Date: August 14, 2024

BSE Limited
P.J Tower,
Dalal Street,
Mumbai 400 001

Dear Sir/Madam,

Sub: Notice of 19th Annual General Meeting and Annual Report for FY 2023-24

Pursuant to the provisions of Regulations 50(2) & 53(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), please find enclosed herewith the Notice convening the 19th (Nineteenth) Annual General Meeting ("AGM") and Annual Report of HDFC Credila Financial Services Limited ("the Company") for the financial year 2023-24.

The 19th AGM of the Members of the Company will be held on Thursday, September 5, 2024, at 2:30 P.M. (IST) through video conferencing ("VC") in accordance with the relevant circulars issued by the Ministry of Corporate Affairs, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2024, along with the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. V. Srinivasa Rangan (DIN: 00030248), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Ashish Agrawal (DIN: 00163344), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Increase in the borrowing limits of the Company under Section 180 (1) (c) of the Companies Act, 2013

5. Change of name of the Company and consequential alteration to Memorandum of Association and Articles of Association of the Company.

The Annual Report and the AGM Notice is also uploaded on the Company's website at [Investor Relations | About HDFC Credila]

We request you to take note of the above and arrange to bring this to the notice of all concerned.

Thanking you.

Yours Faithfully,
For **HDFC Credila Financial Services Limited**

Manjeet Pawankumar Bijlani
Digitally signed by Manjeet Pawankumar Bijlani
Date: 2024.08.15 00:21:12 +05'30'

Manjeet Bijlani
Chief Financial Officer

Encl.: As above

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 19TH (NINETEENTH) ANNUAL GENERAL MEETING ('AGM') OF THE MEMBERS OF HDFC CREDILA FINANCIAL SERVICES LIMITED ('THE COMPANY') WILL BE HELD ON THURSDAY, SEPTEMBER 5, 2024, AT 2:30 P.M. (IST) THROUGH VIDEO CONFERENCING ('VC') IN ACCORDANCE WITH THE RELEVANT CIRCULARS ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, TO TRANSACT THE FOLLOWING BUSINESSES. DEEMED VENUE OF THE MEETING SHALL BE REGISTERED OFFICE OF THE COMPANY I.E., B 301, CITI POINT, NEXT TO KOHINOOR CONTINENTAL, ANDHERI-KURLA ROAD, ANDHERI (EAST), MUMBAI - 400 059.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2024, along with the Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. V. Srinivasa Rangan (DIN: 00030248), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Ashish Agrawal (DIN: 00163344), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Increase in the borrowing limits of the Company**

   To consider, and if thought fit, to pass, the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** in supersession of the Special Resolution passed by the Members at the Extra-Ordinary General Meeting held on March 20, 2024 and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the rules made thereunder (including any statutory amendment(s), or modification(s) thereto or re-enactment(s) thereof for the time being in force) and in terms of the relevant provisions of the Articles of Association of the Company, the approval 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 thereof) to borrow, from time to time, such sum or sums of monies for and on behalf of the Company, as they may deem necessary for the purpose of business of the Company, inter-alia, by way of loan/financial assistance from various bank(s), financial institution(s), and/or other lender(s), issue of debentures, bonds or other debt instruments either in Rupee or any other currency, with or without security, whether in India or abroad, issue of commercial papers, external commercial borrowing, or repo borrowing, etc., on such terms and conditions as the Board at its sole discretion may deem fit, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining outstanding at any point of time, will exceed the aggregate of its paid-up share capital, free reserves and securities premium, provided that the total amount up to which monies may be borrowed by the Board and which shall remain outstanding at any given point, shall not exceed Rs. 55,000 Crores (Rupees Fifty-Five Thousand Crores).

RESOLVED FURTHER THAT the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of such borrowings, from time to time, viz. terms as to interest, repayment, security or otherwise as it may deem fit and to sign and execute all such documents, agreements, writings and papers, and to do all such acts, deeds, matters and things, as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or Director(s) and/or officer(s) of the Company, to give effect to this resolution."

5. Change of name of the Company and consequential alteration to Memorandum of Association and Articles of Association of the Company

To consider, and if thought fit, to pass, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 4, 13 and 14 and other applicable provisions of the Companies Act, 2013 ("Act") read with rules framed thereunder (including any statutory amendment(s), or modification(s) thereto or re-enactment(s) thereof for the time being in force), the Memorandum of Association and Articles of Association of the Company and subject to requisite regulatory/statutory approvals, consents and permissions, as may be required, consent of the members be and is hereby accorded for change of name of the Company from **"HDFC Credila Financial Services Limited"** to **"Credila Financial Services Limited**".

RESOLVED FURTHER THAT the Name Clause, being Clause I of the Memorandum of Association of the Company, be and is hereby altered by deleting the existing Clause I and substituting it with the following:

I. The Name of the Company is "Credila Financial Services Limited"

RESOLVED FURTHER THAT upon the receipt of fresh certificate of incorporation pursuant to change of name, the name "HDFC Credila Financial Services Limited" wherever appears in the Memorandum of Association and Articles of Association and other documents and papers of the Company be substituted with "Credila Financial Services Limited".

RESOLVED FURTHER THAT any Director of the Company, the Chief Financial officer and the Company Secretary of the Company, be and are hereby severally authorized to make, sign and execute and file necessary applications, forms, papers, documents and information as may be considered necessary or expedient including appointing attorney/s or authorized representatives under appropriate Letter/s of Authority/ies, to appear before the office of the Ministry of Corporate Affairs / Registrar of Companies, and other Regulatory or Statutory Authority/ies, as may be required from time to time and to do all such acts, deeds, matters and things including settling and finalizing all issues that may arise in this regard in order to give effect to this resolution and to delegate all or any of the powers conferred herein as they may, in their absolute discretion, deem fit."

On Behalf of **the Board of Directors**

Sd/-
Arijit Sanyal
Managing Director & CEO
DIN: 08386684

Place: Mumbai
Date: August 12, 2024

Registered Office:
B 301, Citi Point,
Next to Kohinoor Continental,
Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059

NOTES:

1. In compliance with the provisions of the Ministry of Corporate Affairs ('MCA') General Circular No. 09/2023 dated September 25, 2023 read with MCA Circular No. 20/2020 dated May 05, 2020, MCA General Circular No. 14/2020 dated April 08, 2020 and MCA General Circular No. 17/2020 dated April 13, 2020 (collectively referred to as 'MCA Circulars'), the Company will be conducting its Annual General Meeting ('AGM') through video conferencing ('VC') using Microsoft Teams platform.

2. Pursuant to the aforementioned MCA Circulars, attendance of Members through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 ('the Act').

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company. The proxy form to be effective should be lodged with the Company at its registered office, duly completed and signed before commencement of the AGM.

4. However, as the AGM is being conducted through VC, pursuant to the aforementioned MCA Circulars, physical attendance of Members at the AGM is dispensed with. Hence, attendance slip and proxy form are not annexed to this Notice.

5. Corporate shareholders intending to send their authorized representatives to attend the AGM are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the AGM.

6. Members will be provided with a facility to attend the 19th AGM through video conferencing platform. The link for joining the meeting will be provided in the email sent to shareholders for attending the AGM alongwith copy of AGM Notice. The link for joining the 19th AGM through VC will be activated 15 minutes before the scheduled start time of the AGM and will remain open throughout the AGM.

7. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report for the financial year ended on March 31, 2024, is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM, and the Annual Report has been uploaded on the website of the Company at https://www.hdfccredila.com/about/investor-relation.html

8. Members desiring any information relating to the proposed businesses at the AGM are requested to write to the Company at the earliest, so as to enable the Board of Directors to keep the information ready at the AGM.

9. An Explanatory Statement pursuant to Section 102 of the Act, setting out material facts and the reasons for the Special Businesses is annexed herewith. Details of Directors seeking re-appointment at the AGM, required under the provisions of the Secretarial Standard-2 on General Meetings issued by The Institute of Company Secretaries of India, is attached as Annexure to this Notice.

10. As the AGM is being conducted through VC, the route map of the AGM venue is not annexed to this Notice.

11. All documents referred to in the Notice and the accompanying Explanatory Statement will be available for inspection up to the date of the AGM at the Registered Office of the Company.

12. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Act, can send their request for inspection at investor@hdfccredila.com.

13. In terms of the approval of the Members given at the Extra-ordinary General Meeting ('EGM') held on November 19, 2021, M/s. Shah Gupta & Co. Chartered Accountants, one of the Joint Statutory Auditors of the Company shall hold office up to the conclusion of the 19th AGM. The requirement to carry out the statutory audit of the Company by joint Statutory Auditors is pursuant to Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), dated April 27, 2021, issued by Reserve Bank of India ('RBI') ('Guidelines'). In terms of the said RBI Guidelines, Statutory Auditors can be appointed only for a continuous period of 3 years and thereafter they are not eligible for re-appointment for a period of six years. Hence, M/s. Shah Gupta & Co. Chartered Accountants, are not eligible for re-appointment. The Company is in the process of evaluating a couple of Chartered Accountant firms, who would fully meet the eligibility criteria specified by RBI under the said Guidelines considering the increased size of operations of the Company. The Company will separately approach the Members seeking their approval for appointment of Joint Statutory Auditor. The Members at the 18th AGM held on June 6, 2023, appointed M/s Gokhale & Sathe, Chartered Accountants (Firm Registration No.103264W) as one of the Joint Statutory Auditors, for a period of three consecutive years, who would continue to hold the office until the conclusion of 21st AGM for the financial year 2026.

On Behalf of **the Board of Directors**
Sd/-
Arijit Sanyal
Managing Director & CEO
DIN: 08386684

Place: Mumbai
Date: August 12, 2024

Registered Office:
B 301, Citi Point,
Next to Kohinoor Continental,
Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059

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

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("**Act**"), sets out all material facts relating to the special businesses mentioned under Item Nos. 4 and 5 of this Notice.

Item No. 4

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013 ('the Act'), the Members at the Extra-Ordinary General Meeting held on March 20, 2024, 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 as they may deem necessary for the purpose of business of the Company, provided that the amount outstanding consequent to such monies borrowed by the Board of Directors on behalf of the Company, does not exceed Rs. 40,000 crores, at any point of time.

The Company has grown significantly during the current financial year with the loan book increasing from Rs. 28,187 crores as on March 31, 2024, to Rs. 30,794 crores as on June 30, 2024. Similarly, the Company's borrowing has increased from Rs. 26,214 crores as on March 31, 2024, to Rs. 29,382 crores as on June 30, 2024.

The Company expects the disbursements to grow in the range of 20-40% over the next few years. The borrowings will also be required to augment the on-balance sheet liquidity in addition to funding the growth in the loan book.

In view of the above, for the purpose of business growth and the funding requirements of the Company, approval of the Members is being sought by way of special resolution authorizing the Board of Directors to borrow further sums of monies within the overall limit of Rs. 55,000 crores, outstanding at any point of time.

Accordingly, the Board of Directors recommends passing of the Special Resolution, as set out at Item No. 4, of this Notice for approval of the Members.

Save and except for the equity shares of the Company, if any, held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 4 of this Notice.

Item No. 5

On March 19, 2024, in accordance with prior approval of RBI vide its letter No. CO.DoS.DSD. No. S9378/02.13.001/2023-24 dated February 23, 2024, HDFC Bank Limited ('HDFC Bank') and certain employees of the Company sold 90.01% shareholding comprising of 14,21,41,680 equity shares of Rs. 10 each, to a group of investors. Accordingly, the Company ceased to be a subsidiary of HDFC Bank on March 19, 2024.

Pursuant to Trade Mark and Name License Agreement entered into with HDFC Bank and considering that HDFC Bank's shareholding has reduced below 10% (HDFC Bank presently holds 8.33% of equity share capital of the Company), the Board of Directors of the Company, at its meeting held on July 24, 2024 approved change of name of the Company from '*HDFC Credila Financial Services Limited*' to '*Credila Financial Services Limited*', subject to receipt of requisite approvals including approval from the Reserve Bank of India ('RBI') and consequential alteration of Memorandum of Association and Articles of Association of the Company.

The Ministry of Corporate Affairs vide its approval dated July 31, 2024, has informed that there is no objection in the availability of the changed name 'Credila Financial Services Limited' from the existing name 'HDFC Credila Financial Services Limited' to the Company. Thereafter, the Company made an application to RBI seeking its no-objection for change of name of the Company and is awaiting its confirmation.

In terms of the provisions of Sections 4, 13 and 14 of the Companies Act, 2013 and rules made thereunder, change in name and consequential alteration of Memorandum of Association and Articles of Association of the Company requires approval of the Members by way of Special Resolution. Accordingly, the Board of Directors recommends passing of the Special Resolution, as set out at Item No. 5 of this Notice for approval of the Members.

Save and except for the equity shares of the Company, if any, held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution as set out at Item No. 5 of this Notice.

On Behalf of **the Board of Directors**

Sd/-
Arijit Sanyal
Managing Director & CEO
DIN: 08386684

Place: Mumbai
Date: August 12, 2024

Registered Office:
B 301, Citi Point,
Next to Kohinoor Continental,
Andheri-Kurla Road,
Andheri (East), Mumbai - 400 059

ANNEXURE TO THE AGM NOTICE

Details of the Directors seeking re-appointment at the 19th Annual General Meeting in terms of paragraph 1.2.5 of the Secretarial Standard-2 on General Meetings, is given below:

Resolution No.	2	3
Name of the Director	Mr. V. Srinivasa Rangan	Mr. Ashish Agrawal
DIN	00030248	00163344
Date of Birth and Age	13th February 1960 64 years	22nd March 1973 50 years
Nationality	Indian	Indian
Date of first appointment on the Board	December 24, 2009	March 20, 2024
Qualification	Bachelor's Degree in Commerce and Associate of The Institute of Chartered Accountants of India	Bachelor of Engineering – SGS Institute of Technology & Science, Indore, MP, Post Graduate Diploma in Management, Bachelor of Engineering degree, CFA.
Brief Profile and experience	Mr. V. Srinivasa Rangan was the Executive Director and Chief Financial Officer of erstwhile Housing Development Finance Corporation Limited. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing finance and real estate sector. Mr. Rangan has worked on international consulting assignments in housing finance in Ghana and the Maldives. He has been a member of various committees related to financial services such as RBI's Committee on Asset Securitisation and Mortgage Backed Securitisation, Technical Group formed by National Housing Bank (NHB) for setting up of a Secondary Mortgage market Institution in India, NHB's Working Group on Covered Bonds and NHB's Working Group on Credit Enhancement Mechanism. Mr. Rangan was conferred the "Best CFO in the Financial Sector for 2010" by ICAI. He was also honoured with "Lifetime Achievement Award" at the sixth edition of Financial Express CFO Awards 2023.	Mr. Ashish Agrawal has over 26 years of experience in financial services industry in India and USA including: (i) Approx. 2 years as an equity research analyst at ICICI Securities (ii) Approx. 1 year as investment banker at JM Morgan Stanley (iii) Approx. 7 years of investing experience at Banc of America Equity Partners (India and Chicago, USA) (iv) Approx. 1 year of investing experience at Lehman Brothers (v) Approx. 15 years of investing experience at BPEA EQT (earlier called Baring Private Equity Asia) He has served as a Director on multiple Boards of listed and unlisted companies.

Resolution No.	**2**	**3**
Relationship with Directors	None	None
Terms and conditions of appointment	Non-Executive Director liable to retire by rotation	Non-Executive Director liable to retire by rotation
Remuneration sought to be paid and remuneration last drawn	Remuneration sought to be paid: Nil Last drawn remuneration: Rs. 10,00,000	Remuneration sought to be paid: Nil Last drawn remuneration: Not Applicable
Directorships held in other companies as on July 31, 2024	• HDFC Bank Limited • HDFC Education and Development Services Private Limited • HDFC Asset Management Company Limited	• Asian Institute of Gastroenterology Private Limited • Indira IVF Hospital Private Limited
Chairmanship/Membership of Committees of the Board of other Companies as on July 31, 2024*	• HDFC Asset Management Company Limited - Audit Committee (Member)	• Asian Institute of Gastroenterology Private Limited - Audit Committee (Member) • Indira IVF Hospital Private Limited - Audit Committee (Member)
No. of shares held in the Company as on July 31, 2024 (including shareholding as a beneficial owner)	Nil	Nil
Number of Board Meetings attended during the financial year (2023-24) vis-à-vis Director's tenure	12 Board meetings	1 Board Meeting

**includes only Audit Committee and Stakeholders Relationship Committee*

HDFC CREDILA
The Education Loan Specialist

HDFC CREDILA

Financial Services Limited

Annual Report

2023-24

www.hdfccredila.com

CORPORATE INFORMATION

Board of Directors
(As on March 31, 2024)

MR. D. SUNDARAM
Chairman of the Board, Independent Director
(DIN: 00016304)

MR. ABHIJIT SEN
Independent Director
(DIN: 00002593)

MR. BHARAT SHAH
Independent Director
(DIN: 00136969)

MS. ANURANJITA KUMAR
Independent Director
(DIN: 05283847)

MR. V. S. RANGAN
Non-Executive Director
(DIN: 00030248)

MR. JIMMY MAHTANI
Non-Executive Director
(DIN: 00996110)

MR. ASHISH AGRAWAL
Non-Executive Director
(DIN: 00163344)

MR. RAJNISH KUMAR
Non-Executive Director
(DIN: 05328267)

MR. KOSMAS KALLIAREKOS
Non-Executive Director
(DIN: 03642933)

MR. SANJAY KUKREJA
Non-Executive Director
(DIN: 00175427)

MR. ARIJIT SANYAL
Managing Director & CEO
(DIN: 08386684)

Key Managerial Personnel
(As on March 31, 2024)

MR. MANJEET BIJLANI
Chief Financial Officer

MS. AKANKSHA KANDOI
Company Secretary

Statutory Auditors
Shah Gupta & Co.
Chartered Accountants
Gokhale & Sathe
Chartered Accountants

Secretarial Auditors
Vinod Kothari & Company
Company Secretaries

Debenture Trustees
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

Banks
• HDFC Bank Ltd • State Bank of India • Canara Bank • Union Bank of India • Federal Bank • Axis Bank Ltd • Punjab National Bank • Bank of Baroda • IDBI Bank • Bandhan Bank • Kotak Mahindra Bank • HSBC Bank • Bank of Maharashtra • Indian Bank • Citibank NA • Jammu & Kashmir Bank Ltd • Deutsche Bank • ICICI Bank Ltd • Karnataka Bank • Sumitomo Mitsui Banking Corporation India • Karur Vysya Bank • Ujjivan Small Finance Bank • Shinhan Bank • DBS Bank India Ltd

Registered Office
B-301, Citi Point,
Andheri Kurla Road, Andheri (E),
Mumbai – 400 059, Maharashtra
Tel. No.: +91 22 - 2825 6636
CIN: U67190MH2006PLC159411
Website: www.hdfccredila.com

Registrar & Transfer Agents
Adroit Corporate Services Pvt. Ltd.
18-20, Jafferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri (E),
Mumbai – 400 059, Maharashtra
Tel. No.: +91 22 - 4227 0400
Fax No.: +91 22 - 2850 3748

Directors' Report

TO THE MEMBERS,

Your Directors are pleased to present the 19th Annual Report of the Company with the audited accounts for the year ended March 31, 2024.

FINANCIAL RESULTS

Particulars	**For the year ended March 31, 2024**	For the year ended March 31, 2023
	(₹ in crore)	(₹ in crore)
Total Income	2,771.04	1,352.18
Less: Total Operating Expenses	270.45	151.80
Profit before Interest, Depreciation and Expected Credit Loss	**2,500.59**	**1,200.38**
Less: Interest and Finance Charges	1,731.02	813.28
Less: Depreciation	11.42	6.78
Less: Expected Credit Loss	49.78	10.11
Profit before Tax	**708.37**	**370.21**
Less: Provision for Taxation	181.97	106.33
Less: Provision for Deferred Tax	(2.44)	(12.04)
Profit after Tax	**528.84**	**275.92**
Add: Other Comprehensive Income	9.13	0.07
Total Comprehensive Income	**537.97**	**275.99**
Less: Transfer to Reserve as per Section 45-IC (1) of RBI Act	105.77	55.19
Balance carried to Balance Sheet	**432.20**	**220.80**

DIVIDEND

The Board assessed the performance of the Company during the year under review and noted exceptional performance for the year, and capital buffers and liquidity position. Considering the future growth plans and the need to conserve capital for the same, the Board did not recommend any dividend on the equity shares for the financial year 2023-24.

REVIEW OF OPERATIONS

During the financial year ended March 31, 2024, the Company underwent a change of control, with an investor consortium of EQT and ChrysCapital acquiring 90.01% stake in the Company in the form of purchase of stake from HDFC Bank Limited and certain employees of the Company and fresh issue of equity shares (‘the transaction’). As on March 31, 2024, EQT holds 72.01%, ChrysCapital Group holds 18.00% and HDFC Bank Limited holds 9.99% shareholding in the Company. The change of control was pursuant to the RBI letter directing HDFC Bank Limited to reduce its shareholding in the Company to less than 10% post the merger of Housing Development Finance Corporation Limited (‘HDFC Limited’) with HDFC Bank Limited. During the financial year under review, the Company received fresh equity of ₹ 2,003.61 crore as a part of the transaction, of which ₹ 700 crore was received in June 2023 from erstwhile HDFC Limited and the balance ₹ 1,303.61 crore was received in March 2024 from EQT and ChrysCapital Group entities.

During the financial year ended March 31, 2024, the Company earned a profit before tax of ₹ 708.37 crore as compared to the profit before tax of ₹ 370.21 crore in the previous year. The Company’s loan book and total income have both experienced significant growth in this financial year. The Company has continued to maintain its portfolio quality even while achieving robust growth.

There was no change in the nature of business of the Company, nor was there any material change or commitment that would affect its financial position as on date.

PROFIT TO BE CARRIED FORWARD TO RESERVES

Your Directors propose to transfer ₹ 105.77 crore as per Section 45-IC of the Reserve Bank of India Act, 1934 to the Special Reserve of the Company for the year ended March 31, 2024.

LENDING OPERATIONS

During the financial year under review, education loans disbursed by the Company increased by 76% from ₹ 7,992 crore in FY23 to ₹ 14,089 crore in FY24 whereas the repayments of principal including pre-payments have increased by 23% from ₹ 2,079 crore during the previous year to ₹ 2,554 in FY24. The outstanding loan assets have grown by 84% from ₹ 15,298 crore in FY23 to ₹ 28,187 crore in FY24.

RESOURCE MOBILISATION

During the financial year under review, post the execution of the definitive agreement for the stake sale by HDFC Bank Limited on June 19, 2023, Rating agencies put the outstanding ratings on Rating Watch with Negative Implication (RWNI). The ratings prior to the change of control were as below:

Particulars	CRISIL	CARE	ICRA
Non-Convertible Debentures	AAA (RWNI)	AAA (RWNI)	AAA (RWNI)
Subordinated Debt	AAA (RWNI)	AAA (RWNI)	AAA (RWNI)
Perpetual Debt	AAA (RWNI)	AAA (RWNI)	AA+ (RWNI)
Term Loans	-	AAA (RWNI)	AAA (RWNI)

On completion of the change in control on March 19, 2024, the Rating agencies revised the ratings as below:

Particulars	CRISIL	CARE	ICRA
Non-Convertible Debentures	AA+ (Stable)	AA (Stable)	AA (Stable)
Subordinated Debt	AA+ (Stable)	AA (Stable)	AA (Stable)
Perpetual Debt	AA (Stable)	AA- (Stable)	AA- (Stable)
Term Loans	-	AA (Stable)	AA (Stable)

PERPETUAL DEBT

As at March 31, 2024, the Company's outstanding Perpetual Debt stood at ₹ 575 crore, which was considered as Tier I & Tier II capital under the guidelines issued by the Reserve Bank of India (RBI) for the purpose of computation of capital adequacy of the Company. It is subordinated to the present and future senior indebtedness of the Company and is perpetual in nature with a call option after 10 years from the date of issue. The Company's Perpetual Debt securities have been listed on the Wholesale Debt Market (WDM) Segment of BSE Limited.

The Company has been regular in its payment obligation towards Perpetual Debt.

SUBORDINATED DEBT

During the financial year under review, the Company issued Unsecured, Rated, Listed and Redeemable, Non-Convertible Subordinated Tier II Debentures amounting to ₹ 365 crore. As at March 31, 2024, the Company's outstanding Subordinated Debt stood at ₹ 1,090 crore. This debt is subordinated to the present and future senior indebtedness of the Company. Based on the balance term to maturity, as at March 31, 2024, ₹ 952 crore of the book value of this debt was considered as Tier II capital under the guidelines issued by the RBI for the purpose of computation of capital adequacy of the Company.

The Company's Subordinated Tier II Debentures have been listed on the WDM Segment of BSE Limited.

The Company has been regular in its payment obligations towards Subordinated Debt.

NON-CONVERTIBLE DEBENTURES (NCDs)

The Company's NCDs have been listed on the WDM Segment of BSE Limited. As at March 31, 2024, the Company's outstanding NCDs stood at ₹ 3,100 crore.

The Company has been regular in its payment obligations towards NCDs. The Company is in compliance with the provisions of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

LOANS

TERM LOANS FROM BANKS & FINANCIAL INSTITUTIONS

During the financial year under review, the Company achieved robust business growth with disbursement of ₹ 14,089 crore. This business growth was mainly supported by the trust maintained by banks in the Company by way of providing additional term loans of ₹ 11,189 crore and Working Capital Demand Loan (WCDL) of ₹ 449 crore. During the year, the Company has drawn down fresh term loans from 11 existing lenders and from 6 new banks. As at March 31, 2024, the total term loans outstanding amounted to ₹ 18,971 crore as compared to ₹ 8,878 crore as at March 31, 2023.

EXTERNAL COMMERCIAL BORROWINGS (ECB)

During the year under review, the Company availed ECB of US$ 100 million for further lending of education loans as per the ECB guidelines issued by the RBI. As at March 31, 2024, the outstanding ECB stood at ₹ 823 crore.

COMMERCIAL PAPER (CP)

The Company's CPs have been assigned the highest possible rating of 'CRISIL A1+' and 'ICRA A1+' by CRISIL and ICRA respectively, signifying the highest safety for timely servicing of debt obligations. The face value of the CPs outstanding as at March 31, 2024 was ₹ 1,200 crore as compared to ₹ 275 crore as at March 31, 2023.

The Company has listed its CPs with BSE Limited. The Company has been regular in its payment obligations towards CPs.

DEPOSITS

The Company is a Non-Deposit taking Non-Banking Financial Company (ND-NBFC) and has not accepted any deposit pursuant to the regulations. The Company has passed a Board Resolution for non-acceptance of deposits from the public.

SHARE CAPITAL

During the financial year under review, the Authorised Share Capital of the Company increased from ₹ 200 crore comprising of 20,00,00,000 Equity Shares of ₹ 10 each to ₹ 300 crore comprising of 30,00,00,000 Equity Shares of ₹ 10 each.

During the year, 1,02,71,460 equity shares of ₹ 10 each, issued at a premium of ₹ 671.50 per share, were allotted pursuant to a Rights Issue on June 29, 2023. 19,69,500 equity shares of ₹ 10 each were allotted pursuant to the HDFC Credila Employee Stock Option Plan 2022 (ESOP-2022/Scheme) on March 06, 2024, and 1,91,28,540 equity shares of ₹ 10 each, issued at a premium of ₹ 671.50 per share, were allotted pursuant to preferential issue on a private placement basis on March 20, 2024.

Consequently, as at March 31, 2024, the Issued, Subscribed, and Paid-up Share Capital of the Company stood at ₹ 179,16,92,250 comprising of 17,91,69,225 equity shares of ₹ 10 each.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year, the Company granted stock options in respect of 2,08,050 equity shares of ₹ 10 each at an exercise price of ₹ 507.96 per option under ESOP-2022/Scheme to eligible employees. The exercise price was determined based on fair value of the equity shares of the Company in accordance with the provisions of Section 17(2)(vi) of the Income Tax Act, 1961 read with Rule 3(8)(iii) of Income Tax Rules, 1962.

During the year, the Nomination and Remuneration Committee of Directors (NRC) approved changes in ESOP-2022/Scheme inter alia to provide for acceleration of vesting upon change of control.

Further, during the year, in view of the impending change in the control of the Company, the NRC approved the acceleration of vesting of 34,18,091 Options.

Options exercised during the year aggregated to 19,69,500 and pursuant to the said exercise, 19,69,500 equity shares of ₹ 10 each had been allotted to the eligible employees and the Company received exercise consideration of ₹ 82,64,80,980. 11,98,591 Options were cash settled.

During the year, 2,14,600 Options lapsed and the Options in force as on March 31, 2024 were 2,50,000.

During the year, neither any Key Managerial Personnel was granted any Options, nor was any employee granted Options amounting to 5% or more of the total Options granted during the year or in excess of 1% of the issued share capital of the Company at the time of grant.

