10%	-1.02%	NA

104 DIVIDEND DECLARED DURING THE YEAR

The Company has paid an interim dividend of ₹2.00 per equity share during the year. Further, the Board has proposed a final dividend of ₹2.00 per equity share for financial year ended March 31, 2026 in the Board of Directors meeting held on April 15, 2026.

Accounting Period	Net Profit for the accounting period (₹ in Crore)	Rate of dividend (%)	Amount of Dividend (₹ in Crore)	Dividend Payout ratio (%)
FY 2025-26	2,543.83	40%	331.98	13.05%
FY 2024-25	2,175.92	30%	238.37	10.95%
FY 2023-24	2,460.84	30%	237.64	9.66%

105 STANDARDS ISSUED BUT NOT YET EFFECTIVE

On March 31, 2026, there is no Ind AS amendment rules / notification issued by the Ministry of Corporate Affairs ('MCA') which is not effective as on date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2026 (CONTD.)
(Currency: Indian Rupees in Crore)

106 Previous year numbers have been regrouped / reclassified, wherever considered necessary, to correspond with current year presentation.

107 The Company does not have investment in any subsidiaries, associates, joint ventures or controlled structure entity during the year ended and thus requirement of the consolidated financial statements for the year ended March 31, 2026 is not applicable.

As per our report of even date attached

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

Saurabh S. Peshwe
Partner
Membership No: 121546

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

Roshni R. Marfatia
Partner
Membership No: 106548

For and on behalf of the Board of Directors of
HDB Financial Services Limited

G. Ramesh
Managing Director & CEO
DIN: 05291597

Jayant Gokhale
Independent Director
DIN: 00190075

Jaykumar P. Shah
Chief Financial Officer
Membership No: 106353

Dipti Khandelwal
Company Secretary
Membership No: F11340

Place: Mumbai
Date: April 15, 2026

HDB FINANCIAL SERVICES

REIMAGINING OPPORTUNITIES

Total Branches : 1730

Disclaimer

Every effort has been made to ensure the accuracy of this image. However, the Company and its Directors do not assume responsibility for its correctness or authenticity.

NOTES

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HDB FINANCIAL SERVICES

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