The stock options granted to the employees pursuant to the ESOP-2022/Scheme are measured at fair value of the options at the grant date using the Black-Scholes model. The fair value of the options determined at the grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of the option, based on the number of grants expected to vest, with a corresponding increase in equity. On acceleration of vesting, the entire value from unrecognised options is recognised as employee compensation. On exercise of options, the balance in the employee stock option reserve is transferred to retained earnings. On cancellation/settlement of options, any compensation paid is accounted as deduction from employee stock option reserve up to the fair value of options, and any excess is recognised as an expense.

The diluted Earnings Per Share (EPS) is ₹ 33.81 against a basic EPS of ₹ 33.83.

REGULATORY GUIDELINES/AMENDMENTS

The Company has complied with the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 prescribed by RBI regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, etc.

CAPITAL ADEQUACY RATIO (CAR)

As at March 31, 2024, the CAR stood at 20.45%, of which Tier I capital was 16.60% and Tier II capital was 3.85%. As per regulatory norms, the minimum requirement for the CAR and Tier I capital as at March 31, 2024 is 15% and 10% respectively.

SUBSIDIARY/ASSOCIATE COMPANY

The Company does not have any subsidiary or associate company.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has adopted a stringent policy on prevention, prohibition and redressal of sexual harassment of women at the workplace in line with provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

The Company has set up an Internal Complaints Committee (ICC) as required under the said Act to redress complaints pertaining to sexual harassment. All employees (viz., permanent, contractual, temporary, trainees) are covered under this policy. Any complaint received by the ICC shall be dealt with appropriately and in accordance with the policy and applicable laws and regulations as provided in the said Act.

During the year under review, no complaints were received by the Company.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has in place a Whistle Blower Policy/Vigil Mechanism ('Whistleblower Policy') to ensure that all employees and Directors of the Company work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, suspected/actual fraud, leakage of Unpublished Price Sensitive Information or violation of the Company's Code of Conduct.

In order to ensure the highest standards of governance within the Company under the Whistle Blower Policy, other stakeholders including borrowers, key partners, direct selling agents and vendors can report any misconduct, leakage of Unpublished Price Sensitive Information or act that is not in the interest of the Company. The Whistle Blower Policy provides that the whistle blower shall be protected against any detrimental action as a result of any allegations made by them in good faith.

The Whistle Blower Policy is placed on the website of the Company at **http://www.hdfccredila.com**.

LOANS, GUARANTEES OR INVESTMENTS

Education loans are given by the Company in the ordinary course of business, details of which are provided in the Financial Statements.

As regards investments made by the Company, details of the same are provided in notes to the Financial Statements of the Company for the year ended March 31, 2024 (Note 9).

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has not entered into any contract or arrangement with related parties referred to in Section 188(1) of the Companies Act, 2013 requiring disclosure in Form No. AOC-2, as prescribed under Rule 8(2) of the Companies (Accounts) Rules, 2014.

Details of other related party transactions are provided in the notes to the Financial Statements.

The Company's Policy on dealing with Related Party Transactions is available on its website at **www.hdfccredila.com**.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

By virtue of being a Non-Banking Financial Company, the Company's activities are not energy intensive. However, the Company has taken adequate measures to ensure conservation of energy and usage of alternative sources of energy, wherever possible. Further, since the Company does not carry out any manufacturing activity, the provisions with respect to disclosure of particulars of technology absorption are not applicable to the Company.

During FY24, the Company expended ₹ 18.20 crore including interest expenses on ECBs in foreign currency. There were no foreign exchange earnings in terms of actual inflows during the year.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The composition of the CSR Committee, a brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company during FY24 are provided in the Annual CSR Report for FY24, which forms part of this Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

I. Declarations and Disclosures from Directors

All Directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(1) and 164(2) of the Companies Act, 2013.

The Independent Directors of the Company have also confirmed that they satisfy the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). The Independent Directors have complied with the Code of Conduct as prescribed under Schedule IV of the Companies Act, 2013.

II. Changes in the Board of Directors

During the year under review, in terms of the investment agreement dated June 19, 2023, entered into amongst the Investors and the Company, the following changes took place in the Board of Directors of the Company:

A. Cessation of Directors:

Mr. Sunil Manubhai Shah (DIN: 00137105), Mr. Rajesh Narain Gupta (DIN: 00229040), Mr. Biswamohan Mahapatra (DIN: 06990345) and Ms. Madhumita Ganguli (DIN: 00676830) resigned from the Board of Directors of the Company with effect from March 20, 2024. The Board places on record its appreciation for the services rendered by Mr. Shah, Mr. Gupta, Mr. Mahapatra and Ms. Ganguli during their tenure on the Board of Directors of the Company.

B. Appointment of Directors:

- Upon recommendation of the NRC, the Board of Directors of the Company at its meeting held on March 20, 2024, approved the appointments of Mr. Abhijit Sen (DIN: 00002593), Mr. Bharat Shah (DIN: 00136969), Mr. D. Sundaram (DIN: 00016304), and Ms. Anuranjita Kumar (DIN: 05283847) as Non-Executive Additional and Independent Directors of the Company. In the opinion of the Board of Directors, the appointment of the Independent Directors of the Company was made considering their integrity, expertise, experience and proficiency.
- On receipt of nomination from the Investors of the Company and recommendation of the NRC, the Board of Directors of the Company at its meeting held on March 20, 2024 approved the appointments of Mr. Jimmy Mahtani (DIN: 00996110), Mr. Ashish Agrawal (DIN: 00163344), Mr. Rajnish Kumar (DIN: 05328267), Mr. Kosmas Kalliarekos (DIN: 03642933) and Mr. Sanjay Kukreja (DIN: 00175427) as Non-Executive and Additional Directors of the Company.

The Members at the Extra-ordinary General Meeting (EGM) held on March 20, 2024, upon recommendation of the NRC and Board, approved appointments of the aforesaid Directors.

III. Retirement by Rotation

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013 and the Articles of Association of the Company, Mr. V. S. Rangan (DIN: 00030248) and Mr. Ashish Agrawal (DIN: 00163344), Non-Executive Directors of the Company are liable to retire by rotation at the upcoming Annual General Meeting (AGM) of the Company. Both being eligible, have offered themselves for re-appointment.

IV. Changes in Key Managerial Personnel

During the year under review, there were no changes in the list of Key Managerial Personnel ('KMP'), designated as KMP under Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

BOARD/COMMITTEE MEETINGS

The Board has constituted the following Committees of the Board:

i. Audit Committee
ii. Nomination and Remuneration Committee (NRC)
iii. Stakeholders Relationship Committee (SRC)
iv. Risk Management Committee (RMC)
v. Corporate Social Responsibility (CSR) Committee
vi. IT Strategy Committee
vii. Asset Liability Management Committee (ALCO)
viii. Allotment Committee

The details on the number of Board/Committee Meetings held during the year are provided in the Report of the Directors on Corporate Governance, which forms part of this Report.

STATUTORY AUDITORS

In terms of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including Housing Finance Companies) dated April 27, 2021 (RBI Guidelines on Appointment of Auditors) issued by the Reserve Bank of India (RBI), the Members at the 18th AGM held on June 6, 2023, had appointed M/s. Gokhale & Sathe, Chartered Accountants (Firm Registration No.103264W) as one of the Joint Statutory Auditors of the Company for a period of 3 (three) consecutive years to hold office from conclusion of the 18th AGM until conclusion of the 21st AGM.

Accordingly, the Auditor's Report for the financial year ended March 31, 2024, has been issued by M/s. Shah Gupta & Co. Chartered Accountants (Firm Registration No. 109574W) and M/s. Gokhale & Sathe Chartered Accountants (Firm Registration No. 103264W), Joint Statutory Auditors of the Company.

The Joint Statutory Auditors have not made any qualifications, reservations, adverse remarks or disclaimers in their audit report. The report of the Statutory Auditors is annexed to this Report.

Further, during the year, the Statutory Auditors have not come across or reported any incident of material fraud to the Audit Committee or the Board of Directors of the Company, under Section 143(12) of the Companies Act, 2013.

In terms of the approval of the Members at the EGM held on November 19, 2021, M/s. Shah Gupta & Co. Chartered Accountants shall hold office up to the conclusion of the 19th AGM.

COMPLIANCE

The Company has an independent Compliance function headed by a Chief Compliance Officer (CCO) with direct reporting to the Audit Committee and administrative reporting to the Managing Director & CEO. The Compliance function ensures strict observance of all statutory and regulatory requirements for the Company in accordance with the Board-approved Compliance policy.

INTERNAL AUDITORS

The Head of Internal Audit is responsible for internal audit in compliance with the RBI's Risk-based Internal Audit (RBIA) Framework for NBFCs dated February 3, 2021. In accordance with the said guidelines, the Company has put in place the RBIA Policy and Framework and appointed a Head of Internal Audit, functionally reporting to the Audit Committee.

Internal Audit provides assurance on the design and operating effectiveness of all processes and sub-processes across the Company through process reviews, concurrent audit of disbursed files and branch reviews.

Areas considered for Internal Audit reviews are identified basis an annual RBIA plan. The Plan is prepared based on an annual risk assessment of the audit universe and inputs from Management. The same is duly approved by the Audit Committee post review. It is reviewed on an ongoing basis and modifications are made basis changes in processes, regulatory requirements, and business priority.

Internal Audit observations are presented to the Audit Committee on a quarterly basis along with the implementation status of earlier observations.

RISK MANAGEMENT

The Company has a robust Risk Management Framework which assesses a variety of risks (and the mitigants thereof) such as Credit Risk, Operational Risk, Financial Risk, Technology and Information Security Risk. The Risk Management Framework is designed on three lines of defense with the first line being the frontline business teams, second line of defense being the risk oversight provided by the Risk Management function while the third line of defense is the independent assurance provided by the Internal Audit function.

The Risk Management Committee (RMC) meets on a quarterly basis to discuss the material and emerging risks faced by the Company and the mitigation plans thereof. It provides guidance to the Management to manage risks effectively. In addition, the Internal Risk Management Committee (IRMC) is a Management-level committee to mitigate risks faced by the Company. Further, any of the three Sub-Committees of the IRMC (Business, Operational Risk and Finance & Compliance) meet on a quarterly basis to discuss the specific risks and issues pertaining to the concerned area(s) of the Company's operations.

The Risk Management function also tracks and evaluates the macro-economic indicators in countries where the Company's borrowers (students) are based for possible impact to the Company's portfolio, its overall business model and the industry as a whole from time to time. Over the last two years, the Company has made a focused effort to enhance its Information Security Risk posture. The Company has constituted a dedicated Information Security Committee comprising of Technology and Risk function executives, which meets monthly to assess the Cyber and Information Security (InfoSec) Risk posture of the Company on an ongoing basis. A robust Data Loss Prevention (DLP) programme has been implemented to prevent data leakage, data theft and its misuse along with the establishment of various InfoSec controls.

During the financial year under review, the Company has created sub-verticals under the Risk Management function, viz., Credit Risk, Operational Risk, Financial Risk and Information Security to ensure dedicated focus in each of these domains. During the year, the Company has also strengthened its analytical capabilities within the Risk team through the onboarding of a Data Science specialist. This enhances the risk management capabilities in monitoring/forecasting credit defaults/stress within products, geographies, courses, universities and other segments/cohorts of the data available. The Operational Risk Team is responsible for conducting Risk and Control

Self-Assessment (RCSA) on a half-yearly basis, thus identifying new operational risks, and controls to mitigate them. Evaluation and assessment of Vendor Risk, Outsourcing Risk including Business Continuity Management (except Disaster Recovery (DR)), etc. forms part of the Operational Risk Framework.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Vinod Kothari & Company, Practicing Company Secretaries to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report for FY24 is annexed to this Report and does not contain any qualifications, reservation or adverse remark or disclaimer.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, no significant and/or material orders were passed by any regulator(s) or court(s) or tribunal(s) against the Company impacting the going concern status and the Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There are no material changes and commitments affecting the financial position of the Company between the financial year ended on March 31, 2024, and the date of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3) (c) of the Companies Act, 2013 and based on the information provided by the Management, the directors state that:

i. In the preparation of annual accounts, the applicable accounting standards have been followed;
ii. The accounting policies selected have been applied consistently. Reasonable and prudent judgments and estimates have been made to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit of the Company for the year ended on that date;
iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
iv. The annual accounts of the Company have been prepared on a going concern basis;
v. Internal financial controls have been laid down to be followed by the Company, and such internal financial controls are adequate and operating effectively; and
vi. Proper systems are in place to ensure compliance with the provisions of all applicable laws, and that such systems are adequate and operating effectively.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT, CSR ANNUAL REPORT ON CSR ACTIVITIES, AND REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

The Management Discussion and Analysis Report, CSR Annual Report on CSR Activities, and Report of the Directors on Corporate Governance form part of this Report and are provided as Annex I – III respectively to this Report.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with corporate policies.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of Secretarial Standards for Board Meetings [SS-1], and for General Meetings [SS-2] issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

The Annual Return for FY24 is uploaded on the Company's website at **www.hdfccredila.com/about/ investor-relation.html**.

ACKNOWLEDGEMENTS

The Company acknowledges the role of all its key stakeholders, i.e., shareholders, debenture holders, borrowers, channel partners and lenders for their continued support to the Company.

The Board wishes to place on record its gratitude for the support of various regulatory authorities including the RBI, Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), BSE Limited and the depositories.

While recognising the challenging work environment, your Directors place on record their appreciation for the hard work, loyalty and efforts of the employees whose professionalism has ensured excellent all-round performance of the Company.

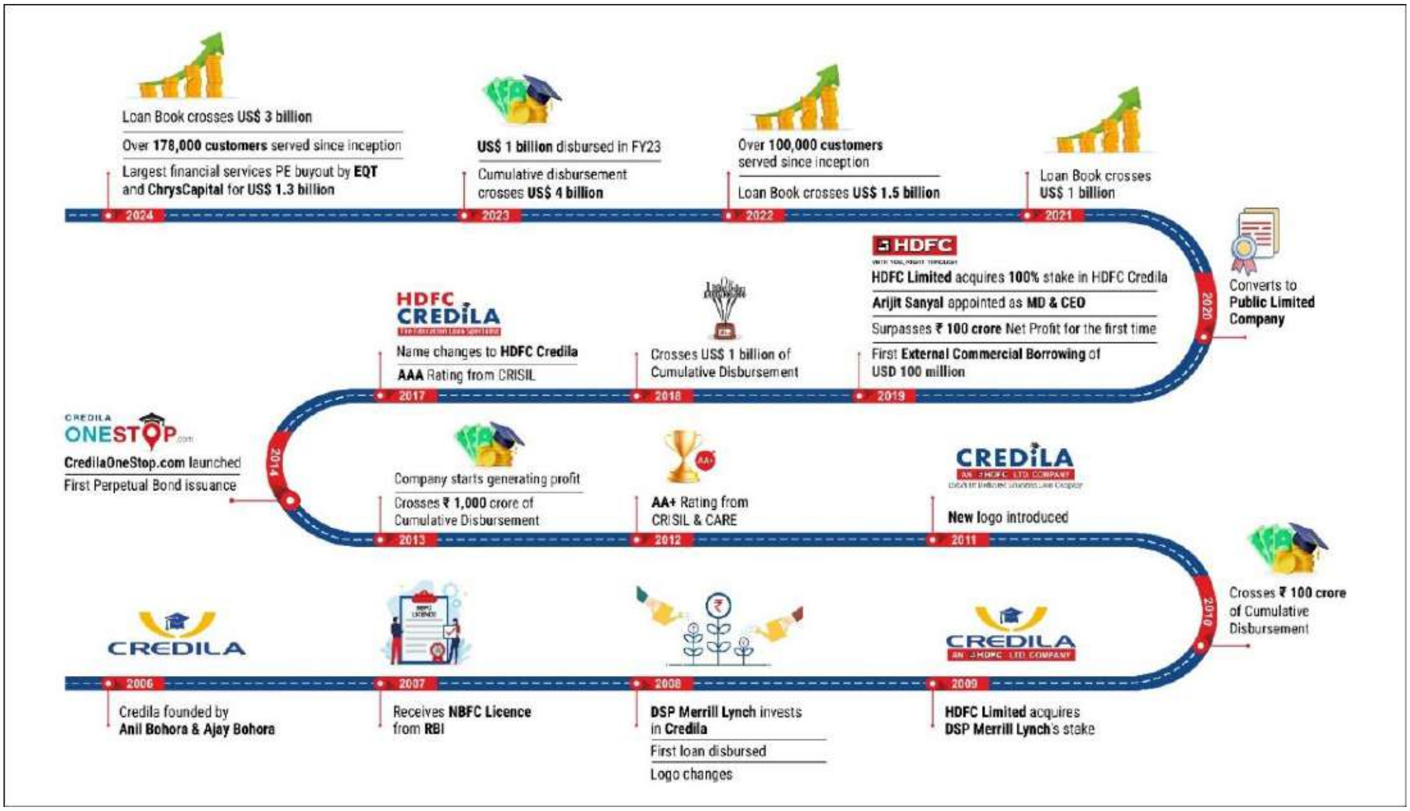
On behalf of the Board of Directors

Mumbai
May 1, 2024

D. Sundaram
Chairman

ANNEX TO DIRECTORS' REPORT – I

Management Discussion and Analysis



HDFC Credila Financial Services Limited ('HDFC Credila'), hereinafter also referred to as 'Company', is the largest Indian NBFC (NBFC) dedicated to the education sector. The Company provides education loans to Indian students who wish to pursue higher studies both in India and overseas.

HDFC Credila is registered as a Non-Deposit taking Non-Banking Financial Institution (NBFI-ND) with the Reserve Bank of India (RBI). The Company is classified as a NBFC-Middle Layer (NBFC-ML) as per RBI regulations. Further, HDFC Credila has been notified as an eligible financial institution for the purpose of Section 80E of the Income Tax Act, 1961 vide Notification No. 79/2010 [F.No.178/49/2008-ITA-I], dated 13-10-2010. This allows customers of the Company to avail benefits of income tax deduction in respect to the interest paid by them on their education loan subject to certain conditions as laid under the Income Tax Act, 1961 and amendments made thereto.

In line with the growth that the Company has seen over the years since inception, HDFC Credila has ushered in a new era, with the completion of its stake sale to EQT and ChrysCapital. The consortium valued HDFC Credila at a Pre-Money Valuation of ₹ 10,350 crore with fresh equity infusion of ₹ 2,004 crore into the Company, out of which ₹ 700 crore has been invested in Q1 FY24 and the balance in Q4 FY24. Following this announcement, HDFC Credila has obtained an AA+ credit rating from CRISIL and AA credit rating from CARE and ICRA respectively for its long-term financial instruments and an A1+ credit rating from CRISIL and ICRA for its short-term financial instruments.

MACROECONOMIC OVERVIEW

India's economy is estimated to grow at 6.5%[1] in FY25, making India poised to become the third largest economy by 2030[2]. In line with this estimate, the International Monetary Fund (IMF) has also revised its projections for GDP growth during the current financial year to 6.7% from 6.3% in October 2023[1]. Many global agencies have revised India's growth projection in the upward direction, which reflects the resilience of the Indian economy to sustain its growth path amidst ongoing geopolitical headwinds. Interestingly, the strong growth projection for India comes at a time when there is a projected decline in the growth of the wider region of 'developing Asia' from 5.4% to 5.2% in 2024[1].

The Indian federal government's expectation of growth is 7%[1] for the next fiscal year, as stated in its latest economic review. The measures announced in the Interim Union Budget FY25 are expected to play a pivotal role in supporting India's growth journey ahead. Increased government spending on capex announced in the Union Budget has not resulted in a huge jump in its total expenditure**.** Buoyant tax revenues have helped the government accommodate higher expenditure amid supply-side volatilities.

The headline inflation fell to an estimated 5.5% this fiscal from 6.7% in fiscal 2022-2023[3]. Inflationary pressures have moderated in January 2024 due to a fall in food prices as well as core inflation. The recent measures announced by the Government to control food prices are likely to reduce inflation further.

The Indian rupee was amongst the most stable currencies (amongst major economies) in FY24. As compared to the previous three years, the Indian rupee exhibited the lowest volatility in FY24. India's foreign exchange reserves closed the financial year at an all-time high of US$ 645.6 billion as of 29 March 2024[4]. As of February 2, 2024, India's foreign exchange reserves were sufficient to cover 11 months of imports projected for 2023-24 and 97% of the total external debt outstanding at the end of September 2023[5].

Further, the urban unemployment rate in Q3 FY24 declined to 6.5%, the lowest since the start of the Periodic Labour Force Survey (PLFS). Formal sector employment also showed robust growth, as indicated by a steep rise in the subscription base of the Employees' Provident Fund Organisation (EPFO)[5].

The creation of digital identities such as Aadhaar, registration of previously unorganised workers on the eShram portal, and registration of Micro, Small & Medium Enterprises (MSMEs) on the Udyam portal have played a significant role in promoting the formalisation of the economy, with registrations having increased from 65 lakh in January 2021 to 2.3 crore as of February 9, 2024, indicating a three-fold increase over this period[5].

Government initiatives for higher education in the form of financial support as well as the Government's focus on increasing the number of institutes have provided encouragement to marginalised students to pursue their higher education.

India's burgeoning upper and middle classes have always assigned a high priority and significant premium to higher education and skills. A large part of the family budget will continue to be allocated to education across disciplines. In addition, the benefits of international exposure will ensure that students continue to look outward to countries such as the USA, UK, Australia, Canada and Germany to enhance learning, owing to the myriad available options. India is therefore expected to be the largest source of international students. In the US, the graduate programme student volume overtook the bachelor's programme student volume for the first time because of the growth from India, and it is likely that India could potentially surpass China when it comes to being the largest source of international students in the USA by 2024[6]. ~7.5 lakh students travelled abroad for studies in 2022[7], the highest in the past 5 years. According to a Redseer report released in 2021, it is estimated that 1.8 million Indians will spend US$ 85 billion on overseas education by 2024[8].

The number of outbound students each year is expected to grow robustly due to increased employment opportunities especially for STEM courses, state-of-the-art campuses and improved quality of life offered by countries such as the USA, UK, Australia, Canada, as well as European nations. Additionally, Indian students are looking at non-traditional educational hubs in a major way, giving them more options to choose from. While the USA, UK, and Canada continue to enjoy the top spots, Germany, Australia, Italy, the Netherlands and the like are also emerging as strong contenders in attracting Indian students abroad. Since inception, HDFC Credila has played a role in this growth story, having funded over 178,000 Indian students aspiring to pursue their higher education.

INDUSTRY STRUCTURE AND SCOPE

The education sector in India was estimated to be worth US$ 117 billion in FY20 and is expected to reach US$ 225 billion by FY25[9]. India's economy also provides structural support for continued growth and expansion as evidenced by the low Gross Enrolment Ratio (GER)* in higher education. India's young and aspirational population (~50% of the population is <29 years[10]) coupled with a low GER of 29.4%[11] represents significant short-, medium- and long-term growth opportunities. The GER in countries such as the USA (87.60%), UK (69.5%) and China (58.4%) is much higher which represents significant headroom for improvement in India's GER[11].

Education continues to be a priority for Indian families. As per the Ministry of Education's Unified District Information System for Education (UDISE)+ Report 2021-22 there are ~14.89 lakh schools, ~95.07 lakh teachers and ~25.57 crore students in the pre-primary to higher secondary level in India[12]. These students are from varied socioeconomic backgrounds and constitute a significant pool of talented youth who are expected to enter the Indian higher education system.

Supporting this, India has one of the largest networks of higher education institutions in the world. During 2021-22 India had ~4.33 crore students who were pursuing higher education in over 1,168 universities, ~45,473 colleges and ~12,002 standalone institutes[13].

In the year 2022-23, there were 8,902 All India Council for Technical Education (AICTE) approved institutes comprising of undergraduate (UG), postgraduate (PG) and diploma programmes, with a total intake of 30.04 lakh students[14]. Of these, a significant number of institutes are private, and over the years have helped bridge the demand-supply gap for quality education in the country.

The increasingly upwardly mobile Indian households have been focused on education overseas, for reasons ranging from the availability of a diverse range of study programmes to the demand-supply imbalance of education institutes in India. While the demand-supply equation is being addressed, there still remains a gap in supply of quality higher education in the country, thus leading to Indian students exploring study abroad opportunities.

The complexity and dynamics of the sector warrant a growing need for specialised education loan providers. The Company evaluates a combination of students' academic and personal backgrounds as well as future potential of the chosen discipline and study programme to analyse their creditworthiness and risk profiles, thus ensuring that competitive loan products and services suited to address varied customer needs can be offered. HDFC Credila leverages its domain knowledge and expertise in education loans to offer customised products for students, making the Company consistently stand out as a leader in the education finance industry.

**Gross Enrollment Ratio: Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.*

KEY GROWTH DRIVERS/OPPORTUNITIES

Large population with favourable demographics

In 2021-22, India's higher education enrollment was ~4.33 crore, which includes 78.91% students enrolled at the Undergraduate (UG) level, 12.06% enrolled in Postgraduate (PG) programmes, 6.74% enrolled in Diploma courses, 0.49% students pursuing Ph.D. and 0.18% pursuing Certificate courses. The balance are enrolled for integrated Ph.D. programmes and PG Diplomas[13].

India's education sector is thus presented with a great opportunity – being the world's most populous country coupled with a relatively young population (i.e., favourable demographics) offers huge growth potential. India has one of the youngest populations globally[15], a segment that has immense potential to boost the higher education market.

Government Initiatives

The Indian Government plays a central role in supporting the education sector by way of favourable policies.

One such initiative has been the National Education Policy (NEP) announced by the Ministry of Education in July 2020. The policy framework includes a broad roadmap for transforming Indian school and higher education over the next 15 years with:

- A vision to increase the GER in higher education, including vocational education, to 50% by the year 2035
- Focus on multidisciplinary education

For effective implementation of NEP 2020, the University Grants Commission (UGC) announced several draft reforms in higher education, whereby:

- Along with quality and excellence in higher education, the Government plans to allow all its affiliated colleges to become 'degree-awarding multidisciplinary autonomous institutions' by the year 2035[16].
- Institutional collaboration is proposed whereby an undergraduate student, upon completion of their degree course, need not take another entrance test but would get direct entry in a master's programme of a partner institution[16].
- In addition to universities, ~900 autonomous colleges across the country will be able to offer courses remotely as the Government opens up the online sector in a major reform to achieve 50% GER by the year 2035 (as proposed in NEP 2020) [17].
- For learner centric education, the National Credit Framework (NCrF), National Higher Education Qualification Framework, Academic Bank of Credit (ABC), multiple entry/exits etc. have been introduced [18].
- To promote digital learning by leveraging technology, at present 95 Higher Educational Institutions (HEIs) offer 1,149 Online and Distance Learning (ODL) programmes and 66 HEIs offer 371 online programmes. More than 19 lakh students currently avail these facilities [18].

To formalise the involvement of the Ed-Tech sector in digital education, Ed-Tech companies will soon be allowed to 'collaborate' with HEIs offering online undergraduate and postgraduate degrees to help develop course content and carry out student evaluation[19]. Additionally, the UGC has formed norms for the establishment of an ABC that would help students learn subjects of their choice from multiple colleges and varsities simultaneously[20].

Outward-looking aspirational population

Indian students choosing to study abroad is not a new trend, with several factors such as an aspirational outlook combined with meaningful opportunities influencing their decision to do so. Data shared by the Government in

Parliament recently showed a 68% increase in Indian students going abroad for higher education over the past year: 750,365 students in 2022 as against 444,553 in 2021[7]. In 2023, there were ~1.5 million Indian students studying overseas[21.] The number of Indian students overseas is further expected to reach ~1.8 million students with a total spend of US$ 75 - 85 billion in 2024 [8].

With countries such as the USA and UK implementing policy changes favourable to international students that serve them beyond their choice of programme by presenting aspirants with job opportunities both during study and upon course completion, there has been a surge in the number of Indian students opting for higher education abroad. Canada, despite the evolving political situation over the past few months, continues to witness applications from aspirational Indian students. Cumulatively, the number of students pursing their education in overseas markets outpaced the domestic student growth by >6x [8] over the last three years.

Rising cost of education

Education today has moved beyond the traditional degrees that were considered mainstream until recently. With Science, Technology, Engineering and Math (STEM) programmes becoming increasingly popular, there is now a plethora of courses for the aspiring student to choose from, in addition to the standard Humanities, Sciences and Commerce streams. However, the fact remains that overseas study programmes, including non-conventional courses, often come at a steep cost, making education loans a necessity to fulfil academic aspirations. In addition, top tier higher education in India is also becoming increasingly expensive[22].

Given this rise in cost of education, it may be prudent for an individual to plan for education finance well in advance. An education loan can be used either as the primary source of financing or as a tool to supplement existing means of funding.

Institutional Lending Opportunities

India's population in the age bracket of 5 to 24 years (~500 million in 2021, as per the India Brand Equity Foundation (IBEF)), which, coupled with the tendency of Indian households to value the benefits of higher education and upskilling, provides a source of robust (and growing) demand for education across all levels. This in turn is expected to drive the need for increased capacity and modernisation of infrastructure to support the growing aspirations of the Indian youth.

As per IBEF's report on Education and Training (August 2022), there is a huge demand supply gap with an additional requirement of 200,000 schools, 35,000 colleges, 700 universities and 40 million seats in vocational training centres.

In recent years, the education sector has seen many reforms and improved financial outlays which could transform the country into an education powerhouse. With human capital increasingly expected to continue gaining significance in the overall development of the country, development of the country's education infrastructure is expected to remain the key focus over the next couple of decades. In such a scenario, infrastructure investment in the education sector is likely to see a considerable increase.

To achieve the NEP goals, there needs to be significant investment across all segments and components of education in India. The deficit or the financing gap in public expenditure is likely to be plugged using the following:

- Additional public expenditure
- Private aid/donors/philanthropy/CSR funding in education
- Private investments

This scenario could be an opportunity for lenders to explore, with a dual-pronged purpose of funding aspirational families and modernising education-related infrastructure.

Potential headwinds to the above

While the scenario continues to be volatile, global economic recovery is expected to be supported by faster-than-expected disinflation, faster economic recovery in China and implementation of structural reforms by various economies. However, downside risks to global growth persist, such as conflicts in the Red Sea and the Russia-Ukraine war, which could generate fresh adverse supply shocks to global recovery, with spikes in food, energy, and transportation costs. Further, a slower-than-expected decline in core inflation in major economies due to persistent labour market tightness and renewed tensions in supply chains could trigger a revision in expectations of rate cuts[5].

EDUCATION LOAN MARKET OPPORTUNITY

There are ~4.33 crore[13] students currently enrolled in higher education in India, making this an attractive business opportunity. As per a report published by the Federal Reserve Bank of New York, education loans outstanding in the USA was at US$ 1.6 trillion[23] (₹ 133.44 lakh crore) in December 2023. Given that the USA's population is ~25% of India's, this indicates a much higher penetration of education loans as compared to that in India and thus presents a sizeable opportunity for the Indian education loan industry.

The total education loans outstanding in India as at March 2024 stood at ₹ 1,60,703, of which ₹ 43,416 crore could be attributed to the NBFC sector[24]. FinTech companies have also entered the education loans sector over the past few years. While most were initially focused on school-fee finance, many are now expanding to include higher education loans for online programmes, executive/professional courses, etc. A few FinTech companies are even extending loans to students pursuing higher education overseas. Whilst some FinTechs are themselves not in the business of lending, they are more in the nature of platforms or marketplaces offering various cross-sell services together with banks and NBFCs.

The presence of FinTech companies poses both a source of competition as well as a potential opportunity for HDFC Credila. The Company is exploring partnerships as well as co-lending opportunities with such FinTechs. This presents an opportunity to expand sourcing channels and product offerings as well as to leverage technology for future lending.

HDFC Credila has developed strong domain expertise, providing tailor-made solutions and competitive education loan products. With an efficient domain-specific technology platform for loan processing and dynamic credit underwriting, the Company is well equipped to expand its business to fund students both in India and overseas.

COMPETITIVE BUSINESS ENVIRONMENT

Market Overview

The education loan market in India continues to evolve, influenced by various factors such as economic trends, government policies, and evolving demographics. Key players in this market include Public Sector Banks (PSBs), Non-Banking Financial Companies (NBFCs), FinTech firms, Private Banks, and international lenders.

Recent Trends

- **Emergence of New Players**: The market has witnessed the entry of several new NBFCs, FinTech companies, and private banks, thus expanding the choice of lenders for students seeking financial assistance for education.

- **Focus on Digital Platforms:** With the proliferation of digital platforms, there is a growing emphasis on leveraging technology to streamline loan application processes, enhance customer experience, and reach a wider audience.
- **Rising Competition:** Intensifying competition among lenders, particularly in the wake of FinTech companies targeting higher ticket-size loans for higher studies, underscores the need for differentiation and innovation in loan offerings.
- **International Presence:** International education loan providers are strengthening their presence in India, capitalising on the growing number of Indian students pursuing higher education abroad.

Challenges and Opportunities

While the market presents immense growth opportunities, it also poses challenges such as credit risk management, regulatory compliance, and meeting the diverse needs of borrowers. Leveraging data analytics, risk assessment models, and strategic partnerships can help mitigate these challenges and capitalise on emerging opportunities.

It may be noted that families of aspiring students resort to self-finance by liquidating investments, borrowing from friends or relatives, etc. Further, several banks and financial institutions extend other forms of credit, such as personal loans, loans against gold, loans against property, etc. to support this set of students, thus further adding to competition.

A major factor that influences business performance is the strategy adopted by universities to attract international students. With local students/citizens typically studying at a subsidy, the fact remains that institutions rely heavily on international students to bridge the revenue gap. However, interlinked local government policies often pose a challenge. For instance, in FY25, some of the largest student host countries (USA, UK, Australia) will be witnessing political elections that may impact their policies on international students.

REGULATORY AND BUSINESS ENVIRONMENT

Regulatory Environment

RBI Guidelines on Risk Based Internal Audit (RBIA)

In line with RBI's RBIA guidelines, the Company has established an RBIA Policy & Framework and appointed a Head of Internal Audit in March 2022.

In FY24, the following key activities were undertaken in line with RBI's RBIA guidelines and the approved RBIA Policy & Framework:

- The Annual RBIA Plan was prepared based on annual risk assessment of the audit universe along with inputs from management. This was duly approved by the Audit Committee post review. The Annual Plan has been reviewed on an ongoing basis and modifications were made basis changes in process and priority
- Cumulative coverage of ~80% of the audit universe was completed through process reviews, concurrent file reviews and branch reviews, including all processes prescribed to be reviewed annually (as per the prevalent RBI guidelines) such as IT Security Control and Regulatory Policies
- To ensure ongoing assessment of key controls and faster mitigation by Functions, Internal Audit (IA) has initiated 'Continuous Control Monitoring' (CCM) at defined frequencies (monthly/quarterly) for key controls identified basis reviews conducted

- An Internal Audit Quality Assurance and Improvement Programme (IA QA) has been designed to enable qualitative assessment of IA's conformance with the RBIA Policy, RBI guidelines on RBIA and Standards issued by IIA & ICAI. The IA QA Programme shall include ongoing and periodic internal assessment as well as external assessment by a qualified independent assessor.

Business Strategy

FY24 saw HDFC Credila experience robust Y-o-Y business growth. We continue to build upon the momentum gained to achieve further milestones.

Over the last financial year, the login numbers, sanction numbers and disbursement amounts grew by 45%, 62% and 76% Y-o-Y, respectively. This growth was aided by an augmented focus on (i) active sourcing, (ii) well-diversified product(s), (iii) enhanced process efficiencies, and (iv) increased sales productivity.

Macro-level developments across countries were pivotal to our success in FY24.

- There is a substantial increase in the number of Indian students who went abroad for education in CY24. The number of Indian students who went overseas was 7.50 lakh in 2022, 4.44 lakh in 2021 and 7.65 lakh (till Oct '23).
    - 4% increase in the number of USA student visas issued*
    - ~11% decrease in the number of UK student visas issued*
    - 22% increase in the number of Canadian visas issued*
    - 238% increase in the number of Australian visas issued (July '21 - June '22: 17,313, July '22 to June '23: 58,531)

**The above is a comparison between CY23 and CY22.*
** These figures have been calculated based on visa numbers provided on official Government/immigration websites*

The Company continues its focus on expanding its distribution footprint. Apart from third-party (consultants/counsellors/financial institutions/test preparation centres) referred business, the Company continues to invest in its direct digital capabilities to capitalise on the technology aware/agile student customer segment.

SEGMENT OF FOCUS AND PERFORMANCE

HDFC Credila focuses solely on education loans, with two main product categories - secured education loans and unsecured education loans. Currently, 21% of the Company's education loans portfolio is secured while 79% is unsecured. Both these product categories continue to perform well, as indicated by the prime credit quality of the Company's loan book. The Company's Non-Performing Assets (NPAs) and the Stage 3 Assets are at 0.08% as on March 31, 2024.

With nearly 18 years of experience in the Education Finance sector, HDFC Credila has developed strong domain expertise and established itself as one of the leading and most trusted education loan providers in India, providing hassle-free, tailor-made solutions for prospective Indian students. The Company has an efficient domain specific technology platform for loan sourcing, lead management, loan processing, credit underwriting, recovery, operations and servicing. The Company has made several technological changes to enhance customer service as well as simplified its application and tranche disbursement process to enhance customer experience.

The Company continues to focus on prudent credit norms, constant monitoring of portfolio performance, diversifying and expanding portfolio, and fine tuning of policies. The Company believes that doing so is essential to maintaining its long-term competitive advantage and stature both as a market and thought leader.

Business Update

FY24 has been an exceptional year for HDFC Credila. The Company's logins (1,50,296 files), sanctions (81,018 files) and disbursements (₹14,089 crore) grew by 45%, 62% and 76%, respectively over the previous financial year.

The Y-o-Y disbursement growth observed is also very encouraging, with USA, Canada, UK, India, and the rest of the world (ROW) having shown a growth of 84%, 10%, 108%, 33% and 145%, respectively.

The Company has further diversified its portfolio and hedged risk by reducing the contribution of USA disbursements from 65% of total disbursements in FY20 to 58% of total disbursements in FY24.

In FY24, Australia has seen a spike in disbursements at ₹ 550 crore, compared to disbursements of ₹ 150 crore in FY23. This was mainly owing to the Australian Government's commitment to attracting Indian students by offering streamlined visa processes, post-study work opportunities, and scholarships.

In turn, Canada's response to the crippling housing crisis has had a fallout on the intake of international students. Following up on Canadian immigration minister Marc Miller's October 2023 remarks amidst political pressure over the housing crisis, the Justin Trudeau government announced a 35% reduction in international student admissions for 2024. This, coupled with amendments to the rules surrounding Post-Graduation Work Permits (PGWP) for international students, has impacted Canada as a study destination. Despite these regulations from the Canadian Government, disbursements for FY24 stood at ₹ 1,502 crore, a 10% increase over FY23.

Overall, Canada's contribution has dropped from 14% in FY20 to 11% in FY24, and the UK's contribution to the overall portfolio has increased from 1% in FY20 to 16% in FY24.

This notable growth in all our key business parameters validates HDFC Credila's belief that education spending is inelastic and the demand for overseas education is robust, contributing to the sector's growth story.

Cost of Borrowing

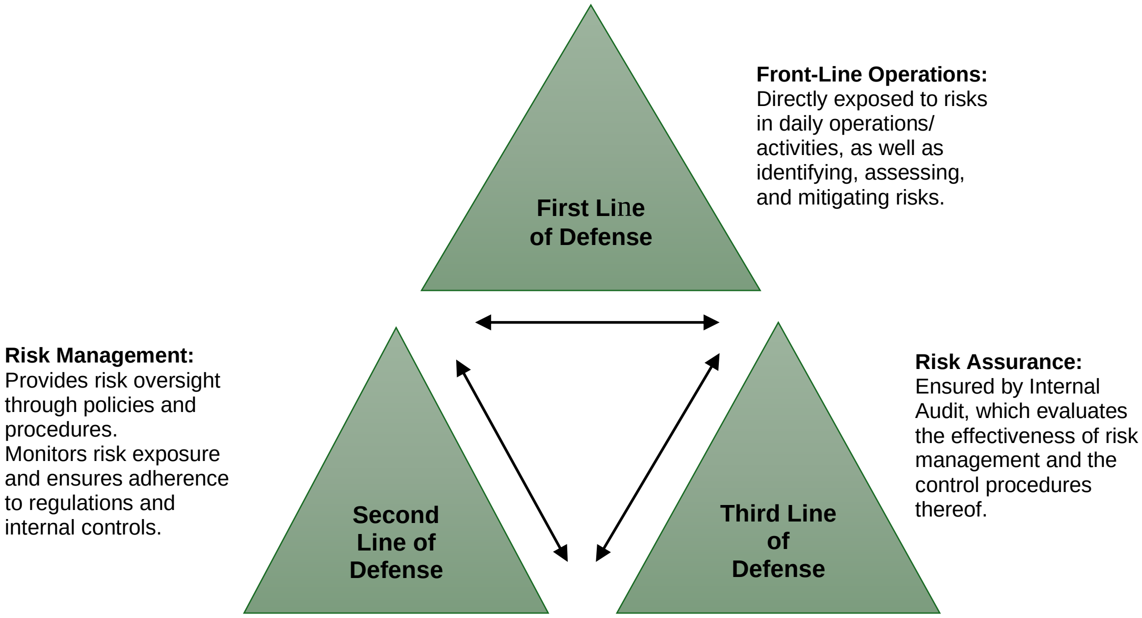
As at March 31, 2024, the Company's borrowings stood at ₹ 26,032.83 crore as against ₹ 13,655.22 crore in the previous year. Borrowings constituted 82% of the total funds employed as at March 31, 2024, of which 72% was in the form of term loans and 28% in the form of ECBs, debentures, commercial papers and WCDL.

During the year, the RBI did not change its policy rate which continued to stand at 6.50%. Considering the uncertainty around the credit rating of the Company due to the proposed change in control during the year, the Company did not borrow significant amount from the debt markets and focused on borrowing via term loans from existing lenders as well as new banks. This included an ECB of US$ 100 million availed during the year. The Company selectively raised commercial papers to manage short term cash flows and strategically added to subordinated debt to strengthen its capital adequacy. The overall strategy helped the Company to raise adequate borrowings from various sources while maintaining a competitive cost of borrowing, which enabled it to compete effectively in the market and achieve a record disbursement of ₹ 14,089 crore during the year.

RISKS AND CONCERNS

RISK MANAGEMENT

The Company inculcates and nurtures a conscientious risk culture, driven by a clear governance structure whilst incorporating the 'Three Lines of Defense' approach, which is depicted below.



The Company has formalised a principle-based approach towards responsible risk taking. The Company's risk management process is guided by well-defined policies, independent risk oversight and periodic monitoring through sub-committees of the Board of Directors. There are two Board level sub-committees (Risk Management Committee (RMC) and Audit Committee (AC)) to review and guide risk management-related matters, which have been further defined across various functional areas.

The following specialised management level Committees ensure monitoring and effective implementation of the overall Risk Management Framework:

- Internal Risk Management Committee (IRMC)
- HDFC Credila Credit Committee (HCCC)
- Asset Liability Committee (ALCO)
- Outsourcing Committee (OC)
- IT Strategy Committee
- IT Steering Committee
- Information Security Committee (ISC)

During the financial year, the Company has also formalised the sub-committees of the IRMC, focused on Business, Operations and Finance and Compliance, wherein each one of these sub-committees meets once a quarter.

The Risk team has focused on enhancing risk awareness and culture within the Company through a dedicated online training module and in-person training sessions.

Based on the Risk Management Framework and Policy formulated and adopted by the RMC of the Company, the following broad categories of risks have been identified:

i. ***Credit Risk:*** The risk of loss on account of the failure of borrowers to repay their debt obligations as per the contractual terms agreed upon is defined as credit risk. The credit risk of the Company is managed by adhering to the Company's Credit Policy, which lays down a set of credit and underwriting norms, along with a structured credit approval process. This includes a thorough check of qualitative and quantitative information to ascertain the creditworthiness of the borrower in addition to reviewing the macro-economic conditions and immigration laws in the countries where the borrowers are presently studying and seeking employment opportunities therein post completion of their studies which would affect the portfolio quality at large.

ii. ***Financial Risk:*** This predominantly covers liquidity and market risk aspects – Interest Rate Risk and Liquidity Risk. The Company raises funds from both the banking system as well as money markets through market instruments. These exposures are subject to interest rate movements in the market. The ALCO meets quarterly to review the Company's asset and liability position with various maturity buckets to understand the gaps therein. The ALCO also reviews funding strategy whilst ensuring a contingency funding plan for the Company. This ensures optimal cost of funds along with stability. The Company has constituted a management level Finance Committee that convenes every week to (i) monitor the liquidity position for meeting its obligations, (ii) review interest rates/cost of borrowing and (iii) analyze the borrowing mix in terms of fund-raising instruments such as Commercial Papers, NCDs, Bank Term Loans, etc.

iii. ***Operational Risk:*** Defined as the risk of loss resulting from failed or inadequate internal systems, people, or processes, or from external events, these risks may arise from activities done by third parties including failure on their part to deliver as per expectation. The Company has adopted a detailed Outsourcing Policy to deal with such risks. Monitoring and reviewing of outsourcing risk exposure is done by the Outsourcing Risk Committee, which is a management level committee. Periodic reporting of outsourcing risk shall be done to the RMC. The Company has adopted a detailed Operational Risk Policy and Framework through which it conducts self-assessments of risks and controls. The Company also conducts risk reviews of functions to understand the risk posture of those functions. These risk reviews are initiated based on certain indicators but are not limited to incidents, complaints, process flow breaks etc. The Company also encourages its staff to report incidents and maintains a database of incidents. The incidents as reported are analysed and control gaps as identified are fixed to ensure no recurrence of such incidents. Fraud risk management also forms part of operational risk management. The Company has standard operating procedures to deal with fraud. Fraud may be internal as well as external. Fraud reporting is done to regulatory authorities as per the regulations.

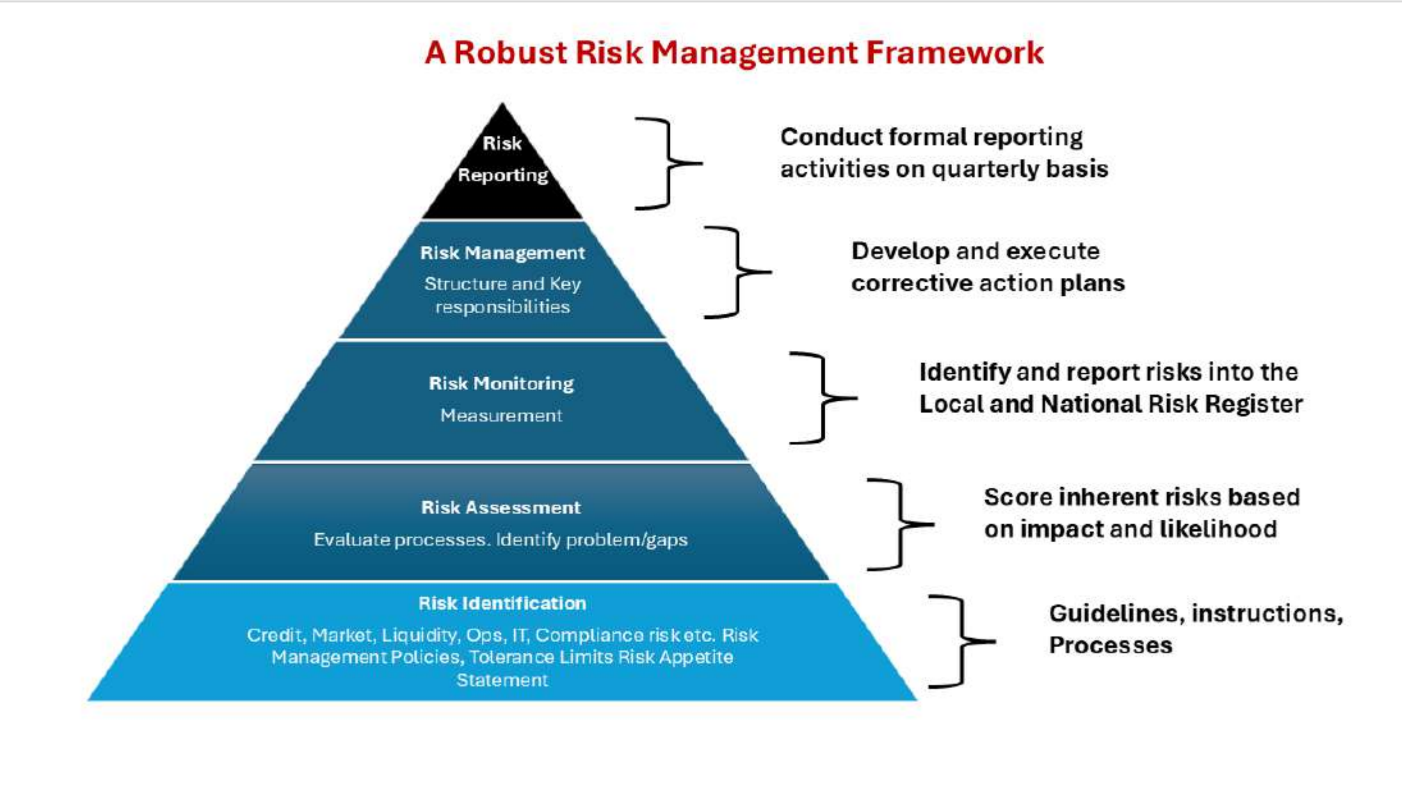
iv. ***Information Security and Cyber Risk***: These are risks which businesses face due to the possibility of being vulnerable to cyber-attacks affecting the Company's technological system, networks and data. It can result in loss of confidential data and damage to the interconnected technological systems as well as loss of reputation.

The Company has implemented the Internal Capital Adequacy Assessment Process (ICAAP) as part of RBI's Scale Based Regulatory framework for NBFCs and the first Assessment Report of ICAAP was published in FY24. The Company has also adopted an ICAAP Policy, approved by the Board of Directors. The ICAAP Policy provides guidance basis the ICAAP framework to undertake a realistic assessment of existing and future capital requirements based on Pillar 1 and Pillar 2 risks. The ICAAP exercise includes other material risks such as Strategic Risk, Reputational Risk, Regulatory Risk, Concentration Risk, Model Risk and Cyber Risk, etc. in addition to Pillar 1 risks. As a lender in the education loans sector, one of the key factors contributing to credit risk is the dynamic macro-economic environment both in India and overseas. For students to be able to continue to repay their education loans, it is critical to have strong employment and business opportunities in the geographies in which they are based.

Geopolitical tensions across the world constitute another key risk. An increase in geopolitical risks could result in subdued global/bilateral trade of products, services, and human capital, border closures, immigration restrictions, abrupt mass exodus, etc. which could adversely impact our business both due to immigration/visa restrictions as well as reduced employment opportunities due to economic slowdowns.

Internal Control Mechanisms

The Company has built a robust internal control mechanism to include SOPs, Internal Financial Controls (IFCs) and Risk Registers for effective monitoring of systems and processes, commensurate with the nature and size of the business. Requisite audits are undertaken internally as well as through external agencies to uplift the internal control framework as per the dynamic environment in which the Company operates. Such audit findings are tabled in different forums and are monitored to suitable closures. The effectiveness of such an internal control mechanism helps the Company to mitigate its risk exposure.



Significant Company Initiatives during the financial year:

ICAAP Implementation

During FY24, the Risk team anchored and facilitated the Company's journey on ICAAP implementation with the help of an external consultant.

Economic Outlook & PESTLE Analysis

Given the global macro-economic uncertainties, the Company has continued to place special emphasis on tracking important economic indicators for major geographies such as the USA, UK, Canada, Australia, New Zealand, Ireland, Germany, and India wherein the Company has significant exposure owing to having funded students pursuing their education in these countries. Indicators such as GDP growth rate, inflation, exchange rates and unemployment rates are monitored closely for these locations. Further, the Company has deepened its tracking of immigration laws prevailing in the USA, UK and Canada to identify the latest trends regarding shifting customer preferences and evolving business dynamics.

The Company also tracks closely the number of study permits issued to Indian students by the major study destinations of USA, Canada and UK along with the associated trends, in order to monitor its market share of the overall addressable market. With a view to help the Company manage its risk in the overseas study destinations and to make informed lending decisions for studies in a specific country, the Risk team also revised its **Country Risk Index,** using a methodology that considers factors such as political stability, economic indicators, social and cultural factors in a quantitative model.

The Company also undertakes a Political, Economic, Sociological, Technological, Legal and Environmental (PESTLE) Analysis every quarter to address critical events and issues that take place during the quarter in India and overseas (primarily centered around the USA, UK and Canada) that could possibly impact our business, directly or indirectly, as a consequence of its influence on our economy and industry.

Portfolio Monitoring

The Company, through its Risk Appetite Statement, defines certain threshold limits for a portfolio at the level of country of study for various product segments. These threshold limits are monitored on a monthly basis for adherence thereto from the perspective of concentration risk and various other key business metrics. Further, the limits are reviewed periodically based on business dynamics and regulatory conditions.

In addition to the regular monitoring, in FY24 the Risk team also initiated enhanced monitoring within certain segments of the unsecured portfolio identified as relatively high risk. The Risk team also continued the regular monitoring of the portfolio for newly added universities, trend analysis of the portfolio mix over the last five years, sanction and disbursement ratio, bounce rate analysis, tracking of visa issuance in top three study locations (by the Company’s disbursements) etc.

With a forward-looking approach, the Company has developed a machine-learning based predictive model (an Early Warning Signal (EWS) model) in collaboration with an analytics agency to offer a comprehensive view of potential high risk/watchlist accounts. Further, the Company regularly monitors the delinquency performance of the portfolio on various parameters including but not limited to underwriting location, study country, course category, course discipline, product group, ticket size, average monthly salary levels, FOIR levels, credit scores etc. This enables the Company to re-align and review its credit and underwriting parameters as required on the basis of portfolio behaviour. The Credit Risk team publishes the results of enhanced monitoring of the Unsecured portfolio on a quarterly basis to the Risk Management Committee.

Information Security

The Company has made a concerted effort to strengthen its cyber security posture. The Information Security team undertook several initiatives in this domain in response to the ongoing tech developments and digital transformation journey. The information technology systems of the Company have been upgraded by enhancing monitoring, detection and defense capabilities to avoid cyber-attack/data theft, which may adversely impact the Company. Additionally, the Company has also increased its cyber insurance cover this financial year commensurate with the growing scale of business and evolving cyber risk landscape.

Operational Risk Management

The Risk team initiated a Risk assessment exercise for critical Tech vendors to ensure that any cyber risk(s) emanating from such vendors and partners are properly controlled. The Company also reviewed its outsourcing risk policy. The implementation of the policy shall ensure outsourcing risks are monitored and mitigated. This will also ensure continuity of the process in the event of vendor failure.

In FY24, the Company also initiated an exercise to understand the business impact of processes for business continuity. Function-specific business continuity plans are drawn up to ensure continuity of business. The Company also reviewed fraud processes and a mechanism for fraud reporting was established. The plan also detailed the process to review attempted frauds emanating from its partner ecosystem as well as steps to manage the same.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Education loans disbursed by the Company increased by 76% from ₹ 7,992 crore in the previous year to ₹ 14,089 crore in FY24. The Company has disbursed education loans to 53,603 students in FY24 as against 33,036 students in the previous financial year.

The financial and operational performance of the Company for the year ended March 31, 2024, has been robust, along with overall economic recovery and an optimistic job market globally.

Below are the performance highlights of FY24:

- The loan book has grown by 84% to ₹ 28,187 crore and interest income on loans has increased by 95% to ₹ 2,535 crore over the previous year. Correspondingly, borrowings have increased by 91% to ₹ 26,033 crore, while the finance cost has increased by 113% to ₹ 1,731 crore.
- The income on liquid funds has increased from ₹ 24.11 crore in the previous year to ₹ 114.35 crore in FY24 due to the increase in amount of liquid funds maintained and the increase in market rates.
- Net Interest Income (NII) has grown by 79% due to an increase in the loan book. During FY24, the Company has passed on the increase in borrowing cost partially to all borrowers by way of an increase of 50 basis points in its benchmark lending rate (H-CBLR).
- During FY24, the Company explored new streams of cross-sell business as well as improved the penetration and revenue margins earned from the partners resulting in increase in cross-sell income from ₹ 22.36 crore in the last year to ₹ 101.37 crore in FY24.
- Operating Expenses (including depreciation) have increased by 78% to ₹ 281.87 crore, primarily considering the increase in scale of operations and increase in spends for digital transformation projects undertaken to improve efficiency going forward. Employee expenses contained additional costs due to share based payments expenses and consideration for settled options, excluding which the increase in operating expenses is 52%.
- Impairment loss allowance of ₹ 49.79 crore was created during the year including an amount of ₹ 14.69 crore set aside in the form of management overlay carried due to the macro-economic situation.
- Net Profit After Tax (PAT) has increased by 92% to ₹ 528.84 crore as compared to the previous year. Net profit margin was at 20.41% in the previous year and 19.08% in the current year. The return on average assets was 2.2%, while the return on equity was 14.1%.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company continues to enhance its integrated employee experience, further strengthening its commitment to talent and stakeholders.

A multitude of initiatives have been instrumental in augmenting this commitment. These include programmes centered around talent well-being, reinforced with the introduction and implementation of talent-friendly and forward-looking policies.

Our flagship Diversity, Equality and Inclusion Policy (DEI Policy) and Creche Policy, amongst others launched this year, have been very well received. Additionally, enhanced training and development programmes for managers and talent that were launched this year have ensured that compliance and regulatory requirements are met while honing managerial and talent capabilities.

To help showcase and encourage the winning spirit, top performers across functions were recognised and felicitated across departments through our signature talent awards programme – the 'HDFC Credila Excellence Awards'.

We remain committed to fostering the physical and mental wellness of our employees, with yoga and guided meditation featuring prominently this year. Our growing strength, camaraderie and team spirit were augmented through regional level sports events conducted at each location.

As ever, our employees continue to consistently drive our social outreach and CSR efforts, with talent participation increasing almost five-fold compared to last year.

Further details regarding these key achievements are highlighted below:

1. **Employee wellness:** The convergence of office and yoga saw 357 employees nationwide take part in tailored 'Desk Yoga' sessions, emphasising the significance of corporate wellness programmes and fostering unity among staff across various departments and regions. Additionally, 154 employees engaged in invigorating guided meditation sessions conducted online, benefiting from a revitalising, stress-relieving experience.

2. **Campus engagement**: Our tailored campus engagement continues to attract and develop top talent from leading business schools across India, receiving strong student responses. HDFC Credila's campus presence notably expanded this year, including our inaugural hiring at IIM Ahmedabad, TISS Mumbai, and ISB Hyderabad. We welcomed a total of 5 management trainees and 7 summer interns from prestigious institutions such as FMS Delhi University, IIM Ahmedabad, TISS Mumbai, ISB Hyderabad, NIBM Pune, IMT Ghaziabad, XIM Bhubaneshwar, IMI New Delhi, and IIFT New Delhi amongst others.

3. **Team building through sports:** With a view to actively boosting camaraderie, friendly competition and team spirit, regional sports days took place at each of our 9 hub locations, covering all employees. Over a thousand HDFC Credila and extended team members came together for sports tournaments that included cricket, football, chess, badminton, carrom, table tennis among other sports.

4. **Training**
    a. **Enabling our talent:** Through 4,093 total hours of learning, HDFC Credila effectively imparted a thorough practical comprehension of the compliance and regulatory landscapes, including those on Anti-Money Laundering (AML) and Know Your Customer (KYC) guidelines. In parallel, the talent has also undergone comprehensive training covering areas such as customer engagement,

communication, and functional aspects of the business, with a cumulative 17,494 hours of training. Our talent has clocked a commendable average of ~19 hours of training per employee.

b. **Enabling our managers:** All people managers underwent a series of in-person and digital training initiatives aimed at improving customer service, change management, managing performance, setting and achieving team goals, First Time Right (FTR) approach etc. These sessions witnessed 96 unique people managers attending and learning ways to enhance productivity, with a cumulative 1,824 hours of training content delivered, both through internal and external sessions.

5. **CSR engagement**: It is humbling and inspiring to note that our social outreach and participation has increased almost 5 times over last year. A total of 21 events were conducted throughout the year with 1,536 non-unique employees voluntarily participating in events focused on improved healthcare, empowering the girl child and enhancing quality of life for children from marginalised and vulnerable communities, across office locations in India.

6. **Recognising exceptional talent:** 'HDFC Credila Excellence Awards' – The October 11, 2023, virtual All-hands Townhall featured the HDFC Credila Excellence Awards. These awards honoured outstanding achievements, with 6 winners in the 'Emerging Star' category, 10 in the 'Rising Star' category, 4 'Super Managers', and 3 'Dream Teams', making it a highly esteemed and aspirational recognition.

7. **New age talent engagement**: In line with the millennial and post-millennial ask for authentic experiences, 'Fireside Chats' were organised nationwide at each hub location, with leadership teams connecting with employees in open discussions regarding the Company and its business environment. From navigating market shifts to exchanging personal stories, these Fireside Chats went beyond traditional boundaries, fostering genuine, open, and transparent conversations.

8. **Forward-looking policies:** Three new and innovative policies were introduced as integral parts of the Company's forward-looking suite of initiatives aimed at holistic inclusion, overall well-being, with family-friendly benefits. These include 'Equal Opportunities for Persons with Disabilities', 'Diversity, Equality, and Inclusion Policy' and the 'Creche Policy'. Company-wide sensitisation sessions were rigorously conducted to ensure adherence to these policies in both letter and spirit.

OUTLOOK

India Brand Equity Foundation (IBEF) estimates that India's higher education scenario will undergo the following changes by 2030[25]:

- The combination training method, which involves online learning and games, is expected to grow by up to 38% in the next 2 to 4 years
- Adoption of transformative and innovative approaches in higher education
- GER expected to rise to 50%
- India is poised to emerge as the single largest provider of global talent, with one in four graduates in the world being a product of the Indian higher education system
- India is expected to have 20+ of its universities among the global top 200

We believe that the implementation of the measures outlined in NEP 2020 will result in a larger student population looking to avail education loans to fund their higher education. This could result in the creation of untapped potential for the Company to explore.

Our aim is to create product offerings to meet possible new requirements, encompassing a number of universities and programmes.

Opportunities in E-Learning

Nano-learning*[26] is expected to be prevalent in the coming year, as millennials and young professionals seek to upgrade their competencies and learn in a more efficient, effective, and less time-consuming manner.

While this is expected to bring changes in the way education is currently perceived, courses such as human resources, finance, marketing, machine learning, data science, cyber security, and UI UX courses are expected to be in high demand. Online certification courses will also continue to occupy a special niche for learners because the future is about constant upskilling[27]. India has become the second largest market for e-learning after the USA. The online education market in India is forecasted to reach US$ 8.6 billion by 2026[28]. Various government initiatives are being adopted to boost the growth of the distance education market, besides focusing on new education techniques, such as E-learning** and M-learning***.

Furthermore, with online modes of education being used by several educational organisations, the higher education sector in India is gearing up for significant changes and developments in the years to come.

School Fee Financing (K-12)

The Indian school education system is one of the largest in the world with ~14.89 lakh schools, ~95.07 lakh teachers and ~25.57 crore students in the pre-primary to higher secondary level from varied socio-economic backgrounds[12].

Rising school fees and ancillary expenses such as travel, accommodation as well as related expenses including the purchase of study equipment such as laptops, books and periodicals etc. are creating a pressing need for both urban and rural parents to explore the option of availing finance to fund their children's education.

Institutional Lending

In addition to school fee finance, the education ecosystem offers larger opportunities for lending such as school infrastructure financing (long-term loans), working capital finance (short-term loans to schools to fund day-to-day activities), etc.

School infrastructure development is a domain which constantly demands capital for construction, renovation, upgrading facilities, equipment, machinery, computers, labs, books, software and hardware, and much more.

Macroeconomic drivers such as rapidly increasing urban growth, widespread internet adoption and a young and aspirational population along with limited public resources underpin the structural need for private investments in the Indian education sector. To this end, the Company is well positioned to finance such investment.

Work Permits and Immigration Laws

Australia has recognised the potential Indian students bring to the table, and in a bid to attract and retain talent, the Australian government has established various initiatives.

**Nano-learning is a tutorial programme designed to permit a participant to learn a given subject in a ten-minute time frame through the use of electronic media and without interaction with a real time instructor.[31]*

***E-learning is a network enabled transfer of skills and knowledge with the help of electronic resources like laptops, where the delivery of education is made to many recipients at the same or different times.*

****M-Learning (mobile learning) is a new way to access learning content using mobile devices to learn whenever and wherever as long as one has a modern mobile device connected to the Internet.*

These include offering extra time for the completion of English language tests and health check-ups during the course, as well as the option to subsequently extend one's stay and work period[29]. In Canada, a larger number of international students are getting a PGWP than earlier, which allows eligible international graduates to work anywhere in Canada for up to three years, depending on the length of their study programme[30.] However, Canada has recently taken cognisance of the fact that the number of international students has grown exponentially and has accordingly taken steps to reduce the issuance of visas, thereby curbing the student inflow. However, this rationale will ensure that universities/colleges are able to offer admission to meritorious students, thereby greatly enhancing prospective student quality. The UK boasts of a welcome move for international students – those who have successfully completed an undergraduate or master's degree will be able to benefit from a two-year work visa upon graduation[31].

The US too has waived the in-person interview requirement especially for Indian students, in a bid to simplify the process and encourage students to apply for higher education32. With the upcoming presidential elections in 2024, it remains to be seen whether the political landscape will see a shift in immigration policies, and thereby, an impact on student visas.

Government Initiatives

The Government aims to implement NEP 2020 rapidly across states, laying the foundation to establish education complexes, introduce a wider range of subjects in higher education institutions and implement flexible entry-exit schemes in colleges and universities.

The Government is also planning to reinvent India as a global study destination. To attract more international students in India, the emphasis is on various initiatives, including establishing campuses for international institutes, and seeking alliances from international universities for introducing collaborative training programmes. Offshore campuses to attract and enroll international students as well as encourage them to apply for discounted programmes at Indian campuses is also on the cards.

The Centre and State Governments aim to increase public investment in the education sector to 6% of GDP. There has been a 13.68% increase in budget allocation from ₹ 99,311.52 crore (FY21) to ₹ 1,12,899.47 crore (FY24). The Government's expenditure on education has shown a rising trend - the total expenditure on education as a percentage of GDP for the year FY21 was 4.64%33 (compared to 4.39% of GDP in FY2034).

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ANNEX TO DIRECTORS' REPORT – II

HDFC CREDILA FINANCIAL SERVICES LIMITED
Corporate Social Responsibility
Annual Report on CSR Activities

Our Commitment to Corporate Social Responsibility
As a leading financial institution, we have always prioritised our Corporate Social Responsibility (CSR) efforts that strive to bring about a positive impact on the society and environment where we operate, by improving the quality of life for children from marginalised and vulnerable communities. We have identified key areas of focus for our CSR efforts, including Education, Healthcare, Girl Child Empowerment, People with Disabilities (PwD), and Water, Sanitation and Hygiene (WASH).

Through CSR activities, we aim to enhance the capabilities of these individuals by ensuring access to opportunities and facilitating enabling conditions to strive towards creating an equal and inclusive society. We have partnered with 15 Non-Governmental Organisations (NGOs) with projects spread across eight states in India. We have reached out to over 11,000 beneficiaries, which is a testament to our commitment to create a lasting impact.

Furthermore, the Company's philanthropic culture is based on the principles of equality, inclusivity, and compassion. We are committed to enabling various platforms and events where our employees can volunteer, interact, and contribute to creating a better tomorrow for society. As an organisation, we firmly believe that everyone has a role to play in creating a better future, and we are dedicated to playing our part by driving positive change in the communities where we operate.

HEALTHCARE

3 GOOD HEALTH AND WELL-BEING

Project: Save Little Hearts
Implementation Partner: Aishwarya Trust
Project Location: Chennai, Tamil Nadu

Save Little Hearts project, implemented with Aishwarya Trust in Chennai, Tamil Nadu, aims to reduce congenital heart defects (CHD) prevalence in children from economically disadvantaged backgrounds.

The project facilitates screening and surgical interventions for children with CHD, ensuring they receive the best possible care, significantly improving their chances of leading a quality life. Aishwarya Trust regularly runs screening camps under the aegis of the RBSK Program at Medical College Hospitals in Tamil Nadu as well as other locations around the country. The purpose of these camps is to identify children and young adults from marginalised backgrounds who have CHD and need surgical intervention. A competent, renowned, and committed team of surgeons at Aishwarya Trust provides surgery and care to children. In FY24, we assisted in the surgical treatment of 70 children.

Project: Cancer Care for Children
Implementation Partner: Access Life Foundation
Project Location: Mumbai, Maharashtra

In 2020, the Lancet Oncology Commission projected a grim future: estimating that over the next three decades, ~13.7 million children will be diagnosed with cancer, with a staggering 11.1 million children dying from the disease if adequate attention is not paid to healthcare services and cancer treatment. In India alone, 50,000 children are diagnosed annually, equating to one child diagnosed every 11 minutes. Financial constraints, reliance on alternative medicine, and misconceptions about cancer's incurability contribute to delayed diagnosis and limited access to comprehensive supportive therapy. Consequently, ~80% of children end up discontinuing their treatment.

In response to this dire situation, we have partnered with the Access Life Foundation to provide support for disadvantaged families travelling to Mumbai, Maharashtra for their child's cancer treatment, wherein we provide aid with lodging, food, transportation, and counseling services, ensuring that families can concentrate on their child's treatment and thus increase the likelihood of positive treatment outcomes. We support Access Life Foundation’s Chembur and Bandra centres. Through our collaboration, we been able to reach 828 beneficiaries that included 276 children undergoing cancer treatment and 552 caregivers, in FY24.

Project: Craniofacial, Maxillofacial, and Cleft Surgery Support to Children from Marginalised Backgrounds
Implementation Partner: INGA Health Foundation
Project Location: Karnataka

Craniofacial and facial deformities can be a life-long struggle for children. They face continuous social stigma and exclusion and are subjected to social rejection, creating harmful psychological impact. As a result, early education and social function may suffer, thus placing them at a major disadvantage.

To address this issue, we have partnered with the INGA Health Foundation in Bengaluru, Karnataka. Our primary goal is to support their mission of achieving a cleft-free India while supporting surgeries as well as raising awareness on craniofacial and maxillofacial deformities. Our goal is to ensure that these children receive proper treatment and post-surgery follow-up care. We believe that by raising societal awareness about these issues, we can help reduce the social stigma that these children face. Thus, we aim to improve the quality of life for these children and give them the opportunity to thrive socially and economically. In FY24, we have supported 23 maxillofacial, 27 craniofacial, and 31 cleft surgeries.

Project: Eye Care
Implementation Partner: Blind People’s Association
Project Location: Ahmedabad, Gujarat

Cataracts, or clouding of the natural lens of the eye, are a primary cause of blindness in India, particularly among the poor and vulnerable. However, at the village and rural levels, there is little to no information regarding cataract procedures and other corrective eye treatments, exacerbating the problem. To address these concerns, we have partnered with the Blind People's Association (BPA) in Ahmedabad, Gujarat to reduce needless blindness and enhance the quality of life by restoring sight. The primary focus of their efforts is on retina and cornea surgeries.

We have also provided BPA with a Drager Anesthesia Machine in FY23. An essential component of cataract surgery procedures, this machine would significantly improve the overall quality of care provided to patients. In FY24, through our association with BPA, we were able to sponsor 80 keratoplasty and 37 retinopathy surgeries.

EDUCATION

Project: Providing Quality Education to Children from Tribal and Marginalised Communities
Implementation Partner: Aseema Charitable Trust
Project Location: Igatpuri, Maharashtra

The partnership between HDFC Credila and Aseema strives to provide quality education to children from marginalised communities, empowering them to reach their full potential and achieve their aspirations. We support Aseema's ABSK Igatpuri School. Aseema's approach and educational philosophy is founded on learning theories, by Piaget, Dewey, and Vygotsky, emphasising student-centered learning and collaboration.

The curriculum at ABSK Igatpuri School comprises computer literacy and co-curricular activities such as music, arts, and sports. This approach allows students to discover and develop their intrinsic abilities while enriching them across physical, emotional, cognitive, and social levels. Aseema's focus on targeted remediation, accelerated learning models, and continuous professional development levels the playing field for students from marginalised communities in a safe and nurturing environment, achieving the twin goals of equity and quality. Through Aseema, we implement targeted remediation programmes, accelerated learning models, and invest in the professional growth of the teachers. This approach creates a nurturing and secure environment where students can thrive and flourish. In FY24, our support has benefited 349 students in Igatpuri.

Project: Anando School Empowerment Programme
Implementation Partner: Light of Life Trust (LOLT)
Project Location: Karjat, Maharashtra

India currently faces a major challenge with the highest number of out-of-school children, globally. The 'Anando School Empowerment Programme' with the LOLT in Karjat, Maharashtra, aims to create equitable and student-centered learning environments, empowering children to reach their full potential.

Through this project, we aim to enhance the quality of education imparted in secondary schools and impact not only the teachers but also students and their parents. The programme intends to build, activate, and strengthen the partnership of schools, parents, and students to develop responsible citizens of a young and dynamic India. Our support focuses on two government schools - Janata Vidyalaya Lowjee and Lokmanya Tilak Madhyamik Vidyalaya, Vasrang, Khopoli, Maharashtra to improve teaching methods, holistic academic growth, and increase community and parents' involvement, ensuring children complete their basic education. In FY24, our support has benefited 249 students.

Project: Providing Quality Education in Global Mill Passage Municipal Secondary Section School, Mumbai
Implementation Partner: Muktangan Education Trust (MET)
Project Location: Mumbai, Maharashtra

Muktangan, in collaboration with the Municipal Corporation of Greater Mumbai (MCGM), has developed an integrated model of inclusive teacher and school education, which includes pre-service and in-service teacher training, as well as running seven municipal schools. These schools are led by community members and serve 4,000 children between the ages of 4 and 16 years, especially from underprivileged populations in Worli, Prabhadevi, and Parel (Mumbai, Maharashtra).

Muktangan's child-friendly pedagogy is grounded in an Active Constructivist Approach, which fosters a cognitive process of learning. It enables learners to construct new concepts by comparing and building on their previous experiences. The model is supported by inclusive leadership processes, which are continually developed and researched both internally and externally by national and international universities.

We have collaborated with Muktangan Education Trust to support providing quality education in Global Mill Passage Municipal Secondary Section School, Mumbai, Maharashtra. This collaboration aims to provide equal access to education, reduce school dropouts, promote holistic child development, and create a nurturing learning environment for underserved communities. This project emphasises the importance of a total systems approach that empowers marginalised communities and bridges educational disparities, involving all stakeholders to promote inclusive and equitable education for underprivileged students. In FY24, our support has benefited and aided 952 children including students with special needs, 130 educators and teachers, 1450 parents, 16 pre-service trainees and 607 NIPUN Bharat outreach interventions.

Project MANUSHI
Implementation Partner: Centre for Catalyzing Change (C3)
Project Location: Bagnan Block, Howrah District, West Bengal.

We have partnered with the Centre for Catalyzing Change to empower young girls in Bagnan Adarsha Girls HS Government School in Howrah, West Bengal. Our project is centered around three main pillars: WASH, school wellness, and academic enrichment, targeting two girls' schools.

Our support includes academic enrichment, creating reading corners, life skills training, digital and financial literacy, raising awareness about nutrition, and promoting WASH practices such as installing RO systems, sanitary napkin vending machines, and incinerators, while also conducting menstrual hygiene sessions. In FY24, 209 adolescent girls benefitted from academic enrichment support while 620 girls benefitted from digital and financial literacy.
The project successfully generated awareness among 885 adolescent girls studying in grades 6-10, who were provided with iron and folic acid tablets through the Weekly Iron Folic Supplementation (WIFS) Scheme. Nearly 200 mothers of adolescent girls were mobilised to support preventing child and early marriage. The project successfully generated awareness among 1253 adolescent girls studying in grades 6-10.

Project Strengthening Schools and Transforming Education
Implementation Partner: Hand in Hand India
Project Location: Nelamangala, Karnataka

Our collaboration with Hand in Hand India, Bengaluru focuses on improving education and WASH facilities in two government schools in Byranayakanahally, Bengaluru (Rural). The project enhances the learning environment and overall development of children by providing academic enrichment classes, improving infrastructure, and promoting awareness programs.

Through this initiative, we focus on creating a joyful learning environment and fostering holistic development for students in the two selected government schools. The programme aims to uplift the educational experience and overall development of the students in these government schools.

In FY24, we have supported 603 students (258 girls and 345 boys) at the Government Junior College - Nelamangala and 103 children (43 girls and 60 boys) at the Government High School - Byranayakanahally, Bengaluru (Rural).

Project NIOS Program
Implementation Partner: VIDYA
Project Location: Gurgaon, Haryana

We have partnered with VIDYA to support the NIOS Programme. We aim to provide underprivileged youth with a second chance to complete their basic (OBE), 10th, and 12th exams, enabling them to become employable, socially responsible, and productive individuals. The programme specifically concentrates on delivering education through This initiative focuses on enhancing participants' English language skills, computer literacy, life skills coaching, and offering essential remedial teaching support to overcome academic challenges, all with the goal of empowering these individuals to lead better lives and contribute positively to society. In FY24, our support has benefitted 223 students positively.

Project Makerspace Innovation Lab
Implementation Partner: Learning Links Foundation
Project Location: Hyderabad, Telangana

As an organisation, we are committed to the empowerment of underprivileged children, girl children, and providing quality education to them. In alignment with its vision, we launched an education-focused inclusive initiative named ***Makerspace Innovation Lab***.

The Makerspace Innovation Lab is a workspace designed for students to acquire an innovation mindset by leveraging technology going beyond the regular curriculum and textbook learning. These labs are powered to acquaint students with state-of-the-art equipment such as 3D printers, robotics and electronics development tools, Internet of Things (IoT) and sensors, etc. It bridges the digital gap within marginalised communities by introducing technology-enabled learning in schools that cater to students from these communities.
To implement this project, we have partnered with Learning Links Foundation to improve the quality of STEM education in girls' schools in Hyderabad. We are supporting a government girls' school, Zilla Parishad High School (Girls) – Shamshabad (where the Makerspace Innovation Lab has been set up), and we additionally support two nodal schools (one co-ed and the other a boys' school), as part of the community outreach aspect of the project. In FY24, this initiative has aided in empowering 1139 students, including 810 girls, from 3 government schools in Rangareddy District, Telangana.

GIRL CHILD EMPOWERMENT

Project: Kishori Vikas Prakalp - Urjita Programme (Adolescent Girls Development Program).
Implementation Partner: Seva Sahyog Foundation (SSF)
Project Location: Pune, Maharashtra

The Kishori Vikas Prakalp - Urjita Programme implemented by the Seva Sahyog Foundation in Pune, Maharashtra, aims to enhance the physical and mental well-being of adolescent girls through nutrition, health, gender education, and personality development programmes.

Our partnership aims to establish a physical and mental support system to enhance their decision-making abilities and raise awareness of safety in the context of anti-social situations. Through this collaboration, we seek to create a more informed and empowered group of adolescent girls. Our programme focuses on building their confidence and providing them with opportunities to express themselves, allowing them to reach their full potential. We believe that by working together, we can help these girls overcome the challenges they face and provide them with a brighter future. In FY24, we have actively supported 1225 girls through this programme.

WATER, SANITATION AND HYGIENE (WASH)

Project: School Transformation Programme
Implementation Partner: Yuva Unstoppable
Project Location: Haryana and West Bengal

WASH programmes in schools have been widely recognised as critical to achieving the Sustainable Development Goals (SDG), particularly in terms of increasing access to primary education, reducing child mortality, improving water and sanitation, and promoting gender equality. When schools offer clean, age-appropriate restrooms, as well as access to clean water and handwashing facilities, it not only avoids the spread of infectious diseases but also increases children's attendance and learning.

Unfortunately, basic WASH and safe drinking water facilities are lacking in almost half of all schools in both rural and urban India. This creates a significant challenge in achieving the SDGs. HDFC Credila acknowledges that providing safe drinking water and safe sanitation facilities, as well as healthy behavioural patterns and instruction, are vital to ensuring children's good health, learning, and overall development. To address this issue, we have partnered with Yuva Unstoppable to support its School Transformation Initiative, which focuses on constructing WASH infrastructure in public high schools, providing access to clean and safe drinking water, sanitation facilities, and hygiene education, thereby reducing dropouts/absenteeism and promoting better attendance for students.

In FY24, we supported two schools in Kolkata and four schools in Haryana, with a total of 2197 beneficiaries.

CHILD EMPOWERMENT

Project: Center Support for Children
Implementation Partner: Salaam Baalak Trust
Project Location: Mumbai, Maharashtra

India, with a population exceeding 1.2 billion, unfortunately, has the world's largest population of street children. This demographic represents extreme vulnerability and addressing their needs and care poses various challenges, albeit with varying degrees and impacts. In this regard, we have partnered with the Salaam Baalak Trust (SBT) in Mumbai to support street-rescued boys and girls through shelter, sports development, infrastructural and maintenance support, and extra-curricular activities.

SBT operates with a focus on respect and the protection of the rights of these children, offering an integrated net of services to assist them in achieving their developmental goals. SBT's services include shelter, education, counselling, healthcare, and nourishment for both boys and girls rescued from the streets. Our support covers three shelter homes (at Andheri, Malad, and Kandivali) in Mumbai, Maharashtra. This comprehensive approach aims to protect the rights and promote the overall development of street children, offering them choices for a better future. In FY24, we supported 216 students.

PEOPLE WITH DISABILITIES

Project: Center Support for Children
Implementation Partner: Muskan Foundation
Project Location: Mumbai, Maharashtra

We have partnered with the Muskan Foundation in Mumbai, Maharashtra to support children with Multiple Disabilities and Vision Impairment (MDVI) at their centre in Bandra. Muskan Foundation provides specialised services for children with Multiple Disabilities and Vision Impairment (MDVI).

The programme aims to help MDVI children participate and be recognised in their families and communities by providing customised, low-cost therapies and special education under one roof. It will also empower parents with knowledge, skills, and confidence to support their child's unique needs and development. The project is implemented through three core programmes: Special Education, Therapies, and Advocacy and Training, using a specialised curriculum and a set process. Through this initiative, we have been able to support 35 children for special education and 60 Multiple Therapy for Children, in FY24.

EMPLOYEE ENGAGEMENT

Our philanthropic culture drives us to continuously seek ways to enable various platforms and events wherein our employees can volunteer, interact, and contribute to creating a better world. We believe in working together with our employees, partners, and stakeholders to drive social change and create a more equitable and sustainable world.

As part of our employee engagement activities, we conduct financial literacy sessions, arts and crafts sessions, career guidance sessions, and sports events. These activities are designed to foster a culture of social responsibility among our employees and encourage them to contribute to society. By doing so, we hope to create a brighter future for generations to come.

Annexure
Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014]

CSR Policy of the Company

The Company believes in conducting its business responsibly, fairly and in a transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates, as part of its social objectives. The main objective of the CSR Policy of the Company is to lay down guidelines to make CSR a key business process for sustainable development of the society and the environment in which it operates. The implementation and monitoring of the CSR Policy are in compliance with the CSR objectives and policy of the Company.

The CSR objectives of the Company include the empowerment of underprivileged children and the girl child, health and education, as well as various activities related to COVID-19 under Item Nos. (i) and (xii) of Schedule VII of the Companies Act 2013 relating to the promotion of health care, including preventive health care and sanitation, disaster management and donation to the Prime Minister National Relief Fund (PMNRF) under Item No. (viii) of Schedule VII of the Companies Act 2013.

A brief outline of the Company's CSR Policy, including an overview of projects or programmes proposed to be undertaken is as under:

Over the past few years, the Company's CSR activities have been focused on three key sectors – empowerment of underprivileged children, health, and education. As these sectors are broad-based, the Company has identified and prioritised critical sub-themes within each of these sectors. Apart from these core sectors, the Company has identified a few special projects in specific sectors, such as supporting the differently-abled.

The Company's CSR activities are not restricted to a particular geographical area and the beneficiaries are from both urban and rural areas.

The Company's projects are based on areas of established need and experience of its implementing partners. The Company's CSR partners are selected based on governance, experience, and quality of implementation.

Composition of the CSR Committee

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sunil Shah	Independent Director & Chairman	2	2
2	Mr. B. Mahapatra	Independent Director	2	2
3	Mr. V. S. Rangan	Non- Executive Director	2	2
4	Ms. Madhumita Ganguli	Non- Executive Director	2	2

1. The composition of the CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company and available to view at **www.credila.info/hdfccredila/about/csr-initiatives.html**.

2. Details of the impact assessment of the CSR projects carried out in pursuance of Sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014:

   The Company had partnered with an external consulting partner, RTI International, to study the impact created through its partnership with Seva Sahyog Foundation (SSF). The Impact Assessment Study helped validate the effectiveness of SSF's work in empowering adolescent girls from highly marginalised sections through building their confidence and providing them with opportunities to express themselves, allowing them to reach their full potential. The Impact Assessment report can be accessed through the following link: **CSR_Impact_Assessment_Report_FY_2022_23_revised.pdf (hdfccredila.com)**

3. Details of the amount available for set-off in pursuance of Sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year: Nil

4. Average Net Profit of the Company for last three financial years : ₹ 2,868,269,418.33

   a) Two percent of Average Net Profit of the Company as per Section 135(5) : ₹ 57,365,388.37
   b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
   c) Amount required to be set off for the financial year : Nil
   d) Total CSR obligation for the financial year (4a+4b-4c): ₹ 57,365,388.37

5. CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Amount transferred to any fund specified underSchedule VII as per second proviso to Section 135(5)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Amount	Amount	Amount	Amount
₹ 5,84,09,570	**NA**	**-**	**NA**	**-**	**-**

   a) Details of CSR amount spent against ongoing projects for the financial year: Nil
   b) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of CSR Project	Sector and items from list of activities in Schedule VII of the Act	Local area (Reasons if the same is not being undertaken in the local area)	Location of project		Project Duration	Amount allocated for the project (in case of on-going projects, provide bifurcation of the amount)	Mode of implementation (Directly or through Implementing agency)	Mode of implementation (if through Implementing Agency)	
				State	District				Name	CSR Regi. number
1	Providing supportive care to families for their child's cancer treatment	Promoting Healthcare	Yes	Maharashtra	Mumbai, Pune	April 2023-March 2024	40,00,000	IA	Access Life Foundation	CSR00000715
2	Supporting underprivileged children for conducting Corrective Heart Surgeries and Transplant	Promoting Healthcare	Yes	Tamil Nadu	Chennai	April 2023-March 2024	65,00,000	IA	Aishwarya Trust	CSR00001299
3	Promoting Education (Rural Education) - Supporting schools in tribal regions	Promoting Education	Yes	Maharashtra	Mumbai	April 2023-March 2024	50,00,000	IA	Aseema Charitable Trust	CSR00004000
4	Restoring eyesight and reducing preventable blindness	Promoting Healthcare	Yes	Gujarat	Ahmedabad	April 2023-March 2024	35,10,000	IA	Blind People's Association	CSR00000936
5	Treating less fortunate children born with facial deformities of cleft, lip and palate	Promoting Healthcare	Yes	Karnataka	Bangalore	April 2023-March 2024	44,00,000	IA	INGA Health Foundation	CSR00001727
6	Facilitating shelter and education support to street children	Eradicating hunger, poverty and promoting education	Yes	Maharashtra	Mumbai	April 2023-March 2024	35,00,000	IA	Salaam Baalak Trust	CSR00000166
7	Promoting Education (Urban Education) – Supporting municipal schools	Promoting Education	Yes	Maharashtra	Mumbai	April 2023-March 2024	45,00,000	IA	Muktangan Education Trust	CSR00000732
8	Promoting Education, WASH, and Nutrition (Rural Education) - Supporting government schools	Promoting Education, WASH, and Nutrition	Yes	West Bengal	Uluberia, West Bengal	April 2023-March 2024	20,00,000	IA	Centre for Catalyzing Change	CSR00001620
9	Promoting Education (Rural Education) - Supporting 2 rural schools	Promoting Education	Yes	Maharashtra	Khalapur Tehsil, Raigad District	April 2023-March 2024	16,05,915	IA	Light of Life Trust	CSR00000156
10	Supporting the holistic development and counselling of adolescent girls	Girl Child Empowerment	Yes	Maharashtra	Pune	April 2023-March 2024	28,00,350	IA	Seva Sahyog Foundation	CSR00000756
11	Promoting Education and supporting WASH infrastructure in government-run schools	Promoting Education and WASH	Yes	Karnataka	Bangalore	April 2023-March 2024	36,41,881	IA	Hand in Hand India	CSR00001853
12	Promoting Education through supporting NIOS programmes	Promoting Education	Yes	Delhi	Gurgaon	April 2023-March 2024	23,60,875	IA	VIDYA	CSR00001204
13	Supporting children with Multiple Disabilities with Vision Impairment	Supporting Children with Disabilities	Yes	Maharashtra	Mumbai	April 2023-March 2024	40,26,674	IA	Muskan Foundation	CSR00002114
14	Promoting Education - (Urban Education) through supporting Girl Children with STEM skills	Promoting Education	Yes	Telangana	Hyderabad	April 2023-March 2024	34,90,725	IA	Learning Links Foundation	CSR00000640
15	Promoting Education (Infrastructure) - Supporting WASH infrastructure in government-run schools	Promoting Education	Yes	Haryana & West Bengal	Gurgaon & Kolkata	April 2023-March 2024	46,69,831	IA	Yuva Unstoppable	CSR00000473
15	Impact Assessment					April 2023-March 2024	4,00,000			
16	CSR Administrative Cost (Team Cost, Travel, and Training)					April 2023-March 2024	20,03,318.57			
TOTAL							**5,84,09,570**			

**D – Direct, IA – Implementing Agency*

c) Amount spent on administrative overheads : ₹ 20,03,318.57
d) Amount spent on impact assessment, if applicable : ₹ 4,00,000
e) Total amount spent in the financial year : ₹ 5,84,09,570

(5b+5c+5d+5e)

f) Excess amount for set off, if any : Nil
g) Details of Unspent CSR amount for the preceding three financial years : Not Applicable
h) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) : Not Applicable

6. In case of creation or acquisition of capital asset(s), furnish the details relating to the asset(s) so created or acquired through CSR spent in the financial year (asset-wise details) : Not Applicable
   a) Date of creation or acquisition of the capital asset(s) : Not Applicable
   b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
   c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable
   d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Not Applicable

7. Specify the reason(s), if the Company has failed to spend 2% of the Average Net Profit as per Section 135(5): Not Applicable

For HDFC Credila Financial Services Limited

Mumbai
April 18, 2024

Ms. Anuranjita Kumar
Chairman of the CSR Committee

ANNEX TO DIRECTORS' REPORT – III

Report of the Directors on Corporate Governance

[Corporate Governance Disclosures as per Section 134 of the Companies Act, 2013 and Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Company considers stakeholders as partners in its success and remains committed to maximising stakeholders' value, be it employees, customers, local communities, investors and shareholders or government and regulatory authorities. The Company is committed to achieving and maintaining the highest standards of corporate governance. Over the years, governance processes and systems have been strengthened within the Company and corporate governance has been an integral part of the way business is done. Stakeholders' interests are considered before making any business decision. The objective of the Company is not only to achieve excellence in corporate governance by conforming to prevalent mandatory guidelines on corporate governance but also to improve on these aspects on an ongoing basis in a continuous attempt to innovate in the adoption of best business practices.

In the operations and functioning of the Company, the Chairman is assisted by the Executive Director and a core group of senior level executives. The functions of the Executive Director are under the overall supervision and authority of the Board of Directors of the Company. The Chairman takes a lead role in managing the Board and facilitating effective communication amongst Directors. The Company Secretary assists the Chairman in management of the Board's administrative activities such as meetings, schedules, agendas, communications and documentations. The Company has adopted various codes and policies to carry out its duties in an ethical manner. Some of these Codes and policies include the Whistle Blower Policy, Corporate Social Responsibility Policy, Liquidity Risk Management Framework/Financial Risk Management and Asset Liability Management Policy, Fair Practices Code, Resource Planning Policy, Investment Policy, Policy on Protection of Women Against Sexual Harassment, Policy On Related Party Transactions, Policy for Fit and Proper Criteria for Directors, Know Your Customer (KYC) Policy & Anti-Money Laundering (AML) Measures, Branch Audit Policy, Risk Management Framework & Risk Management Policy, Grievance Redressal Mechanism, Code of Conduct for Executive Directors and Senior Management, Code of Conduct for Non-Executive Directors, Policy on Board Diversity, Policy on Succession Plan, Policy on Materiality, Risk Based Internal Audit Policy, Internal Capital Adequacy Assessment (ICAAP) Policy, Compliance Policy, Business Continuity Plan, Data Privacy Policy, Information Technology Outsourcing Policy, Policy for Compromise Settlements & Technical Write-offs, Risk Appetite Statement Policy, Operational Risk Management Policy, Operational Risk Management Framework, Interest Rate Policy, IT Governance Framework, Cyber Crisis Management Plan, Information Technology Policy, Information & Cyber Security Policy, Corporate Governance Code, Credit Policy, Collection & Recovery Policy, Outsourcing Policy, Penal Charges Policy, and Code of Conduct - DSA, that the Company has formulated.

The Company has formulated the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and the Code of Conduct to regulate, monitor and report trading by Designated Persons in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

The Company has an Internal Audit team that reviews internal controls and operating systems and procedures. With respect to Legal Compliances, the Company conducts its business with high standards of legal, statutory and regulatory compliances. The Company has implemented a legal compliance tool that covers all the business activities of the Company. The purview of this system includes various statutes and specific laws applicable to the

Company. All compliance activities are supported by an online compliance monitoring system to ensure timely compliance. Periodical internal audits of all functions and activities are being conducted to ensure that systems and processes are followed across all areas.

The Company Secretary plays a key role in ensuring that the Board (including Committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings as well as in day-to-day administration of the Company's affairs. The Company Secretary is primarily responsible for assisting and advising the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements, as well as to provide guidance to Directors and to facilitate convening of meetings. The Company Secretary interfaces between the management and regulatory authorities for governance matters.

The Company believes that a sound succession plan for senior leadership is very important to create a robust future for the Company. The Nomination and Remuneration Committee works along with the Company's Human Resources team for a structured leadership succession plan.

The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from September 07, 2021, and is required to comply with relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') relating to corporate governance, on a 'comply or explain' basis, till March 31, 2025. The Company has taken effective steps to ensure compliance with the said corporate governance norms. The Board of Directors have taken cognisance of various regulatory changes in the overall governance framework and remain committed to imbibe the spirit of governance in all spheres of the Company's business.

An Investment Agreement dated June 19, 2023 was executed amongst Kopvoorn B.V., Moss Investments Limited, Defati Investments Holding B.V., and Infinity Partners (collectively, the "Investors"), HDFC Bank Limited (HDFC Bank), Housing Development Finance Corporation Limited (HDFC Limited), (now merged with and into HDFC Bank and thereupon having transferred the ownership of the shares of the Company vide NCLT order dated March 17, 2023/effective date being July 1, 2023, to HDFC Bank) and the Company (read with letter agreements dated July 5, 2023, August 21, 2023 and March 17, 2024, executed amongst Investors, HDFC Bank and the Company) ("Investment Agreement").

A Shareholders' Agreement dated June 19, 2023 was executed by and amongst the Investors, HDFC Bank, HDFC Limited and the Company read with letter agreement dated March 18, 2024 by and amongst Investors, HDFC Bank, and the Company ("Shareholders' Agreement").

The Company has adopted the amended and restated Articles of Association to incorporate the relevant provisions of the Shareholders' Agreement.

BOARD OF DIRECTORS

In terms of the definitive documents executed on June 19, 2023 amongst HDFC Limited, HDFC Bank Limited, Kopvoorn B.V., Moss Investments Limited, Defati Investments Holding B.V., and Infinity Partners and the Company and pursuant to the change in control of the Company from HDFC Bank Limited, the Board was reconstituted on March 20, 2024, to comprise of 11 Directors, including four Independent Directors, six Non-Executive Non-

Independent Directors and one Managing Director & CEO. Four Independent Directors include one woman Director. The Directors have expertise in banking, finance, accountancy, economics, law and information technology etc.

Details of changes in the Board of Directors are as follows:

1. Mr. Ashish Agrawal (DIN: 00163344), Mr. Jimmy Mahtani (DIN: 00996110), Mr. Kosmas Kalliarekos (DIN: 03642933), Mr. Rajnish Kumar (DIN: 05328267), Mr. Sanjay Kukreja (DIN: 00175427) were appointed as Additional Directors (Non-Executive Directors) w.e.f. March 20, 2024.

2. Mr. D. Sundaram (DIN: 00016304), Mr. Abhijit Sen (DIN: 00002593), Mr. Bharat Shah (DIN: 00136969) and Ms. Anuranjita Kumar (DIN: 05283847) were appointed as Additional Directors (Non-Executive Independent Directors) w.e.f. March 20, 2024.

   The Members at the EGM held on March 20, 2024, approved the appointments of the aforesaid Directors.

3. Mr. B. Mahapatra (DIN: 06990345), Mr. Sunil Shah (DIN: 00137105), Mr. Rajesh Gupta (DIN: 00229040) and Ms. Madhumita Ganguli (DIN: 00676830) ceased to be Directors, w.e.f. March 20, 2024.

Composition

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies as on March 31, 2024, are as under:

Sr. No.	Name of the Director	DIN	Category	Directorships			Number of Committee Positions Held**	
				In Equity Listed Companies	In Unlisted Public Companies*	In Private Limited Companies	Chair-person	Member
1.	Mr. D. Sundaram	00016304	Chairman & Independent Director	3	1	3	1	7
2.	Mr. Abhijit Sen	00002593	Independent Directors	3	3	2	4	5
3.	Mr. Bharat Shah	00136969		3	1	1	2	5
4.	Ms. Anuranjita Kumar	05283847		0	3	1	0	1
5.	Mr. Ashish Agrawal	00163344	Non-Executive Directors	0	1	2	0	1
6.	Mr. Jimmy Mahtani	00996110		1	1	4	1	1
7.	Mr. Kosmas Kalliarekos	03642933		0	1	0	0	0
8.	Mr. Rajnish Kumar	05328267		3	1	5	1	1
9.	Mr. Sanjay Kukreja	00175427		0	3	1	0	1
10.	Mr. V. S. Rangan	00030248		2	1	1	0	3
11.	Mr. Arijit Sanyal	08386684	Managing Director & CEO	-	1	0	0	0

**Including Directorship in HDFC Credila Financial Services Limited*

*** Chairpersonships/memberships of only the Audit Committee and the Stakeholders' Relationship Committee in public limited companies have been considered.*

Note:

1. None of the Directors of the Company are related to each other. The roles of the Chairperson and the MD & CEO are distinct and separate.
2. Brief profile of all Directors is available on the website of the Company at

https://www.hdfccredila.com/about/company-management.html

In the opinion of the Board, all the Independent Directors continue to fulfil the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 and are independent of the management of the Company.

Details of Directorship held by Directors in other listed entities as on March 31, 2024:

Name of the Director	Name of Listed Entity	Category of Directorship
Mr. D. Sundaram	Infosys Limited	Independent Director
	Crompton Greaves Consumer Electricals Limited	Independent Director
	GlaxoSmithKline Pharmaceuticals Limited	Independent Director
Mr. Abhijit Sen	Kalyani Forge Limited	Independent Director
	Manappuram Finance Limited	Independent Director
	Tata Investment Corporation Limited	Independent Director
Mr. Bharat Shah	Strides Pharma Science Limited	Independent Director
	3M India Limited	Independent Director
	Exide Industries Limited	Independent Director
Ms. Anuranjita Kumar	Nil	-
Mr. V. S. Rangan	HDFC Bank Limited	Executive Director
	HDFC Asset Management Company Limited	Additional Non-Executive Non-Independent Director
Mr. Rajnish Kumar	Hero Motocorp Limited	Independent Director
	Ambuja Cements Limited	Independent Director
	Larsen and Toubro Limited	Independent Director
Mr. Ashish Agrawal	Nil	-
Mr. Jimmy Mahtani	CMS Info Systems Limited	Non-Executive Director
Mr. Kosmas Kalliarekos	Nil	-
Mr. Sanjay Kukreja	Nil	-
Mr. Arijit Sanyal	Nil	-

In terms of Regulation 26 of the Listing Regulations, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all Public Limited Companies (whether listed or not) in India, in which they are a director.

Basis the disclosures received from the Directors; it is confirmed that none of the Directors are on the Board of more than:

- 20 companies
- 10 public limited companies
- 7 listed entities

There is no inter-se relationship between the Directors.

Responsibilities

The responsibilities of the Board of Directors include:

- Disclosure of interest (material or otherwise) in any transaction or matter directly affecting the Company.
- Maintaining high ethical standards.
- Treating all shareholders fairly.
- Conducting in a manner so as to meet the expectations of operational transparency while at the same time maintaining confidentiality of information in order to foster a culture of robust decision-making.
- Providing strategic guidance to the Company, ensuring effective monitoring of the management whilst being accountable to the Company and its shareholders.
- Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its shareholders.
- Encouraging continuing directors' training to ensure that they are kept up to date.
- Ensuring that applicable accounting standards have been followed in the preparation of annual accounts.
- Ensuring that the annual accounts are prepared on a going concern basis.
- Ensuring that the accounting policies selected have been applied consistently.
- Overseeing that proper and sufficient care has been taken for the maintenance of adequate accounting records and for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- Ensuring that the internal financial controls laid down to be followed by the Company are adequate and operating effectively.
- Ensuring that the compliance management systems are adequate and operating effectively.
- Exercising objective independent judgement on corporate affairs.
- Assigning a sufficient number of non-executive members of the Board of Directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest.
- To define and disclose the mandate, composition and working procedures of the committees of the Board of Directors as when they are established.

Directors are expected to attend all Board/Committee meetings. The Company schedules the meetings well in advance and provides necessary assistance to enable the Directors to participate in the said meetings, either in person or through audio-visual means.

The Company has an appropriate Directors' & Officers' Liability Insurance Policy, which provides indemnity to its Directors and all employees in respect of liabilities incurred as a result of their office.

Board Expertise and Attributes

The Board comprises of Directors who bring a wide range of skills, expertise and experience which enhances overall Board effectiveness. The Company has mapped the skills possessed by the Directors, based on the information provided by them.

A tabular representation of the same is as below:

Areas	Mr. D. Sundaram	Mr. V. S. Rangan	Mr. Ashish Agrawal	Mr. Jimmy Mahtani	Mr. Kosmas Kalliarekos	Mr. Rajnish Kumar	Mr. Sanjay Kukreja	Mr. Abhijit Sen	Mr. Bharat Shah	Ms. Anuranjita Kumar	Mr. Arijit Sanyal
Industry experience		✓	✓			✓	✓	✓	✓		✓
Leadership and strategic planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal and regulatory compliance	✓	✓				✓		✓			
Financial expertise	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
Business operations		✓			✓	✓			✓	✓	✓
Consumer behaviour, Sales & Marketing				✓	✓					✓	✓
Corporate governance	✓	✓	✓	✓		✓	✓	✓		✓	
Risk management	✓	✓	✓			✓	✓	✓	✓		✓
Information Technology & Cyber security	✓			✓	✓						

ROLE OF INDEPENDENT DIRECTORS

The Independent Directors of the Company help in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct. They bring an objective view in the evaluation of the performance of the Board and management to safeguard the interests of all stakeholders.

All independent directors have committed and allocated sufficient time to perform their duties effectively.

APPOINTMENT OF INDEPENDENT DIRECTORS

The Nomination and Remuneration Committee of Directors recommends, and the Board approves, the appointment/re-appointment of Independent Directors. New directors are inducted after assessing the skill requirements of the Board and identifying areas of expertise which would be beneficial for the Company.

FAMILIARISATION PROGRAMME

The Company conducts familiarisation programmes for its Directors from time to time. The familiarisation programme ensures that the Non-Executive Directors are updated on the business and regulatory environment and the overall operations of the Company. This enables the Non-Executive Directors to take better informed decisions in the interest of the Company and its stakeholders. The Company also provides Directors with a reference manual which inter alia covers a brief about the Company, the products and services offered, the roles, functions, powers and duties of the directors, the detailed charter of various committees, the disclosures/declarations to be submitted by Directors and a list of various policies/codes adopted by the Company.

Further, on an ongoing basis as a part of the agenda of meetings of the Board/Committee(s), presentations are regularly made to the Independent Directors on various matters inter alia covering the Company's businesses and operations, strategies, risk management, industry and regulatory updates and other relevant matters. These presentations enable one-on-one interaction between the Independent Directors and the senior management of the Company/internal auditor of the Company.

An overview of the familiarisation programme along with details of number of programmes and number of hours spent by each of the Independent Directors during FY24, in terms of the requirements of Listing Regulations are available on the website of the Company and can be accessed at **Investor Relations | About HDFC Credila.**

DECLARATION OF INDEPENDENCE

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

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met once during the year to evaluate the performance of Directors of the Company, the Chairman, and the Board as a whole and the Committees thereof. The independent Directors also assessed the quality, quantity and timeliness of the flow of information between the Company's management and the Board, which enables the Board to effectively and reasonably perform its duties. The meeting was held on February 28, 2024. All the Independent Directors attended the meeting and were paid sitting fees of ₹ 1,00,000 each.

BOARD MEETINGS AND PROCEDURES

All Directors participate in discussing the strategy, performance, financials and risk management of the Company. The Board follows a set of appropriate standard procedures in the conduct of Board meetings which is summarised below:

The notice of each Board and Committee meeting is given in writing through email to each Director, members of Senior Management and Statutory and Internal Auditors, as and when required. The Company also makes arrangements for the participation of Directors in the meeting through videoconferencing (VC), if for any reason they are unable to participate in the meeting in person. The Board meets at least once a quarter to review the financial and operational performance of the Company.

The Company Secretary in consultation with the management prepares a detailed agenda for the meetings. All departments communicate with the Company Secretary in advance with regard to matters requiring approval of the Board to enable inclusion of the same in the agenda for the meetings. With the objective of transparent flow of information from the management, detailed agenda notes are sent to all the Directors in advance. The Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. In case of matters requiring urgent consideration by the Board and arising post the dispatch of agenda, the same is taken up for discussion by the Board as part of 'Any other business' with the permission of the Chairman and consent of majority of the Board members present at the meeting. The members of the Board have access to all the information of the Company. Members of the senior management team are invited to attend the Board and Committee meetings to provide additional input on the items under discussion. Urgent matters are also considered and approved by passing a Resolution by Circulation, which are noted at the next meeting. The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. The draft minutes of each Board and Committee meeting are circulated to the members of the Board/Committee within 15 days from the date of the meeting and the comments, if any, on the draft minutes are received within 7 days of its circulation. The minutes are finalised and recorded in the Minutes Book within 30 days of the respective meetings.

During the year under review, the Board met 12 times. The meetings were held on April 17, 2023, May 31, 2023, June 19, 2023, June 26, 2023, July 21, 2023, September 22, 2023, October 10, 2023, December 21, 2023, January 11, 2024, March 7, 2024, March 16, 2024 and March 20, 2024.

The attendance of each Director at the above-mentioned Board Meetings along with the sitting fees paid to them are listed below:

Directors	**Board Meetings**				**Attendance at the AGM held on June 6, 2023**
	Number of meetings held during their tenure	**Number of meetings attended**	**% of meetings attended**	**Sitting fees paid (₹)**	
Mr. V. S. Rangan	12	12	100.00	4,00,000	Yes
Mr. Biswamohan Mahapatra#	12	12	100.00	12,00,000	Yes
Mr. Sunil Shah#	12	12	100.00	12,00,000	No
Mr. Rajesh Gupta#	12	10	83.33	10,00,000	Yes
Ms. Madhumita Ganguli#	12	12	100.00	12,00,000	Yes
Mr. Arijit Sanyal	12	12	100.00	-	Yes
Mr. D. Sundaram*	1	1	100.00	1,00,000	NA
Mr. Abhijit Sen*	1	1	100.00	1,00,000	NA
Mr. Bharat Shah*	1	1	100.00	1,00,000	NA
Ms. Anuranjita Kumar*	1	1	100.00	1,00,000	NA
Mr. Rajnish Kumar*	1	1	100.00	1,00,000	NA
Mr. Ashish Agrawal*	1	1	100.00	-	NA
Mr. Jimmy Mahtani*	1	1	100.00	-	NA
Mr. Kosmas Kalliarekos*	1	0	0.00	-	NA
Mr. Sanjay Kukreja*	1	0	0.00	-	NA

** Appointed as Directors w.e.f. March 20, 2024*
 # ceased to be Director w.e.f. March 20, 2024

The Board also met on May 1, 2024, and inter alia considered and approved the audited financial statements for the year ended March 31, 2024.

COMMITTEES

To enable better and more focused attention on the affairs of the Company and as required under regulatory provisions, the Company has constituted various Board level Committees and Management level Committees. These Committees lay down the groundwork for decision-making and report at the subsequent Board meeting.

The Terms of Reference (ToR) of the Committees are approved by the Board. Meetings of the Committees are held on a regular basis depending upon the business to be transacted by the Committees. Minutes of the Committee meetings/report on the activities of the Committee are submitted to the Board on a periodical basis. Matters requiring the Board's attention/approval are generally placed in the form of notes to the Board from the respective Committee.

The Board has constituted the following Committees of the Board with specific terms of reference:

i. Audit Committee
ii. Nomination and Remuneration Committee
iii. Stakeholders Relationship Committee
iv. Risk Management Committee
v. Corporate Social Responsibility Committee
vi. IT Strategy Committee
vii. Asset Liability Management Committee
viii. Allotment Committee

The role and composition of various Committees, including the number of meetings held during the year and the related attendance of the Committee Members at the said meetings, are given below.

AUDIT COMMITTEE

The Audit Committee consists of a majority of Independent Directors. The Chairman of the Committee is an Independent Director. The composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of the Listing Regulations and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 ("RBI Master Directions").

All the members of the Audit Committee have accounting and financial management expertise as stipulated under the Act.

The members of the senior management and auditors are invited to participate in the meetings of the Audit Committee. The Audit Committee invites senior executives as it considers their presence to be appropriate at its meetings. The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at Audit Committee meetings.

Composition:

During the year under review, the Composition of the Audit Committee was as under:

Name	Position
Mr. Biswamohan Mahapatra	Chairman of the Committee, Independent Director
Mr. Sunil Shah	Member, Independent Director
Mr. Rajesh Gupta	Member, Independent Director
Ms. Madhumita Ganguli	Member, Non-Executive Director

Pursuant to the reconstitution of the Board of Directors, the Audit Committee was reconstituted on April 2, 2024, with the following members.

Name	Position
Mr. Abhijit Sen	Chairman of the Committee, Independent Director
Mr. D. Sundaram	Member, Independent Director
Ms. Anuranjita Kumar	Member, Independent Director
Mr. Bharat Shah	Member, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Ashish Agrawal	Member, Non-Executive Director

Terms of Reference:

The Terms of Reference (ToR) of the Audit Committee are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder, Listing Regulations and RBI Master Directions as amended from time to time which include:

i. Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
ii. Recommend to the Board the appointment, remuneration and terms of appointment of auditors of the Company.
iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
iv. Review and monitor the auditor’s independence and performance and effectiveness of the audit process.
v. Examination of the financial statement and the auditors’ report thereon.
vi. Approval or any subsequent modification of transactions of the Company with related parties.
vii. Review status of any long-term (more than one year) or recurring RPTs on an annual basis.
viii. Scrutiny of inter corporate loans and investments.
ix. Valuation of undertakings or assets of the Company, wherever it is necessary.
x. Evaluation of the internal financial controls and risk management systems.
xi. 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 and making appropriate recommendations to the Board to take steps in this matter.
xii. 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.
xiii. To look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
xiv. Approval of the appointment of a Chief Financial Officer (CFO) after assessing the qualifications, experience and background, etc. of the candidate.
xv. Reviewing the utilisation of loans and/or advances from investment by the holding company in the subsidiary, if any, exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/advances/investments existing as on the date of investments.
xvi. Consider and comment on rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity company and its shareholders.

xvii. Ensure establishment and proper functioning of the system for storage, retrieval, display or printout of electronic records in respect of the books of accounts of the Company, maintained in electronic mode.

xviii. Oversee the vigil mechanism and review the safeguards in place against victimisation of employees and directors who avail of such mechanism and ensure adequate provision to provide direct access to the Chairman of the Audit Committee, in appropriate or exceptional cases.

xix. Any other issue within terms of reference under the relevant provisions of the Companies Act, 2013 and the Rules made there under, as amended from time to time.

xx. Review with the Management, the annual financial statements and auditor's report, before submission to the Board for its approval, with particular reference to:
- Matters to be included in the directors' responsibility statement under Section 134 of the Companies Act, 2013
- Changes if any, in accounting policies and practices
- Major accounting entries involving estimates based on exercise of judgment management
- Significant adjustment made in financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of related party transactions
- Modified opinion(s) in the draft audit report

xxi. Review with management, the quarterly financial statements before submission to the Board for their approval.

xxii. Review management discussion and analysis of financial condition and results of operations.

xxiii. Review Management letters/letters of internal control weaknesses issued by the statutory auditors, if any.

xxiv. Review internal audit reports relating to internal control weaknesses.

xxv. Review the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

xxvi. Review statement of deviations:
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s)
- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice

xxvii. Review with management, the performance of internal/external auditor and adequacy of internal control systems.

xxviii. Discuss with internal auditors' significant findings and follow up thereon.

xxix. Review findings of internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.

xxx. Discuss with the statutory auditors the nature and scope of audit and post audit discussions relating to any area of concern.

xxxi. Review statement of significant related party transactions.

xxxii. Recommend to the Board the appointment, remuneration and terms of appointment of Internal Auditors of the Company.

xxxiii. Annual review of results/outcome of updated macroeconomic model and suggesting changes in ECL computations.

xxxiv. Oversee the internal audit function in the Company and review the performance of the Risk Based Internal Audit (RBIA).

xxxv. Review and recommend/approve the RBIA plan to determine the priorities of the internal audit function based on the level and direction of risk, as consistent with the Company's goals.

xxxvi. Formulate and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The quality assurance programme may include assessment of the internal audit function at least once a year for adherence to the internal audit policy, objectives and expected outcomes.

xxxvii. Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 at least once in a financial year and to verify that the systems for internal control are adequate and are operating effectively.

xxxviii. Review of adherence to compliance with the KYC & AML Policy of the Company, assess the efficacy of the measures taken by the Company to prevent instances of material non-adherence and review serious lapses or intentional circumvention of prescribed procedures and guidelines laid by the Company in respect of KYC norms, by any employee or branch or department or agent, as the case may be.

xxxix. Ensuring an independent review of IS audit in accordance with approved policies and procedures. In compliance with the provisions of SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated November 4, 2019, the Members of the Audit Committee also interact with Credit Rating Agencies at a separate meeting to inter alia discuss matters relating to related party transactions, internal financial controls and material disclosures made by the Company.

Meetings and Attendance during the year:
During the year under review, the Audit Committee met 5 times. The meetings were held on April 17, 2023, May 31, 2023, July 21, 2023, October 10, 2023 and January 11, 2024. The gap between the two meetings did not exceed one hundred and twenty days.

The details of the attendance of the members of the Committee at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Biswamohan Mahapatra	5	5	100.00	5,00,000
Ms. Madhumita Ganguli	5	5	100.00	5,00,000
Mr. Sunil Shah	5	5	100.00	5,00,000
Mr. Rajesh Gupta	5	5	100.00	5,00,000

The Committee also met on May 1, 2024, to review the audited financial statements for the year ended March 31, 2024 and recommended the same for the approval of the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) is in place in compliance with the provisions of the Section 178 of the Companies Act, 2013, Regulation 19 of Listing Regulations and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 ("RBI Master Directions").

Composition:

During the year under review, NRC comprised of two Independent Directors and one Non-Executive Director, as follows:

Name	Position
Mr. Biswamohan Mahapatra	Chairman of the Committee, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Sunil Shah*	Member, Independent Director

Pursuant to re-constitution of the Board of Directors, the NRC was reconstituted on April 2, 2024, with following members:

Name	Position
Mr. Bharat Shah	Chairman of the Committee, Independent Director
Mr. D. Sundaram	Member, Independent Director
Mr. Abhijit Sen	Member, Independent Director
Ms. Anuranjita Kumar	Member, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Jimmy Mahtani	Member, Non-Executive Director

Terms of Reference:

The Terms of Reference of NRC are in line with the regulatory requirements mandated in the Act and Rules made thereunder, Listing Regulations and RBI Master Directions as amended from time to time which include:

i. Identify persons who are qualified to become Directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
ii. Formulate and recommend to the Board the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance and to devise a policy on Board Diversity.
iii. For every appointment of an independent director, 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.
iv. Considering the need for professional experience in managing the affairs of the Company, the NRC shall ensure that at least one of the directors shall have relevant experience of having worked in a bank/NBFC.
v. Ensure that there is no conflict of interest in the appointment of directors on the Board of the Company, KMPs and senior management.
vi. Ensure that the circular/notifications/guidelines issued by the RBI with respect to appointment, qualification, remuneration, etc. of the directors are followed by the Company.

vii. Carry out evaluation of every director's performance based on the criteria formulated by it and duly approved by the Board.

viii. Recommend 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. Review and ensure that the persons who are proposed to be appointed/re-appointed as the Managing Directors of the Company meet the conditions as set out in Section 166 read with Part I to Schedule V to the Companies Act, 2013 or any re-enactment or amendment or modification thereto.

x. Formulate and recommend to the Board a Remuneration Policy for all Directors, Key Managerial Personnel, Senior Managerial Personnel and other employees of the Company.

xi. Review and approve the payment of remuneration of the Managing Directors and ensure that such remuneration is within the overall limits as set out in Sections 197, read with Schedule V and other applicable provisions of the Companies Act, 2013 or any re-enactment or amendment or modification thereto and subject to such terms and conditions, as may be approved by the shareholders of the Company, from time to time.

xii. Review and recommend to the Board the sitting fees payable to the Non-Executive Directors of the Company for attending meetings of the Board or Committee(s) thereof and any increase thereof, within the overall limits prescribed under the Companies Act, 2013, from time to time.

xiii. Review and recommend to the Board the payment of profit related commission to the Non-Executive Directors of the Company within the overall limits as may be approved by the shareholders of the Company, in terms of Section 197 of the Companies Act, 2013.

xiv. Review the disclosure made with regard to the Company's policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence and other matters as specified in Section 178(3) of the Companies Act, 2013, in the Directors' Report, in terms of Section 134 (1) (e) of the Companies Act, 2013.

xv. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

xvi. Ensure that the remuneration payable to the Directors is within the overall limits as set out in Sections 197, read with Schedule V and other applicable provisions of the Companies Act, 2013 or any re-enactment or amendment or modification thereto and the terms as approved by the shareholders of the Company, from time to time.

xvii. Formulate, adopt, administer, enforce and modify the employee stock option schemes of the Company, including grant of options to eligible employees under the schemes, in accordance with applicable laws.

xviii. Oversee the framing, review and implementation of compensation policy of the Company which should have the approval of the Board.

xix. Work in close coordination with the RMC of the Company to achieve effective alignment between compensation and risks.

xx. Ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

xxi. Perform such other functions as may be required under the relevant provisions of the Companies Act, 2013, the Rules made there under or Circulars and Notifications issued by RBI relating to Corporate Governance or any other applicable laws, as amended from time to time.

Meetings and Attendance during the year:

The NRC met 4 times during the year. The meetings were held on April 17, 2023, May 29, 2023, February 29, 2024 and March 14, 2024.

The details of the attendance of the members of NRC at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. B. Mahapatra	4	4	100	4,00,000
Mr. V. S. Rangan	4	4	100	2,00,000
Mr. Sunil Shah	4	4	100	4,00,000

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for Independent Directors were determined by the NRC. The indicative list of parameters on which evaluation of performance of Independent Directors was carried out includes their involvement, contribution, knowledge, competency, teamwork, initiative, commitment, integrity, independence and offering guidance to and understanding of the areas which were relevant to them in their capacity as Members of the Board.

STAKEHOLDERS RELATIONSHIP COMMITTEE

In accordance with the provisions of Section 178(5) of the Act and Regulation 20 of SEBI Listing Regulations, the Company has in place a Stakeholders Relationship Committee (SRC).

Composition:

During the year under review, the composition of the SRC was as under:

Name	Position
Mr. Rajesh Gupta	Chairman of the Committee, Independent Director
Ms. Madhumita Ganguli	Member, Non-Executive Director
Mr. Arijit Sanyal	Member, Managing Director & CEO

As on March 31, 2024, Mr. Manjeet Bijlani, Chief Financial Officer and Ms. Akanksha Kandoi, Company Secretary are the Compliance Officers.

Pursuant to the reconstitution of the Board of Directors, the SRC was reconstituted on April 2, 2024, with the following members:

Name	Position
Mr. Jimmy Mahtani	Nominee Director & Chairman of the Committee
Mr. D. Sundaram	Member, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Sanjay Kukreja	Member, Non-Executive Director

Terms of Reference:

The Terms of Reference of SRC are in line with the Act and Listing Regulations. The role and responsibilities of the SRC include:

i. Review the mechanism adopted for redressing the grievance of shareholders, debenture holders, other security holders and the status of such redressal.
ii. Resolve the grievances of the security holders including but not limited to complaints related to transfer/transmission of securities, non-receipt of annual report, non-receipt of interest/declared dividends, redemption, issuance of new/duplicate certificates, meetings etc.
iii. Review of measures taken for effective exercise of voting rights by security holders.
iv. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
v. Review of the various measures and initiatives taken by the Company for ensuring timely receipt of interest/dividend/redemption amount/annual reports/statutory notices by the security holders of the Company as per the regulatory requirements.

Meetings and Attendance during the year

During the year, SRC met once on March 14, 2024.

The details of the attendance of the members of SRC at the said meeting along with sitting fees paid are listed below:

Name	Attended (Y/N)	% of attendance	Sitting fees paid (₹)
Mr. Rajesh Gupta	Y	100	1,00,000
Ms. Madhumita Ganguli	N	0	—
Mr. Arijit Sanyal	Y	100	—

Details of Investor Complaints:

During the financial year, no complaints were received from the shareholders/other investors (including Stock Exchange/SEBI SCORES):

Complaints pending as on April 1, 2023	Complaints received during the period from April 1, 2023 to March 31, 2024	Complaints disposed of during the period from April 1, 2023 to March 31, 2024	Complaints pending as on March 31, 2024
Nil	Nil	Nil	Nil

The chairperson of SRC was present at the Annual General Meeting held on June 6, 2023.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (‘RMC’) of Directors was formed in compliance with Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 (“RBI Master Directions”) which monitors the risk management strategy of the Company. The composition of the RMC is also in compliance with Regulation 21 of the Listing Regulations.

The RMC meets on a quarterly basis and reports to the Board of Directors.

Composition:
During the year under review, the composition of the RMC was as follows:

Name	Position
Mr. V. S. Rangan	Chairman of the Committee, Non-Executive Director
Mr. Biswamohan Mahapatra	Member, Independent Director
Mr. Sunil Shah	Member, Independent Director
Mr. Arijit Sanyal	Member, Managing Director & CEO

Pursuant to the reconstitution of the Board of Directors, the RMC was reconstituted on April 2, 2024, with the following members:

Name	Position
Mr. Rajnish Kumar	Chairman of the Committee & Non-Executive Director
Mr. D. Sundaram	Member, Independent Director
Mr. Abhijit Sen	Member, Independent Director
Mr. Bharat Shah	Member, Independent Director
Ms. Anuranjita Kumar	Member, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Sanjay Kukreja	Member, Non-Executive Director

Terms of Reference:
The terms of reference of RMC are in line with SEBI Listing Regulations and RBI Master Direction as amended from time to time. The role and responsibilities of the RMC include:

i. Ensure formulation and implementation of the Risk Management Framework and Risk Management Policy and reviewing the risk profile of the Company which shall include:
    - A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectorial, sustainability (particularly, ESG related risks), information, cyber security risks, liquidity risk, reputational risk or any other risk as may be determined by the Committee
    - Measures for risk mitigation including systems and processes for internal control of identified risks
    - Business continuity plan

ii. Ensure that appropriate methodologies, processes, strategies, mechanisms and systems are in place to identify, monitor, assess/evaluate and mitigate the various risks associated with the business of the Company.

iii. Monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of Risk Management Systems.

iv. Periodically review the Risk Management Policy, at least annually or as and when required, including by considering the changing industry dynamics and evolving complexity.

v. Make a thorough internal assessment of the need for capital, commensurate with the risks in the business. This internal assessment shall be on similar lines as Internal Capital Adequacy Assessment Process (ICAAP) prescribed for commercial banks under Pillar 2. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per the Board approved policy.

vi. Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.

vii. Review the appointment/removal and terms of remuneration of the Chief Risk Officer (CRO).

viii. Work in close coordination with NRC to achieve effective alignment between compensation and risks.

ix. Coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

x. Any other matters as may be prescribed by RBI or any other regulatory body, as may be applicable from time to time.

Meetings and Attendance during the year

During the year, RMC met 4 times. The meetings were held on April 18, 2023, July 24, 2023, October 9, 2023 and January 10, 2024.

The details of the attendance of the members of RMC at the Meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees Paid (₹)
Mr. V. S. Rangan	4	4	100	1,00,000
Mr. Biswamohan Mahapatra	4	4	100	4,00,000
Mr. Sunil Shah	4	4	100	4,00,000
Mr. Arijit Sanyal	4	4	100	—

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with the provisions of Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility (CSR) Committee of Directors.

Composition

During the year under review, the composition of the CSR Committee was as under:

Name	Position
Mr. Sunil Shah	Chairman of the Committee, Independent Director
Mr. Biswamohan Mahapatra	Member, Independent Director
Mr. V. S. Rangan	Member, Non-Executive Director
Ms. Madhumita Ganguli	Member, Non-Executive Director

Pursuant to re-constitution of the Board of Directors, the CSR Committee was reconstituted on April 2, 2024, with following members:

Name	Position
Ms. Anuranjita Kumar	Chairperson of the Committee, Independent Director
Mr. Ashish Agarwal	Member, Non-Executive Director
Mr. Sanjay Kukreja	Member, Non-Executive Director

Terms of Reference:

The terms of reference of CSR Committee are in line with regulatory requirements. The role and responsibilities of the CSR Committee include:

i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy).
ii. Recommend to the Board, the amount of expenditure to be incurred on each of the CSR activities/projects/ programmes during each financial year.
iii. Approve and decide the areas where such CSR activities can be adopted, by giving preference to areas where the branches/service centres of the Company are located, subject to the terms and conditions or limits specified by any statutory/regulatory authority, in this regard.
iv. Review/ratify/approve activities/projects/programmes to be undertaken by the Company either directly or through the Foundation and/or through any other entity involved in CSR activities and determine the amounts to be allocated for each such activities/projects/programmes, in such manner and at such frequency, as deemed appropriate.
v. Formulate and adopt a transparent monitoring mechanism for the activities/projects/programmes undertaken/proposed to be undertaken by the Company or indirectly through the Foundation or through any other entity, in respect of the amounts allocated/spent by it and its end use, in pursuance to the CSR Policy.
vi. Implement and monitor the CSR Policy, the projects undertaken by the Company and/or through the Foundation or other credible partnering organisation(s) and update the Board on the changes/recommendations to the CSR Policy as deemed appropriate from time to time.
vii. Ensure that any recommendations made by the Board with regard to the amounts allocated for each CSR activity, monitoring its end use or any matter connected with and arising out of the CSR Policy is implemented and an action taken report submitted to the Board for their review.
viii. Approve the CSR report containing the disclosures as mandated under the CSR norms, before it is presented to the Board for its approval and inclusion in the Directors' Report.
ix. Do all such acts, deeds, matters and things to ensure compliance with CSR norms and the CSR Policy, as amended, from time to time.
x. Review of implementation of the CSR programmes once in a year and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR programmes in accordance with the CSR Policy of the Company.
xi. Annually report to the Board, the status of the CSR activities and contributions made by the Company.

Meetings and Attendance during the year:

The Committee met two times during the year. The meetings were held on April 18, 2023 and September 8, 2023.

The details of the attendance of the members of CSR Committee at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Sunil Shah	2	2	100	2,00,000
Mr. V. S. Rangan	2	2	100	1,00,000
Ms. Madhumita Ganguli	2	2	100	2,00,000
Mr. Biswamohan Mahapatra	2	2	100	2,00,000

IT STRATEGY COMMITTEE

The IT Strategy Committee ('ITSC') was constituted as per the provisions of RBI Master Direction DoS.CO.CSITEG/SEC.7/31.01.015/2023-24 dated November 7, 2023 pertaining to "Information Technology Governance, Risk, Controls and Assurance Practices".

Composition

During the year under review, the composition of the ITSC was as under:

Name	Position
Mr. Biswamohan Mahapatra	Chairman of the Committee, Independent Director
Ms. Madhumita Ganguli	Member, Non-Executive Director
Mr. Arijit Sanyal	Member, Managing Director & CEO
Mr. Shashank Agrawal	Member, Chief Technology Officer & Chief Information Officer
Mr. Sebastian Fernandez	Member, Chief Risk Officer
Mr. Manjeet Bijlani	Member, Chief Financial Officer
Mr. Rakesh Ahuja	Member, AVP – Finance & Compliance

Pursuant to the reconstitution of the Board of Directors, ITSC was reconstituted on April 2, 2024, with the following members:

Name	Position
Mr. D. Sundaram	Chairman of the Committee, Independent Director
Mr. Kosmas Kalliarekos	Member, Non-Executive Director
Mr. Sanjay Kukreja	Member, Non-Executive Director
Mr. Arijit Sanyal	Member, Managing Director & CEO

Terms of Reference:

The Terms of Reference of this ITSC are in line with the regulatory requirements. The role and responsibilities of the ITSC include:

i. Ensure that the Company has put an effective IT strategic planning process in place.
ii. Provide guidance in preparation of the IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives.
iii. Ensure 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 IT security and 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.
vi. Review, at least on an annual basis, the adequacy and effectiveness of the Business Continuity Planning (BCP) and Disaster Recovery Management (DRM) of the Company.
vii. Any other matters as may be prescribed by RBI from time to time.
viii. Any other matters as the Board may delegate to the Committee from time to time.

Meetings and Attendance during the year

During the year, ITSC met twice. The meetings were held on April 28, 2023, and October 18, 2023.

The details of the attendance of the Members of ITSC at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Biswamohan Mahapatra	2	2	100	2,00,000
Ms. Madhumita Ganguli	2	2	100	2,00,000
Mr. Arijit Sanyal	2	2	100	—
Mr. Manjeet Bijlani	2	2	100	—
Mr. Shashank Agrawal	2	2	100	—
Mr. Sebastian Fernandez	2	2	100	—
Mr. Rakesh Ahuja	2	2	100	—

ASSET-LIABILITY MANAGEMENT COMMITTEE (ALCO)

As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 ("RBI Master Directions") the Asset-Liability Management Committee (ALCO) was formed to oversee the implementation of the Asset Liability Management System and review its functioning periodically.

Composition:

During the year under review, the Composition of the Asset-Liability Management Committee (ALCO) was as follows:

Name	Position
Mr. Arijit Sanyal	Chairman of the Committee, Managing Director & CEO
Mr. V. S. Rangan#	Member, Non-Executive Director
Mr. Sebastian Fernandez	Member, Chief Risk Officer
Mr. Manjeet Bijlani	Member, Chief Financial Officer
Mr. Nilotpal Borpujari*	Member, Chief Credit Officer
Mr. Laxmikant Tople	Member, VP – Finance & Accounts
Mr. Tejas Mehta*	Member, VP – Treasury
Mr. Yatin Sahasrabudhe@	Member, National Credit Manager

@Ceased to be a member w.e.f. April 21, 2023
#Ceased to be a member w.e.f. December 21, 2023.
**Appointed as members w.e.f. December 21, 2023.*

Terms of Reference:

The Terms of Reference of ALCO are in line with the regulatory requirements. The key responsibilities of the Committee include:

i. Review and management of the asset-liability gap, borrowing position and borrowing mix of the Company.
ii. Review HDFC Credila's Benchmark Lending Rate (H-CBLR) from time to time to ensure that it is in accordance with the RBI Guidelines and the Company's overall objectives.

Meetings and Attendance during the year:

During the year, ALCO met 4 times. The meetings were held on June 22, 2023, September 25, 2023, December 28, 2023, and March 29, 2024.

The details of the attendance of the Members of ALCO at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Arijit Sanyal	4	3	75	—
Mr. V. S. Rangan	2	2	100	1,00,000
Mr. Sebastian Fernandez	4	4	100	—
Mr. Manjeet Bijlani	4	4	100	—
Mr. Laxmikant Tople	4	4	100	—
Mr. Nilotpal Borpujari	2	2	100	—
Mr. Tejas Mehta	2	2	100	—

ALLOTMENT COMMITTEE

Composition:

During the year under review, the composition of the Allotment Committee was as under:

Name	Position
Mr. V. S. Rangan	Chairman of the Committee, Non-Executive Director
Mr. Rajesh Gupta	Member, Independent Director
Mr. Arijit Sanyal	Member, Managing Director & CEO

Pursuant to the reconstitution of the Board of Directors, the Allotment Committee was reconstituted on April 2, 2024, with the following members:

Name	Position
Mr. Ashish Agrawal	Chairman of the Committee, Non-Executive Director
Mr. V. S. Rangan	Member, Non-Executive Director
Mr. Arijit Sanyal	Member, Managing Director & CEO

Terms of Reference:

i. Ensure compliance with the Companies Act, 2013 and rules made thereunder relating to the issue and allotment of securities as may be issued by the Company from time to time.
ii. Oversee the process of application for issue of securities and decide on the allotment of securities.

Meetings and Attendance during the year

During the year, the Allotment Committee met 4 times. The Meetings were held on June 29, 2023, December 29, 2023, February 26, 2024 and March 6, 2024.

The details of the attendance of the Members of the Allotment Committee at the meetings along with sitting fees paid are listed below:

Name	Number of meetings held during their tenure	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. V. S. Rangan (Chairman)	4	4	100	1,00,000
Mr. Rajesh Gupta	4	4	100	4,00,000
Mr. Arijit Sanyal	4	2	50	—

GENERAL BODY MEETINGS
ANNUAL GENERAL MEETINGS (AGM)

The details of the last three AGMs and Special Resolutions passed are given below:

Financial Year	Meeting	Venue	Date & Time	Special Resolutions passed
2022-23	18th AGM	Meeting through video conferencing	June 6, 2023, at 4:00PM (IST)	i. Approval of increase in limits of borrowing of the Company u/s 180(1)(c) of Companies Act, 2013, not exceeding ₹ 23,000 crore ii. Approval for issuance of Non-Convertible Debentures and/or other hybrid instruments on a private placement basis, not exceeding ₹ 7,500 crore iii. Approval for Amendment to Articles of Association of the Company iv. Approval of Revised Employee Stock Option Plan-2022 of the Company
2021-22	17th AGM	HDFC House 165/166, HT Parekh Marg, Backbay Reclamation, Churchgate, Mumbai – 400 020	June 29, 2022, at 11:00AM (IST)	i. Approval of increase in limits of borrowing of the Company u/s 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 20,000 crore
2020-21	16th AGM	Meeting through video conferencing	June 28, 2021, at 11:00AM (IST)	i. Reclassification of the Authorised Share Capital and amendment of Clause V of the Memorandum of Association of the Company

EXTRA- ORDINARY GENERAL MEETING (EGM)

During FY24, three Extra-Ordinary General Meetings were held on August 26, 2023, March 7, 2024 and March 20, 2024.

POSTAL BALLOT

There was no postal ballot conducted during the year.

DETAILS OF REMUNERATION TO DIRECTORS

REMUNERATION POLICY

The Remuneration Policy, including the criteria for remunerating Non-Executive Directors and Whole-Time Directors is recommended by the Nomination and Remuneration Committee and approved by the Board.

The Remuneration Policy is available on the Company's website at **Investor Relations | About HDFC Credila.**

The remuneration paid to the Directors is in line with the Remuneration Policy of the Company.

REMUNERATION OF DIRECTORS

NON-EXECUTIVE DIRECTORS

The remuneration for Non-Executive Directors consists of sitting fees. The Board of Directors had approved sitting fees of ₹ 100,000 per meeting w.e.f. April 1, 2022.

Details of remuneration to the Non-Executive Directors for FY24 are as under:

Name	Sitting fees paid (₹)	Commission Payable (₹)	Number of shares and convertible instruments held
Mr. V. S. Rangan	10,00,000	-	0
Mr. Biswamohan Mahapatra#	30,00,000	-	0
Mr. Sunil Shah#	28,00,000	-	0
Mr. Rajesh Gupta#	21,00,000	-	0
Ms. Madhumita Ganguli	21,00,000	-	0
Mr. D. Sundaram*	1,00,000	-	0
Mr. Abhijit Sen*	1,00,000	-	0
Mr. Bharat Shah*	1,00,000	-	0
Ms. Anuranjita Kumar*	1,00,000	-	0
Mr. Rajnish Kumar*	1,00,000	-	0
Mr. Ashish Agrawal*	NA	-	0
Mr. Jimmy Mahtani*	NA	-	0
Mr. Kosmas Kalliarekos*	NA	-	0
Mr. Sanjay Kukreja*	NA	-	0

#Ceased to be Directors w.e.f. March 20, 2024
**Appointed as Directors w.e.f. March 20, 2024*

EXECUTIVE DIRECTOR

Details of the remuneration paid to Mr. Arijit Sanyal, Managing Director & CEO are as follows:

Particulars of Remuneration	Amount (₹)
Salary	2,98,14,264
Value of perquisites, other benefits, allowances and retirement benefits	25,03,283
Retiral benefits	10,51,232
Insurance	1,25,325
Performance bonus paid	2,20,00,000
Total	**5,54,94,104**

i) **Details of fixed components and performance linked incentives, along with the performance criteria:**
A performance bonus of ₹ 2,20,00,000 was paid during the Financial Year.

ii) **Service contracts, notice period, severance fees**:
Service Contract: 5-year contract till January 16, 2025
Notice Period: 6 months
Severance Fees: Not applicable

iii) **Stock option details, if any and whether issued at a discount** a**s well as the period over which accrued and over which exercisable:**
During the financial year, 643,141 Options were surrendered against a consideration. 250,000 Options were rolled over. The overall valuation of ESOPs using the Black-Scholes model is ₹ 16,19,47,558.

PARTICULARS OF SENIOR MANAGEMENT INCLUDING THE CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR

The details of Senior Management of the Company as on March 31, 2024, are as follows:

Employee Name	Designation
Mr. Manjeet Bijlani	Chief Financial Officer
Mr. Hitesh Parashar	Business Head
Mr. Sebastian Fernandez	Chief Risk Officer
Mr. Sayantan Roy	Head - Internal Audit
Mr. Shashank Agrawal	Chief Technology Officer
Mr. Nilotpal Borpujari#	Chief Credit Officer
Ms. Nishita Mazumdar	Head - Branch Operations
Mr. Adeepto Saha*	VP - Strategic Initiatives
Mr. Yatin Sahasrabudhe**	National Credit Manager
Ms. Natasha Raj	Head - Human Resources & CSR
Mr. Zarir Khambatta	Chief of Staff
Mr. Sameer Vyas##	Chief Compliance Officer
Ms. Akanksha Kandoi	Company Secretary

**Mr. Adeepto Saha resigned from the services of the Company w.e.f. February 15, 2024*
*** Mr. Yatin Sahasrabudhe ceased to be National Credit Head of the Company w.e.f. April 21, 2023*
 # Mr. Nilotpal Borpujari was appointed as Chief Credit Officer of the Company w.e.f. May 8, 2023
##Mr. Sameer Vyas was appointed as Chief Compliance Officer *of the Company w.e.f. August 1, 2023*

SUCCESSION PLANNING

The Company believes that sound succession plans for the Board and senior leadership are very important to create a robust future for the Company. The Company recognises that succession planning is a continuous process rather than a one-time event and has put in place a Policy on Succession Planning that aligns talent management with the objective and endeavours to mitigate critical risks such as vacancy, readiness and transition risk.

OTHER DISCLOSURES

BOARD EVALUATION

With the objective of enhancing the effectiveness of the Board, the NRC has formulated the methodology and criteria to evaluate the performance of the Board, committees thereof and each Director. The NRC and the Board of Directors of the Company had adopted the revised criteria on performance evaluation of the Independent Directors, Non-Executive Directors, Managing Directors, Chairman, the Board as a whole and its Committees, based on the SEBI Guidance Note released by SEBI on January 5, 2017, on the evaluation of the Board of Directors of the listed companies.

The NRC had sought feedback from the Directors through structured questionnaires. The Chairman of the NRC had evaluated the feedback and communicated the outcome of the evaluation to the NRC and the Chairman of the Board. The Independent Directors also reviewed the performance of the Non-Executive Directors, the Chairman and the Board as a whole.

RELATED PARTY TRANSACTIONS

The Company has a Board approved policy on Related Party Transactions. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions entered into between the Company and its related parties. The policy is available on the Company's website at **Investor Relations | About HDFC Credila.**

There were no transactions with related parties that may have potential conflict with the interest of the Company.

Details of related party transactions entered into by the Company in the ordinary course of its business are included in the notes forming part of the financial statements uploaded on the Company's website, along with submission to stock exchange on a half-yearly basis.

There were no material related party transactions during the year which required prior approval of the Shareholders of the Company.

The Audit Committee had provided omnibus approval for the transactions to be entered by the Company with its related parties.

Further, there were no financial or commercial transactions by the senior management where their personal interests may have potential conflict with the interests of the Company.

STRICTURES AND PENALTIES

During the year under review, no penalties or strictures were imposed on the Company by Stock Exchange, SEBI or other Statutory Authority on matters relating to capital markets.

WHISTLE BLOWER POLICY

The Company has a Board-approved Whistle Blower Policy and Vigil Mechanism to ensure that all employees/directors of the Company work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Company's code of conduct. The policy is available on the Company's website at **Investor Relations | About HDFC Credila.**

The policy provides that the whistle blower shall be protected against any detrimental action as a result of any allegations made in good faith and allows direct access to the chairman of the Audit Committee.

During the year under review, no complaints were received under the whistle blower mechanism of the Company.

During the year, no person was denied access to the Audit Committee to express concerns or report grievances under the Whistle Blower Policy and/or vigil mechanism.

SUBSIDIARY COMPANY

The Company does not have any Subsidiary Company, hence formulation of Policy for determining Material Subsidiaries as per Regulation 16 of the Listing Regulations is not applicable to the Company.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. The Company has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated with External Commercial Borrowings (ECBs) of USD 100 million.

CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING NON-DEBARMENT AND NON-DISQUALIFICATION OF DIRECTORS

The Company has received a certificate from M/s Vinod Kothari & Company, Practicing 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 annexed to this Report.

DETAILS OF RECOMMENDATION OF ANY COMMITTEE OF THE BOARD NOT ACCEPTED BY THE BOARD AND REASONS THEREOF

During the year under review, the Board has accepted all the recommendations made by the Board Committees, from time to time.

FEES PAID TO STATUTORY AUDITORS

Total fees paid by the Company during FY24 to the Statutory Auditors including all entities in their network firm/entity of which they are a part, is given below:

Particulars	Amount (₹)
Statutory Audit Fee	30,00,000
Fee for Other Services	32,44,341
Total	**62,44,341**

COMPLAINTS PERTAINING TO SEXUAL HARASSMENT

Disclosure in relation to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, for the Financial Year ended March 31, 2024, is as under:

Number of complaints filed	Nil
Number of complaints disposed of	Nil
Number of complaints pending	Nil

DISCLOSURE OF 'LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT'

The Company has not granted any loans or advances in the nature of loans to firms/companies in which the Directors are interested.

CEO/CFO CERTIFICATION

The Managing Director & CEO and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating to financial reporting for the year ended March 31, 2024 as required under the Listing Regulations.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS OF SEBI LISTING REGULATIONS

The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 07, 2021. Accordingly, Regulation 16 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Corporate Governance became applicable on comply or explain basis to the Company with effect from September 07, 2021. The Company has been submitting the quarterly corporate governance compliance report to the stock exchange as required under Regulation 27(2) of the Listing Regulations from the applicable period.

The Company has obtained a certificate from M/s. Vinod Kothari & Company, Practicing Company Secretaries regarding compliance with the provisions relating to corporate governance laid down under the Listing Regulations. This certificate is annexed to the Directors' Report.

CODE OF CONDUCT

The code of conduct for Non-Executive Directors, Whole-Time Directors and members of senior management of the Company is in conformity with the requirements of the Listing Regulations and are placed on the Company's website. The Directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

A declaration to this effect signed by the Managing Director & CEO forms part of this Report.

The Code of Conduct of the Company reflects the Company's long-standing commitment of doing business with integrity.

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

Pursuant to the Shareholders' Agreement and change in control from HDFC Bank Limited, Mr. B. Mahapatra (DIN: 06990345), Mr. Sunil Shah (DIN: 00137105) and Mr. Rajesh Gupta (DIN: 00229040), Independent Directors,

resigned with effect from March 20, 2024.
There was no other reason for the resignation of Independent Directors other than stated above.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

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

The Company has complied with the following discretionary requirements, as specified under Part E of Schedule II and Regulation 27(1) of Listing Regulations:

i. Financial statements for the year ended on March 31, 2024, were unmodified.
ii. The Company has separated the post of Chairman and that of the Chief Executive Officer and Managing Director.
iii. Internal Auditor functionally reports to the Audit Committee.

ADHERENCE TO ACCOUNTING STANDARDS AND COMPANIES ACT, 2013

The Company has complied with the applicable Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 and rules made thereunder.

The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

The Company is in compliance with the requirements of the Companies Act, 2013 and rules made thereunder.

SECRETARIAL STANDARDS

The Company has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

The Company has a well-defined Risk Management Framework in place. The Company has procedures to periodically place before the Risk Management Committee and the Board, the risk assessment and mitigation plans being followed by the Company.

MEANS OF COMMUNICATION

A dedicated section 'Investor Relations' is maintained on the website of the Company for ease of the shareholders. The information required to be disseminated by the Company in terms SEBI Listing Regulations is uploaded on the website of the Company.

Quarterly, Half-Yearly and Annual Financial Results are intimated to BSE Limited and published in The Free Press Journal and Navshakti. The Financial Results are also uploaded on the Website of the Company.

The Annual Report of the Company, the quarterly/half- yearly and the Annual Financial Results are displayed on the Company's website at **Investor Relations | About HDFC Credila.**

DEALING WITH UNPUBLISHED PRICE SENSITIVE INFORMATION

The policy on Determination of Materiality and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information are placed on the Company's website and deal with the adequate and timely disclosure of information and events of the Company.

TRANSACTIONS WITH NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Company do not have any pecuniary relationships or transactions with the Company, its directors or senior management, other than in the normal course of business.

PROCEEDS FROM PRIVATE PLACEMENT ISSUES

During the year under review, the Company raised an amount of ₹ 365 crore through Non-Convertible Debentures (NCD) (subordinated Tier II), issued in various tranches on a private placement basis. The funds raised from the issuance of NCDs were utilised for regular business activities including utilisation of proceeds for disbursement to meet the finance requirements of the borrowers of the Company and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations.

COMPLIANCE

The Company has complied with all the specified corporate governance norms.

The Company has also disclosed the information on corporate governance norms applicable to the Company in this Report.

M/s. Vinod Kothari & Company, Practicing Company Secretaries, have certified that the Company has complied with the mandatory requirements as stipulated under the Listing Regulations. The Secretarial Audit Report in Form MR-3, the Secretarial Compliance Report, Certificate on Corporate Governance issued by M/s. Vinod Kothari & Company, Practicing Company Secretaries are annexed to this Report.

BREACH OF COVENANT

There were no instances of breach of covenant of loan availed or debt securities issued.

GOING CONCERN

The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

GENERAL SHAREHOLDER INFORMATION

SHAREHOLDERS

As on March 31, 2024, the Company has 11 shareholders (including 6 nominee shareholders of HDFC Bank Limited). The main channel of communication with the shareholders is through the annual report and half yearly/quarterly financial results published on the website of the Company and newspaper publications. Details relating to financial results are disseminated to the shareholders through newspaper publication and uploaded on the Company's website. The financial results are inter alia published in The Free Press Journal and Navshakti.

The Management statement on the integrity and fair presentation of the financial statements is provided as a part of the annual report in the Management Discussion and Analysis Report.

GENERAL SHAREHOLDER INFORMATION

19th Annual General Meeting

Day and Date: Thursday, September 5, 2024
Time: 2:30PM
Venue/Mode of AGM: Video Conferencing
Financial Year: April 1, 2023 to March 31, 2024
Dividend Payment Date: Not Applicable

LISTING ON THE STOCK EXCHANGE

The Non-Convertible Securities and Commercial Papers of the Company are listed on the debt market segment of BSE Limited.

Name of the Stock Exchange	Address
BSE Limited	P. J. Towers, Dalal Street, Mumbai – 400 001, Maharashtra

Annual listing fees, as prescribed, have been paid to the said stock exchange up to March 31, 2024.

STOCK CODE

The equity shares of the Company are not listed on the Stock Exchange; hence the Stock code is not applicable.

MARKET PRICE DATA AND PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE SENSEX, CRISIL INDEX ETC.

Not applicable, as the equity shares of the Company are not listed.

SUSPENSION OF SECURITIES FROM TRADING

During FY24, none of the securities of the Company were suspended from trading.

REGISTRAR AND SHARE TRANSFER AGENT AND SHARE TRANSFER SYSTEM

In terms of Regulation 7 of the Listing Regulations, Adroit Corporate Services Private Limited, continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services.

All the securities of the Company are in dematerialised form, hence there is no physical transfer of securities.

Name	Address	Website Details
Adroit Corporate Services Private Limited	18-20, Jafferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri, Mumbai – 400 059, Maharashtra	adroit.co.in

DISTRIBUTION OF SHAREHOLDING

Shareholding Pattern of the Company as on March 31, 2024 is as follows:

Name of Shareholder	No. of Equity Shares held	Percentage
Kopvoorn B.V.	129,016,176	72.01%
Moss Investments Limited	29,250,961	16.33%
Defati Investments Holding B.V.	1,670,523	0.93%
Ashley Menezes (Partner - Infinity Partners)	1,332,560	0.74%
HDFC Bank Limited*	178,99,005	9.99%
Total (Issued & Paid Up)	**179,169,225**	**100%**

** Including 6 Nominee Shareholders of HDFC Bank Limited*

DEMATERIALISATION OF SHARES AND LIQUIDITY

As on March 31, 2024, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

OUTSTANDING GLOBAL DEPOSITORY RECEIPTS ("GDRS")/AMERICAN DEPOSITORY RECEIPTS ("ADRS")/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company does not have GDRs/ADRs/Warrants or any Convertible Instruments.

Address for Correspondence

HDFC Credila Financial Services Limited
B 301, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059
Tel Nos.: +91-22-5045 3000, +91-22-2825 6636
Email: investor@hdfccredila.com

Plant Locations/Offices:

As of March 31, 2024, the Company has 26 branches in India.

RATINGS

During the financial year under review, post the execution of definitive agreement for the stake sale by HDFC Bank Limited on June 19, 2023, the Rating agencies put the outstanding ratings on Rating Watch with Negative Implication (RWNI). The outstanding rating before the change of control were as below:

Particulars	CRISIL	CARE	ICRA
Non-Convertible Debentures	AAA (RWNI)	AAA (RWNI)	AAA (RWNI)
Subordinated Debt	AAA (RWNI)	AAA (RWNI)	AAA (RWNI)
Perpetual Debt	AAA (RWNI)	AAA (RWNI)	AA+ (RWNI)
Term Loans	-	AAA (RWNI)	AAA (RWNI)

On completion of the change in control on March 19, 2024, the Rating agencies revised the ratings as below:

Particulars	CRISIL	CARE	ICRA
Non-Convertible Debentures	AA+ (Stable)	AA (Stable)	AA (Stable)
Subordinated Debt	AA+ (Stable)	AA (Stable)	AA (Stable)
Perpetual Debt	AA (Stable)	AA- (Stable)	AA- (Stable)
Term Loans	-	AA (Stable)	AA (Stable)

UNCLAIMED DIVIDEND

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to

be transferred to the Investor Education and Protection Fund (“IEPF”).
There is no unclaimed dividend payable by the Company as on March 31, 2024.

On behalf of the Board of Directors

May 1, 2024
Mumbai

Mr. D. Sundaram
Chairman of the Board

Compliance with the Code of Conduct

I confirm that for the year under review, the Company has received from the Directors and the Senior Management a declaration of compliance with the code of conduct as applicable to them.

May 1, 2024
Mumbai

Arijit Sanyal
Managing Director & CEO

CEO & CFO CERTIFICATE

Date: 01 May 2024

To,
The Chairman
The Board of Directors
HDFC Credila Financial Services Limited
B-301, Citi Point, Andheri-Kurla Road, Andheri (East),
Mumbai - 400 059

Dear Sir/Madam,

Sub: Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 signed by Chief Executive Officer and Chief Financial Officer for the financial year 2023-24

A. We have reviewed financial statements and the cash flow statement for the year and that 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 which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee
   1) significant changes in internal control over financial reporting during the year;
   2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3) instances of significant fraud of which 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.

For HDFC Credila Financial Services Limited

Manjeet Bijlani	**Arijit Sanyal**
Chief Financial Officer	**Managing Director & CEO**

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED MARCH 31, 2024

[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,
HDFC Credila Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HDFC Credila Financial Services Limited [**'Company'**] for the year ended 31st March, 2024 ['**Audit Period'**]. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/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 as listed in **Annexure II** and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the Audit Period, 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 year ended on 31st March, 2024, according to the provisions of the following, to the extent applicable:

(i) The Companies Act, 2013 ('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable: -

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

   (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;

   (d) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);

   (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(vi) Laws specifically applicable to an NBFC-ND-SI – Middle Layer, as identified by the management, that is to say:

   (a) The Reserve Bank of India Act, 1934;

   (b) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 till October 18, 2023;

(c) Miscellaneous Instructions to all Non-Banking Financial Companies;
(d) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
(e) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
(f) Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs read with other applicable circulars issued thereunder;
(g) Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 w.e.f. October 19, 2023;
(h) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
(i) Master Direction - Know Your Customer (KYC) Directions, 2016;
(j) Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
(k) Master Direction - Information Technology Framework for the NBFC Sector;
(l) Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

(vii) RBI Commercial Paper Directions, 2017, effective from 10th August 2017 (as amended from time to time) w.r.t. issue of commercial papers and applicable Operating Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India) and Chapter XVII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August, 2021;

(viii) Laws specifically applicable to a Corporate Agent, as identified by the management, that is to say:
(a) The Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings [SS-1], and for General Meetings [SS-2] issued by the Institute of Company Secretaries of India.

During the Review Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, operational circular, etc. mentioned above.

Recommendations as a matter of best practice:
In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We further report that:
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board and Committee 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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period, the Company has undertaken following specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. **Private Placement of subordinated debt ('sub-debt'):**
   During the Audit Period, the Company issued sub-debt aggregating to Rs. 365 crore.

2. **Redemption of Non-Convertible Debentures:**
   During the Audit Period, the Company redeemed NCDs amounting to Rs. 200 crore.

3. **Change in ownership and control of the Company:**
   a. Pursuant the Composite Scheme of Amalgamation ("Scheme") for the amalgamation of HDFC Limited with and into HDFC Bank Limited becoming effective from 1 July 2023, the Company become a wholly owned subsidiary of HDFC Bank Limited with effect from 1 July 2023.

   b. The board of directors of the Company ("Board") in its meeting held on June 19, 2023 had approved the execution of Definitive documents with HDFC Limited, HDFC Bank, Kopvoorn B.V., Moss Investments Limited, Defati Investments Holding B.V., and Infinity Partners for transfer of equity shares of the Company by HDFC Bank to the Acquirers and capital investment from the Acquirers by way of the preferential issue of the equity shares.

   c. Competition Commission of India (CCI) and Reserve Bank of India (RBI) granted their approval for the proposed change in control and consequent change/ reconstitution of the Board of the Company on August 08, 2023 and February 23, 2024 respectively.

   d. Pursuant to the above-stated Definitive Documents, an aggregate of 14,01,72,180 equity shares held by HDFC Bank Limited and 19,69,500 equity shares by individual shareholders (representing approximately 79.33% of the Company's total issued and paid-up share capital) were transferred to the Acquirers on March 19, 2024 resulting in a change in control of the Company from HDFC Bank Limited to Kopvoorn B.V. The shareholding of HDFC Bank in the Company was 9.99% post transfer and hence the Company ceased to be a subsidiary of HDFC Bank Limited effective from March 19, 2024.

   e. Pursuant to the transfer of control, Mr. Sunil Manubhai Shah (DIN: 00137105), Mr. Rajesh Narain Gupta (DIN: 00229040), Mr. Biswamohan Mahapatra (DIN: 06990345) and Mrs. Madhumita Ganguli (DIN: 00676830) resigned as directors on the Board, effective from March 20, 2024. Further, Mr. Abhijit Sen (DIN: 00002593), Mr. Bharat Shah (DIN: 00136969) Mr. Damodarannair Sundaram (DIN: 00016304) and Ms. Anuranjita Kumar (DIN: 05283847) were appointed as Independent directors effective from March 20, 2024 and Mr. Damodarannair Sundaram (DIN: 00016304) was appointed as the Chairman of the Board, effective from March 20, 2024. The appointment of directors was approved by the shareholders in the Extraordinary General Meeting held on March 20, 2024.

4. **Increase in borrowing limits under Section 180(1)(c) of the Act:**
   During the Audit Period, the Company increased the borrowing limits of the Company from the existing limit of Rs. 20,000 crores to Rs. 23,000 crores pursuant to the special resolution passed in terms of section 180(1)(c) of the Act in the Annual General Meeting held on June 06, 2023 and thereafter to Rs. 30,000 crores *vide* a

special resolution passed in the Extraordinary General Meeting held on August 26, 2023. The limit was further increased from Rs. 30,000 crores to Rs. Rs. 40,000 crores *vide* special resolution passed in the Extraordinary General Meeting held on March 20, 2024.

5. Changes in ESOP Scheme 2022:

Pursuant to the change in ownership and control of the Company, the ESOP Scheme 2022 was revised on the following lines pursuant to a special resolution passed in the Annual General Meeting held on June 06, 2023:

a. Change in vesting schedule for vesting of options on completion of one year from the date of grant, including for the employees who have not completed 3 years of service.

b. Addition of a clause mandating the ESOP Lender to offer Right of First Refusal (ROFR) to the promoter companies/ institutional members in case of default in ESOP loan availed by employees for exercise of options. In case the ROFR is not exercised by the promoter companies/ institutional members, the ESOP lender may sell the shares to outside entities.

6. Issue of equity shares:

A. Rights issue of equity shares:

During the Audit Period, the Company issued 1,02,71,460 equity shares of Rs.10 per share at a premium of Rs. 671.50 per share amounting to approx. Rs. 700 crore on June 29, 2023 to Housing Development Finance Corporation Limited (now merged with HDFC Bank), on rights basis for consideration in cash.

B. Allotment of Shares under ESOP Plan 2022:

During the Audit Period, the Company issued and allotted 19,69,500 Equity shares of face value Rs. 10/- per share for cash, at an exercise price of Rs. 419.64/- per share to the employees under the ESOP-2022 plan on March 06, 2024.

C. Preferential issue of equity shares:

Pursuant to the Definitive documents, the Company has issued and allotted 1,91,28,540 equity shares of Rs.10/- per share at a premium of Rs. 671.50/- per share amounting to approx. Rs. 1300 crores to the Acquirers *viz.* Kopvoorn B.V., Moss Investments Limited, Defati Investments Holding B.V., and Infinity Partners, in the following manner, on March 20, 2024, pursuant to the approval of shareholders in their Extraordinary General Meeting on March 07, 2024.

Sr. No.	Name of Allottees	No. of equity shares allotted
1.	Kopvoorn B.V.	1,53,02,832
2.	Moss Investments Limited	34,69,507
3.	Defati Investments Holding B.V.	1,98,144
4.	Infinity Partners	1,58,057
	Total	**1,91,28,540**

7. Alteration of the Articles of Association ('AOA'):

A. Enabling clause for appointment of nominee director by debenture trustee:

During the Audit Period, the Company altered its AOA by passing a special resolution in the Annual

General Meeting held on June 06, 2023, for inclusion of a clause enabling the appointment of a nominee director by the debenture trustee, pursuant to the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 dated February 02, 2023.

B. Adoption of Amended and Restated AOA pursuant to change in ownership and control:

During the Audit Period, pursuant to change in control, adoption of amended and restated AOA was approved at the Extraordinary General Meeting held on March 20, 2024 in order to incorporate the relevant provisions of the shareholders' agreement dated June 19, 2023 executed between Acquirers *viz.* Kopvoorn B.V., Moss Investments Limited, Defati Investments Holding B.V., and Infinity Partners with HDFC Bank Limited, Housing Development Finance Corporation Limited (now merged with and into HDFC Bank Limited) and the Company.

C. Increase in the Authorized Share Capital of the Company:

During the Audit Period, the Company increased its Authorized Share Capital from existing Rs. 200,00,00,000 (Rupees Two Hundred Crores) divided into 20,00,00,000 Equity Shares of Rs 10/-each to Rs. 300,00,00,000 (Rupees Three Hundred Crores) divided into 30,00,00,000 Equity Shares of Rs 10/- each *vide* ordinary resolution passed in the Extra Ordinary General Meeting held at March 20, 2024. The Capital Clause of the Memorandum of Association of the Company was altered consequentially.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Firm Registration No.: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559F000192807
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 19, 2024

This report is to be read with our letter of even date which is annexed as **Annexure 'I'** and forms an integral part of this Report.

Annexure I
ANNEXURE TO SECRETARIAL AUDIT REPORT (NON-QUALIFIED)

To,
The Members,
HDFC Credila Financial Services Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;

2. We have followed the audit practices, and the processes were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on a test-check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. Our Audit examination is restricted only up to legal compliances of the applicable laws to be done by the Company; we have not checked the practical aspects relating to the same.

4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.

5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.

7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test-check basis.

8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.

9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.

10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

ANNEXURE II

LIST OF DOCUMENTS

1. Scanned copies of signed Minutes for the meetings of the following held during the Audit Period were provided (except for few meetings held in Q4):
    - 1.1 Board of Directors;
    - 1.2 Audit Committee;
    - 1.3 Nomination and Remuneration Committee;
    - 1.4 Corporate Social Responsibility Committee;
    - 1.5 Risk Management Committee;
    - 1.6 Stakeholders Relationship Committee;
    - 1.7 Asset Liability Management Committee;
    - 1.8 IT Strategy Committee;
    - 1.9 Annual General Meeting;
    - 1.10 Extraordinary General Meetings.
2. Notice for Board Meeting and Committee (s) Meeting;
3. Annual Report 2022-23;
4. Disclosures under Act, 2013 and Rules made thereunder;
5. Selected policies framed under applicable laws to the Company;
6. Documents pertaining to applicable SEBI Regulations;
7. Forms and returns filed with the ROC & RBI;
8. Documents relating to issue of Non-Convertible Debentures and Commercial Papers;
9. Documents relating to Corporate Agents under IRDA Regulations;
10. Memorandum and Articles of Association as amended.

Secretarial Compliance Report of HDFC Credila Financial Services Limited for the year ended March 31, 2024

We have examined:

a) all the documents and records made available to us and explanation provided by **HDFC Credila Financial Services Limited** (“**the listed entity**”),

b) the filings/ submissions made by the listed entity to the stock exchanges,

c) website of the listed entity,

d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2024 (“**Review Period**”) in respect of compliance with the provisions of:

a) the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”) and the Regulations, circulars, guidelines issued there under; and

b) the Securities Contracts (Regulation) Act, 1956 (“**SCRA**”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“**SEBI**”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘**Listing Regulations**’);

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

c) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (‘**PIT Regulations**’);

d) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company)

e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993;

and circulars/guidelines issued thereunder;

and based on the above examination, we hereby report that, during the Review Period:

I. (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ circular no.	Deviations	Action taken by	Type of action	Details of violation	Fine amount	Observations/ remark of the PCS	Management response	Remarks
-	-	-	-	-	-	-	-	-	-	-

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation / circular no.	Deviations	Action taken by	Type of action	Details of violation	Fine amount	Observations/ remark of the PCS	Management response	Remarks
1.	As per Reg. 3 (5) of PIT Regulations Structured Digital Database ('SDD') is required to be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.	Reg. 3 (5) of PIT Regulations	SDD is not tamper proof.	NA	NA	The Company is presently maintaining the SDD in excel format and ensuring time stamping and audit trail by converting into pdf and digitally signing the same on a quarterly basis.	NA	We understand that the Company has purchased the software for the maintenance of SDD during FY 23-24. The Company has been making entries in the SDD software in the FY 23-24.	NA	NA

II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1	Compliances with the following conditions while appointing/re-appointing an auditor		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	The stipulations provided in the said SEBI Circular are not applicable to the entity being a debt listed entity as the circular has been issued in terms of Reg. 30 (2) and Reg. 36 (5) of the Listing Regulations.
2	Other conditions relating to resignation of statutory auditor		
	i. Reporting of any concerns by Auditor with respect to the listed entity/ its material subsidiary to the Audit Committee: a. In case of any concern with the management of the listed entity/ material subsidiary such as non-availability of information/ non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings. b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information/ explanation from the company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable. c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor. ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	The stipulations provided in the said SEBI Circular are not applicable to the entity being a debt listed entity.
3	The listed entity/ its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure-A in SEBI circular CIR/CFD/CMD1/114/2019 dated 18th October 2019.	NA	The stipulations provided in the said SEBI Circular are not applicable to the entity being a debt listed entity.

III. The listed entity has complied with the following requirements of SEBI Regulations, circulars and guidelines:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1	Secretarial Standard The compliances of the listed entity are in accordance with applicable Secretarial Standards (SS) issued by ICSI, namely SS-1 and SS-2	Yes	
2	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entity • All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations /circulars /guidelines issued by SEBI.	Yes	The listed entity has formulated the policies and codes in line with SEBI Regulations.
3	Maintenance and disclosure on website • The listed entity is maintaining a functional website. • Timely dissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website.	Yes Yes NA	As per clause 1 of para A of Chapter VII of SEBI Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper dated July 29, 2022, High Value Debt Listed Entities are not required to provide the web-links in corporate governance reports submitted under Regulation 27(2) at the end of the financial year.
4	Disqualification of Director None of the Director of the Company are disqualified under section 164 of the Companies Act, 2013,	Yes	We have verified the same basis the declarations furnished by Directors, details of filing on MCA website and list of disqualified directors as uploaded by the Registrar of Companies from time to time.
5	To examine details related to Subsidiaries of the listed entity: a. Identification of material subsidiary companies b. Requirements with respect to disclosure of material as well as other subsidiaries.	NA	The listed entity does not have any subsidiary.
6	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under the Listing Regulations.	Yes	Basis the checking carried out on sample basis.
7	Performance Evaluation The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	Noted in the Board Meeting dated April 17, 2023 and disclosed in the annual report for FY 2022-23. For FY 23-24, the performance evaluation of the Board was noted in the Board Meeting dated March 16, 2024. During the Review Period, Board has been reconstituted pursuant to change in control on March 20, 2024 with appointment of 4 IDs and 5 NEDs.

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
8	Related Party Transactions a. The listed entity has obtained prior approval of Audit Committee for all related party transaction b. In case no prior approval obtained, the listed entity shall provide the detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee	Yes NA	
9	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 51 along with Schedule III of Listing Regulations within the time limits prescribed thereunder.	Yes	
10	Prohibition of Insider Trading The listed entity is in compliance with the Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	
11	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by the stock exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	Yes	
12	Additional Non-Compliances, if any: No additional non-compliance observed for all SEBI regulation/ circular/guidance note etc.	No	There has been no additional penalty levied on the listed entity during the financial year.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559F000233826
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 24, 2024

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
HDFC Credila Financial Services Limited

We have examined the compliance of Corporate Governance by HDFC Credila Financial Services Limited ("**the Company**") for the financial year ending on March 31, 2024, as stipulated in Regulations 15 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") applicable on a 'comply or explain' basis to the Company, being a 'high value debt listed entity, on the basis of examination of documents provided in **Annexure I**.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559F000193764
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 19, 2024

ANNEXURE I
LIST OF DOCUMENTS

1. Scanned copies of signed Minutes for the meetings of the following held during the Audit Period were provided:
   - Board Meetings;
   - Audit Committee Meetings;
   - Nomination and Remuneration Committee Meetings;
   - Risk Management Committee Meetings;
   - Stakeholders Relationship Committee Meeting;
   - Annual General Meeting and Extraordinary General Meetings;
2. Policies framed under the Listing Regulations as available on the website;
3. Terms of reference of Committees of the Board;
4. Annual Disclosures received from Directors pursuant to Section 184(1);
5. Declaration by Independent Directors;
6. Details of other directorship as reflecting in Director's Master Data on MCA and stock exchange filing for corporate governance under Reg. 27 (2).

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Para C (10)(i) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Chapter VII of SEBI Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper]

To,
The Members,
HDFC Credila Financial Services Limited
B 301, Citi Point, Andheri-Kurla Road,
Andheri (East), Mumbai-400 059, India.

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of HDFC Credila Financial Services Limited having CIN U67190MH2006PLC159411 and having registered office at B 301, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai-400 059 India (hereinafter referred to as **"the Company"**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with clause 10(i) of Para C of Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Chapter VII of the SEBI Master Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or by the Reserve Bank of India or by Insurance Regulatory and Development Authority.

Sr. No.	Name of the Director as on March 31, 2024	DIN	Category of Directorship as on March 31, 2024	Date of Appointment
1.	Mr. Damodarannair Sundaram	00016304	Chairman, Independent Director	March 20, 2024
2.	Mr. Arijit Sanyal	08386684	Managing Director	January 17, 2020
3.	Mr. Abhijit Sen	00002593	Independent Director	March 20, 2024
4.	Mr. Bharat Shah	00136969	Independent Director	March 20, 2024
5.	Ms. Anuranjita Kumar	05283847	Independent Director	March 20, 2024
6.	Mr. V. S. Rangan	00030248	Non-Executive Nominee Director	December 24, 2009
7.	Mr. Jimmy Lachmandas Mahtani	00996110	Non-Executive Nominee Director	March 20, 2024
8.	Mr. Ashish Agrawal	00163344	Non-Executive Nominee Director	March 20, 2024
9.	Mr. Rajnish Kumar	05328267	Non-Executive Nominee Director	March 20, 2024
10.	Mr. Kosmas Kalliarekos	03642933	Non-Executive Nominee Director	March 20, 2024
11.	Mr. Sanjay Kukreja	00175427	Non-Executive Nominee Director	March 20, 2024

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
C P No.: 11902
UDIN: F010559F000193731
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 19, 2024

Independent Auditor's Report
To the Members of HDFC Credila Financial Services Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HDFC Credila Financial Services Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss including the Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") as amended, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under sub-section (10) of Section 143 of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matter described below to be the Key audit matter to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Description of Key Audit Matters

Impairment of loans and advances, including off-balance sheet elements Charge: INR 4,978.52 lakhs for year ended March 31, 2024 Provision: INR 11,054.94 lakhs as on March 31, 2024	
Key audit matter	**How our audit addressed the key audit matter**
Refer to the accounting policies in "Note 31 to the Financial Statements: Impairment on financial instruments", "Note 2.4 to the Financial Statements: Use of estimates and judgements" and "Note 8 to the Financial Statements: Loans."	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:	Our key audit procedures included: **Design / controls** We performed process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual, general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following:

Key audit matter	How our audit addressed the key audit matter
• Data inputs — The application of the ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations — Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios — Ind AS 109 requires the Company to measure ECLs on an unbiased forward looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from ongoing geo-political conflicts and persistent inflation across the global economies. • Qualitative adjustments — Adjustments to the model driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. This aggregates to Rs. 3,923 lakhs of the ECL balances as at March 31, 2024. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to the prevailing economic uncertainty to reflect among other things an increased risk of deterioration in macro-economic factors caused by the ongoing geo-political conflicts, disruptions in global supply chains, sticky inflation leading to fears of recession across major global economies. Given the unique nature and scale of the economic impact on the global economies, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Note 8.1 to the financial statements provide necessary details in relation to the credit risk associated with the loan portfolio of the Company including relevant details of the ECL provision recognized in the financial statements. **Disclosures** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non—performing assets and provisions are an area of focus, and are related to an area of significant estimate.	• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions made into the Ind AS 109 impairment models. • Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria of the EAD. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology in relation to loan management systems, including system access and system change management and computer operations. Involvement of specialists - we involved specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used. • For models which were updated during the year, evaluating whether the updates were appropriate. • The reasonableness of the Company's considerations of the impact of the current economic environment on the ECL determination. **Test of details** Key aspects of our testing included: • Testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on prevailing macro-economic factors related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions and inspecting the calculation methodology and tracing of the data used back to source data. Assessing disclosures — We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear

Information technology (IT) IT systems and controls relating to Loan Management System	
Key audit matter	**How the matter was addressed in our audit**
The Company's processes related to sanctioning, disbursements, and recovery of loans and advances are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Company uses Loan Management System to manage its loan portfolio. We have identified IT systems and controls relating to Loan Management System and Oracle Fusion, as key audit matter due to the large transaction volumes and the increasing challenge to protect the Company's systems and controls over data integrity	Our audit procedures to assess the IT system controls relating to Loan Management System included the following: • Understood General IT Control i.e. access controls, program/system change, program development, computer operations (i.e. job processing, data system backup incident management) over Loan Management System and Oracle Fusion • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope system; • Test checked the General IT Controls for design and operating effectiveness for the audit period over the Loan Management System and Oracle Fusion • Understood IT application controls covering – – user access and roles, segregation of duties, and – reports; • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that these controls remained unchanged during the audit period or were changed following the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users); • Performed testing for the program development controls and migration controls over setting up, implementation and building up of the IT application for Oracle Fusion .

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under clause (i) of sub-section (3) of Section 143 of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of managements and Board of Directors use of the going concern basis of accounting in preparation of financial statement 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 financial statements for the financial year ended March 31, 2024, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the previous year ended March 31, 2023 were audited by Shah Gupta & Co. Chartered Accountants being the sole auditors and had expressed an unmodified opinion vide their report dated April 17, 2023 on such financial statements. This report has been relied upon by Gokhale & Sathe, Chartered Accountants (Joint Auditors) for the purpose of the audit of the financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by sub-section (3) of Section 143 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 read with the matters stated in paragraph (i) (vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014, as amended.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flow and the statement of changes in equity dealt with by this report are in agreement with the books of account.

   d. In our opinion, the aforesaid Financial Statements comply with the Indian 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 as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of sub-section (2) of Section 164 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. In our opinion, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule (11) of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 44 to the 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.

      iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year.

      iv. In respect of Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014,

         a. The Management has represented that, to the best of its 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 persons or entities, including foreign entity ("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 to or on behalf of the Ultimate Beneficiaries.

b. The Management has represented that, to the best of its knowledge and belief, no funds (which are either material either individually or in aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

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

v. The Company has not declared dividend during the year. The dividend paid by the Company during the year declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 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 the audit trail feature being tampered with.

For **Shah Gupta & Co.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No. 37606
UDIN: 24037606BKBOPU4144
Place: Mumbai
Date: 01-05-2024

For **Gokhale And Sathe**
Chartered Accountants
Firm Registration No.: 103264W

Rahul Joglekar
Partner
M. No. 129389
UDIN: 24129389BKASPJ3023
Place: Mumbai
Date: 01-05-2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of HDFC Credila Financial Services Limited of even date

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment (PPE) on the basis of available information.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has a programme of physical verification of its PPE by which all PPE are verified over a period of once in three years in line with its policy. In accordance with this programme, the few items of PPE have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable property (other than properties where the Company is the lessee, and the lease agreement is duly executed in the favour of the Company). Accordingly, reporting under paragraph 3 (i) (c) of the Order is not applicable.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) Based on the information and explanations furnished to us, no proceedings have been initiated during the year or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) (a) The Company is a Non—Banking Finance Company (NBFC), engaged in the business of lending. Accordingly, it does not hold any physical inventories. Accordingly, reporting under paragraph 3 (ii) (a) of the Order is not applicable.

(b) On the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly returns and statements filed by the Company with such banks and financial institutions are in agreement with the books of account and records of the Company.

(iii) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships, or other parties except granting of education loans to customers in the ordinary course of business in respect of which:

(a) The Company has its principal business of giving loan. Accordingly, reporting under paragraph 3 (iii) (a) of the Order is not applicable to the Company.

(b) The terms and conditions of the grant of such loans and investment made are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

(c) In respect of the aforesaid loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations except in respect of non-performing loans.

(d) In respect of the following loans/advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2024 is Rs.2,146.37 lakh. In such instances, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest thereon.

(Rs. In Lakh)

No of cases	Principal Amount Overdue	Interest Overdue	Total Overdue	Remarks (if any)
113	1,881.44	263.72	2,146.37	NA

(e) The Company has its principal business of giving loans. Accordingly, reporting under paragraph 3 (iii) (e) of the Order is not applicable to the Company.

(f) There were no loans/advances in nature of loans which were granted during the year to promoters/related parties. The Company has not granted any loans or advances in nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 and 186 of the Act. Accordingly, reporting under paragraph 3 (iv) of the Order is not applicable.

(v) 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 within the meaning of Section 73 to Section 76 of the Act and the Rules framed there under to the extent notified.

(vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us, and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, service tax, goods and service tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of sales tax, wealth tax, service tax, goods and service tax, income tax, duty of excise, duty of excise, value added tax, and cess which have not been deposited on account of any dispute except following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Goods and Service Tax, 2017	Tax demand	36.12 lakh	Jul 2017 – Mar 2018	Appeal to Appellate Authority	Nil

(viii) According to the information and explanations given to us and the records of the Company examined by us, there is no income surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(ix) (a) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest 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.

(c) In our opinion and according to the information and explanations given to us, the money raised by way of the term loans have been applied by the Company during the year for the purpose for which it was raised other than temporary deployment pending application of proceeds.

(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) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended March 31, 2024. Accordingly, reporting under paragraph 3 (ix) (e) of the Order is not applicable.

(f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended March 31, 2024. Accordingly, reporting under paragraph 3 (ix) (f) of the Order is not applicable.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under paragraph 3 (x) (a) of the Order is not applicable to the Company.

(b) On the basis of our examination of the records of the Company, the Company has not made any preferential allotment of fully or partly convertible debentures during the year. In respect of the preferential allotment of equity shares made during the year, the Company has duly complied with the requirements of section 62 of the Act. The proceeds from the issue of equity shares have been used for the purposes for which the funds were raised.

(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 fraud by the Company or on the Company has been noticed or reported during the year.

(b) 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, a report under sub-clause (12) of Section 143 of the Act, in Form ADT-4, was not required to be filed. Accordingly, reporting under paragraph 3 (xi) (b) of the Order is not applicable to the Company.

(c) 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, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, reporting under paragraph 3 (xi) (c) of the Order is not applicable to the Company.

(xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under 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, all transactions entered into by the Company 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 according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non—cash transactions with Directors or persons connected with him. Accordingly, reporting under paragraph 3 (xv) of the Order is not applicable.

(xvi) (a) The Company is required to be registered under section 45—IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration.

(b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration 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 the Reserve Bank of India. Accordingly, reporting under paragraph 3 (xvi) (c) of the Order is not applicable to the Company.

(d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, reporting under paragraph 3 (xvi) (d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under paragraph (xviii) is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under paragraph 3 (xx) (a) of Order is not applicable to the Company.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (6) of Section 135 of the said Act. Accordingly, reporting under paragraph 3 (xx) (b) of Order is not applicable to the Company.

(xxi) The reporting under paragraph 3 (xxi) of the Order is not applicable in respect of the audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For **Shah Gupta & Co.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No. 37606
UDIN 24037606BKBOPU4144
Place: Mumbai
Date: 01-05-2024

For **Gokhale And Sathe**
Chartered Accountants
Firm Registration No.: 103264W

Rahul Joglekar
Partner
M. No. 129389
UDIN: 24129389BKASPJ3023
Place: Mumbai
Date: 01-05-2024

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **HDFC Credila Financial Services Limited** ("the Company") as of March 31, 2024 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these 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 system over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 system over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls with reference to these financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Shah Gupta & Co.,**
Chartered Accountants
Firm Registration No.: 109574W

Vipul K Choksi
Partner
M. No. 37606
UDIN: 24037606BKBOPU4144
Place: Mumbai
Date: 01-05-2024

For **Gokhale And Sathe**
Chartered Accountants
Firm Registration No.: 103264W

Rahul Joglekar
Partner
M. No. 129389
UDIN: 24129389BKASPJ3023
Place: Mumbai
Date: 01-05-2024

HDFC Credila Financial Services Limited

Balance sheet

as at 31 March 2024

(Currency: INR in Lakhs)

Particulars	Note no	As at 31 March 2024	As at 31 March 2023
ASSETS			
1. Financial assets			
(a) Cash and cash equivalents	4	**1,47,109.01**	41,734.74
(b) Bank balances other than (a) above	5	**65,290.02**	10,071.73
(c) Derivative financial instruments	6	**1,168.22**	-
(d) Trade receivables	7	**2,036.54**	143.84
(e) Loans	8	**28,08,321.57**	15,23,890.06
(f) Investments	9	**1,12,535.11**	59,198.98
(g) Other financial assets	10	**7,277.18**	1,933.94
Total financial assets		**31,43,737.65**	16,36,973.29
2. Non-financial assets			
(a) Current tax assets (net)	11	**362.07**	228.18
(b) Deferred tax assets (net)	12	**3,008.20**	3,137.29
(c) Property, plant and equipment	13	**4,096.55**	2,232.04
(d) Other intangible assets	13	**161.73**	1.59
(e) Capital work in progress	13	**451.98**	-
(f) Intangible assets under development	13	**3,043.42**	1,138.11
(g) Other non-financial assets	14	**1,735.26**	893.92
Total non-financial assets		**12,859.21**	7,631.13
Total assets		**31,56,596.86**	16,44,604.42
LIABILITIES AND EQUITY			
LIABILITIES			
1. Financial liabilities			
(a) Derivative financial instruments	6	**5,881.78**	7,440.14
(b) Payables			
(i)Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	15	**25.65**	18.64
- Total outstanding dues of creditors other than micro enterprises and small enterprises	15	**2,618.87**	2,043.34
(c) Debt securities	16	**4,20,074.00**	3,52,400.71
(d) Borrowings (other than debt securities)	17	**20,19,724.94**	8,86,273.61
(e) Subordinated liabilities	18	**1,63,483.68**	1,26,847.82
(f) Other financial liabilities	19	**27,427.26**	19,983.66
Total financial liabilities		**26,39,236.18**	13,95,007.92
2. Non-financial liabilities			
(a) Current tax liabilities (net)	20	-	506.84
(b) Provisions	21	**1,189.78**	749.30
(c) Other non-financial liabilities	22	**11,834.42**	4,831.25
Total non-financial liabilities		**13,024.20**	6,087.39
Total liabilities		**26,52,260.38**	14,01,095.31
EQUITY			
(a) Equity share capital	23	**17,916.92**	14,779.97
(b) Other equity	24	**4,86,419.56**	2,28,729.14
Total equity		**5,04,336.48**	2,43,509.11
Total liabilities and equity		**31,56,596.86**	16,44,604.42

See accompanying notes to the financial statements

HDFC Credila Financial Services Limited

Balance sheet (continued)

as at 31 March 2024

As per our report of even date attached.

For Shah Gupta & Co.
Chartered Accountants
Firm's Registration No: 109574W

For and on behalf of Board of Directors of
HDFC Credila Financial Services Limited
CIN No: U67190MH2006PLC159411

Vipul K Choksi
Partner
Membership No: 37606

Damodarannair Sundaram
Chairman
(DIN - 00016304)

Arijit Sanyal
Managing Director & CEO
(DIN - 08386684)

For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Manjeet Bijlani
Chief Financial Officer
(ACA - 102472)

Akanksha Kandoi
Company Secretary
(FCS - 6883)

Place:- Mumbai
Date:- 1 May 2024

Place:- Mumbai
Date:- 1 May 2024

HDFC Credila Financial Services Limited

Statement of profit and loss

for the year ended 31 March 2024

(Currency: INR in Lakhs)

Particulars	Note no	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations			
(a) Interest income	25	**2,62,099.09**	1,31,584.01
(b) Fees and commission income	26	**11,892.94**	2,922.86
(c) Net gain on fair value changes	27	**3,111.86**	710.49
I. Total revenue from operations		**2,77,103.89**	1,35,217.36
II. Other income		**0.21**	0.26
III. Total income (I + II)		**2,77,104.10**	1,35,217.62
IV. Expenses			
(a) Finance costs	28	**1,73,102.29**	81,327.72
(b) Impairment on financial instruments (Expected credit loss)	31	**4,978.52**	1,010.51
(c) Employee benefit expense	29	**14,693.80**	8,743.92
(d) Depreciation and amortisation	13	**1,141.60**	678.66
(e) Other expenses	30	**12,351.15**	6,436.18
Total expenses		**2,06,267.36**	98,196.99
V. Profit before Tax (III - IV)		**70,836.74**	37,020.63
Tax expense			
- Current tax		**18,197.02**	10,632.24
- Deferred Tax	12	**(244.17)**	(1,204.02)
VI. Total tax expense		**17,952.85**	9,428.22
VII. Net profit after tax (V- VI)		**52,883.89**	27,592.41
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plans		**(55.39)**	(31.52)
- Income tax relating to the above item that will not be reclassified to profit or loss		**13.94**	7.93
(b) Items that will be reclassified to profit or loss			
- Cash flow hedge reserves		**683.22**	389.62
- Income tax relating to the above item that will be reclassified to profit or loss		**(171.96)**	(98.76)
- Fair value of investments		**592.58**	(347.78)
- Income tax relating to the above item that will be reclassified to profit or loss		**(149.55)**	87.53
VIII. Other comprehensive income		**912.84**	7.02
IX. Total comprehensive income (VII + VIII)		**53,796.73**	27,599.43
X. Earnings per equity share:			
(a) Basic (in ₹)	34	**33.83**	20.56
(b) Diluted (in ₹)	34	**33.81**	20.47
(c) Face value per share (in ₹)		**10**	10

See accompanying notes to the financial statements

HDFC Credila Financial Services Limited

Statement of profit and loss *(continued)*

for the year ended 31 March 2024

As per our report of even date attached.

For Shah Gupta & Co.
Chartered Accountants
Firm's Registration No: 109574W

For and on behalf of Board of Directors of
HDFC Credila Financial Services Limited
CIN No: U67190MH2006PLC159411

Vipul K Choksi
Partner
Membership No: 37606

Damodarannair Sundaram
Chairman
(DIN - 00016304)

Arijit Sanyal
Managing Director & CEC
(DIN - 08386684)

For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Manjeet Bijlani
Chief Financial Officer
(ACA - 102472)

Akanksha Kandoi
Company Secretary
(FCS - 6883)

Place:- Mumbai
Date:- 1 May 2024

Place:- Mumbai
Date:- 1 May 2024

HDFC Credila Financial Services Limited

Statement of cash flow

for the year ended 31 March 2024

(Currency: INR in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A. Operating activities		
Profit before tax	**70,836.74**	37,020.63
Adjustments to reconcile profit before tax to net cash flows :		
Depreciation & amortisation	**1,141.60**	678.66
Impairment on financial instruments (Expected credit loss)	**4,978.52**	1,010.51
(Profit)/loss on property, plant and equipment sold/discarded	**9.93**	(0.18)
Interest income	**(2,62,099.09)**	(1,31,584.01)
Interest expense	**1,72,802.46**	81,141.14
Provision for employee benefits	**73.00**	38.03
Employee share based payments expense	**1,135.00**	1,171.58
Net gain on fair value changes	**(3,111.86)**	(710.49)
	(14,233.70)	(11,234.13)
Cash inflow towards interest received	**1,22,206.72**	73,460.22
Cash outflow towards interest paid	**(1,59,867.35)**	(69,236.25)
Cash inflow/(outflow) from derivative financial instruments	-	(905.30)
Cash (utilised in) / generated from operations before working capital changes	**(51,894.33)**	(7,915.46)
Working capital changes		
(Increase) / Decrease in financial assets and non financial assets	**(7,857.36)**	(539.46)
Increase / (Decrease) in financial and non financial liabilities	**8,368.15**	3,538.41
Net cash from Operations	**(51,383.54)**	(4,916.51)
Loans disbursed (net)	**(11,52,430.50)**	(5,88,453.12)
(Investment)/Redemption in/from cash management schemes of mutual funds	**20,565.47**	(12,096.57)
Income tax paid	**(18,560.58)**	(10,237.36)
Income tax refund	**162.60**	-
Net cash flows from/(used in) operating activities	**(12,01,646.55)**	(6,15,703.57)
B. Investing activities		
Investments (net)	**(1,22,554.89)**	(36,940.95)
Purchase of property, plant and equipment and intangible assets	**(2,864.46)**	(1,502.78)
Proceeds from sale of property, plant and equipment	**0.30**	0.28
Net cash flows from/(used in) investing activities	**(1,25,419.05)**	(38,443.45)
C. Financing activities		
Proceeds from issue of equity shares (including securities premium)	**2,07,150.00**	79,999.68
Debt securities & subordinated liabilities issued	**3,93,779.18**	3,86,619.89
Debt securities & subordinated liabilities repaid	**(2,97,500.00)**	(1,80,000.00)
Borrowings (other than debt securities) taken	**12,88,559.01**	5,94,645.40
Borrowings (other than debt securities) repaid	**(1,56,935.13)**	(1,86,223.69)
Lease payments	**(987.38)**	(571.88)
Dividend paid	**(1,625.80)**	(1,317.98)
Net cash flows from/(used in) financing activities	**14,32,439.88**	6,93,151.42
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,05,374.27**	39,004.41
Cash and cash equivalents at the beginning of the period	**41,734.74**	2,730.33
Cash and cash equivalents at the end of the period *	**1,47,109.01**	41,734.74
*** Components of cash and cash equivalents**		
Balances with bank		
- In current accounts	**1,759.12**	1,081.09
- In deposits accounts having original maturity less than 3 months	**1,45,349.89**	40,653.65
	1,47,109.01	41,734.74

Note: The above statement of cash flow has been prepared under the 'Indirect Method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

See accompanying notes forming part of the financial statements

HDFC Credila Financial Services Limited

Statement of cash flow *(continued)*

for the year ended 31 March 2024

As per our report of even date attached.

For Shah Gupta & Co.
Chartered Accountants
Firm's Registration No: 109574W

For and on behalf of Board of Directors of
HDFC Credila Financial Services Limited
CIN No: U67190MH2006PLC159411

Vipul K Choksi
Partner
Membership No: 37606

Damodarannair Sundaram
Chairman
(DIN - 00016304)

Arijit Sanyal
Managing Director & CEO
(DIN - 08386684)

For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Manjeet Bijlani
Chief Financial Officer
(ACA - 102472)

Akanksha Kandoi
Company Secretary
(FCS - 6883)

Place:- Mumbai
Date:- 1 May 2024

Place:- Mumbai
Date:- 1 May 2024

HDFC Credila Financial Services Limited

Statement of changes in equity

for the year ended 31 March 2024

(Currency: INR in Lakhs)

A. Equity share capital

FY 2023-24

Balance at the beginning of the current reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
14,779.97	-	14,779.97	3,136.95	17,916.92

FY 2022-23

Balance at the beginning of the previous reporting period	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
13,179.82	-	13,179.82	1,600.15	14,779.97

B. Other equity

	Reserves and surplus						Other comprehensive income			Total
	Capital reserve	Securities premium	Retained earnings	Statutory reserve	Employee stock options reserve (Refer note 39)	Impairment reserve	Employee benefit expenses	Effective portion of cash flow hedges	Fair value of investments	
Balance as at 01 April 2023	**109.46**	**1,21,636.04**	**82,649.10**	**22,319.65**	**1,171.58**	**1,276.44**	**(66.64)**	**-**	**(366.49)**	**2,28,729.16**
Profit for the year	-	-	52,883.89	-	-	-	-	-	-	52,883.89
Other comprehensive income for the year	-	-	-	-	-	-	(41.45)	511.26	443.03	912.84
Total comprehensive income for the year	-	-	**52,883.89**	-	-	-	**(41.45)**	**511.26**	**443.03**	**53,796.73**
Transfer to Statutory reserve and Impairment reserve	-	-	(10,942.02)	10,577.35	-	364.67	-	-	-	0.00
Expenses incurred in respect of issue of equity capital	-	(1,104.38)	-	-	-	-	-	-		(1,104.38)
Dividend on equity shares	-	-	(1,625.80)	-	-	-	-	-	-	(1,625.80)
Employees share based payments expenses	-	-	-	-	2,463.17	-	-	-	-	2,463.17
Transfer to Retained Earnings for exercise of Employee Stock Options ("ESOP-22")	-	-	2,028.58	-	(2,028.58)	-	-	-	-	-
Discharge of liabilities towards surrender of ESOP-22	-	-	-	-	(1,328.17)	-	-	-	-	(1,328.17)
Securities premium received during the year	-	2,05,488.86	-	-	-	-	-	-	-	2,05,488.86
Balance as at 31 March 2024	**109.46**	**3,26,020.52**	**1,24,993.76**	**32,897.00**	**278.00**	**1,641.11**	**(108.09)**	**511.26**	**76.54**	**4,86,419.56**

HDFC Credila Financial Services Limited

Statement of changes in equity *(continued)*

for the year ended 31 March 2024

B. Other equity (continued)

	Reserves and surplus						Other comprehensive income			
	Capital reserve	Securities premium	Retained earnings	Statutory reserve	Employee stock options reserve	Impairment reserve	Employee benefit expenses	Effective portion of cash flow hedges	Fair value of investments	Total
Balance as at 01 April 2022	**109.46**	**43,236.51**	**63,173.62**	**16,801.14**	**-**	**-**	**(43.06)**	**(290.85)**	**(106.24)**	**1,22,880.58**
Profit for the year	-	-	27,592.41	-	-	-	-	-	-	27,592.41
Other comprehensive income for the year	-	-	-	-	-	-	(23.58)	290.85	(260.25)	7.02
Total comprehensive income for the year	**-**	**-**	**27,592.41**	**-**	**-**	**-**	**(23.58)**	**290.85**	**(260.25)**	**27,599.43**
Transfer to Statutory reserve and Impairment reserve	-	-	(6,794.95)	5,518.51	-	1,276.44	-	-	-	-
Expenses incurred in respect of issue of equity capital	-	-	(4.00)	-			-	-		(4.00)
Dividend on equity shares	-	-	(1,317.98)	-	-	-	-	-	-	(1,317.98)
Employees share based payments expenses	-	-	-	-	1,171.58	-	-	-	-	1,171.58
Securities premium received during the year	-	78,399.53	-	-	-	-	-	-		78,399.53
Balance as at 31 March 2023	**109.46**	**1,21,636.04**	**82,649.10**	**22,319.65**	**1,171.58**	**1,276.44**	**(66.64)**	**-**	**(366.49)**	**2,28,729.16**

See accompanying notes to the financial statements

As per our report of even date attached.

For Shah Gupta & Co.
Chartered Accountants
Firm's Registration No: 109574W

For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

For and on behalf of Board of Directors of
HDFC Credila Financial Services Limited
CIN No: U67190MH2006PLC159411

Vipul K Choksi
Partner
Membership No: 37606

Rahul Joglekar
Partner
Membership No: 129389

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Chairman
(DIN - 00016304)

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Managing Director & CEO
(DIN - 08386684)

Manjeet Bijlani
Chief Financial Officer
(ACA - 102472)

Akanksha Kandoi
Company Secretary
(FCS - 6883)

Place:- Mumbai
Date:- 1 May 2024

Place:- Mumbai
Date:- 1 May 2024

HDFC Credila Financial Services Limited

Notes to the financial statements

for the year ended 31 March 2024

1. Company Overview

HDFC Credila Financial Services Limited, (the "Company") is engaged in the business of originating, funding and servicing loans for the education of Indian students and in providing ancillary services related to the said business activities. The Company was a wholly owned subsidiary of Housing Development Finance Corporation Limited ("HDFC Limited") till 30 June 2023. Pursuant to the merger of HDFC Limited with HDFC Bank Limited with effect from 01 July 2023, HDFC Bank Limited acquired 15,80,71,185 equity shares of HDFC Credila Financial Services Limited and thereby the Company became a wholly owned subsidiary of HDFC Bank Limited. On 19 March 2024, HDFC Bank Limited sold 14,01,72,180 equity shares to (a) Kopvoorn B.V., ("EQT Group") and (b) Moss Investments Limited, (c) Defati Investments Holding B.V., (d) Infinity Partners, ("ChrysCapital Group") and the Company ceased to be a subsidiary of HDFC Bank Limited. The Company further made a preferential issue of 1,91,28,540 equity shares to EQT Group and ChrysCapital Group on 20 March 2024 post which EQT Group holds 72.01%, ChrysCapital Group holds 18.00% and HDFC Bank Limited holds 9.99% stake in the Company.

The Company is a Non-deposit taking Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India ("RBI"), with Registration No. N-13.01857. Under the scale based regulations for NBFCs, the Company has been classified as NBFC-ML (Middle Layer).

The Company is domiciled in India as a Limited Company having its Registered Office at B 301, Citi Point, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. The Company's Debt Securities are listed on BSE Limited.

2. Basis of Preparation

2.1 Statement of compliance and basis of preparation and presentation of financial statements

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per section 133 of the Companies Act, 2013 (the "Act") and relevant amendment rules issued thereafter ("Ind AS").

The financial statements have been prepared and presented on going concern basis and on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Act and the guidelines issued by the RBI to the extent applicable.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Company presents its Balance Sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 35.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements were approved by the Company's Board of Directors and authorised for issue on 01 May 2024.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency and all values are rounded to the nearest lakh, except when otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value.

Historical cost is generally the amount of cash or cash equivalents paid or the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received on sale of 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. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share based payment, leasing transactions that are within the scope of Ind AS 116 Leases.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Following areas entail a high degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

1. Impairment of financial assets – Note 31 & 8.1.

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 various inputs used and process followed by the Company in measurement of ECL has been detailed in Note 8.1.

2. Effective Interest Rate ("EIR") Method – Note 25 and Note 28

The Company's EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments. This estimation, by nature, requires an element of judgement

HDFC Credila Financial Services Limited
Notes to the financial statements (continued)
for the year ended 31 March 2024

regarding the expected behaviour and life-cycle of the instruments, and fee income/expense that are integral parts of the instrument.

3. Recognition of deferred tax assets; availability of future taxable profits against which tax losses carried forward and unutilised tax breaks can be used – Note 12

4. Measurement of defined benefit obligations; key actuarial assumptions – Note 32

3. Material Accounting Policy Information

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

3.1.1 Interest income - EIR method

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the EIR applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or where appropriate a shorter period to the carrying amount of the financial instrument. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and commission paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at FVTPL, transaction costs are recognised in statement of profit and loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECL).

3.1.2 Net Gain or Loss on Fair Value Changes

The capital gain/loss on mutual fund is recognised in the statement of profit and loss in net gain on fair value changes as and when units of mutual funds are sold. The unsold units of mutual funds are fair valued on reporting date and unrealised gain/loss is recognised in the statement of profit and loss in net gain on fair value changes.

For qualifying fair value hedges, the cumulative change in the fair value of hedging derivatives is recognised in the statement of profit and loss in net gain on fair value changes. The corresponding change in the fair value of the hedged item attributable to the risk hedged is also recognised in the statement of profit and loss in net gain on fair value changes.

3.1.3 Commission income

Income from commission includes [i] fees received from the authorised dealers on referral for foreign exchange services, [ii] income on sourcing of insurance business and [iii] income on sourcing of other

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Notes to the financial statements (continued)

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financial products. The Company recognises commission income in accordance with the terms of the relevant agreement and when it is probable that the Company will collect the consideration.

3.1.4 Other fees

Other fees represent documentation charges, ACH/ECS swap charges, cheque bouncing charges, prepayment charges, penal interest charges and these are recognised as income when the amounts become due and there is no uncertainty in realisation.

3.2 Financial instruments

3.2.1 Recognition and Initial Measurement

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities and borrowings when funds are received by the Company.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities designated at FVTPL are recognised immediately in statement of profit and loss.

3.2.2 Classification and subsequent measurement

Financial Assets

The Company classifies and measures all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit and loss ("FVTPL")

Business model assessment

The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company considers all relevant information and evidence available when making the business model assessment.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassesses its business models at each reporting period to determine whether the business models have changed since the preceding period.

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- **Amortised cost**

The Company measures cash and bank balances, loans, trade receivables and other financial assets at amortised cost if the following condition is met:

- Financial Assets that are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are SPPI.

Solely Payments of Principal and Interest ("SPPI") Test

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meets the SPPI test on the principal outstanding.

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, the period for which the interest rate is set and other factors which are integral to a lending arrangement.

- **Fair value through other comprehensive income**

The Company classifies and measures certain debt instruments at FVOCI when the investments are held within business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test. The Company measures investments in Government and other debt securities, held for the purpose of maintaining the Liquidity Coverage Ratio required by RBI guidelines, at FVOCI.

- **Fair Value through Profit and Loss**

Financial assets at FVTPL are:

- assets with contractual cash flows that do not meet the SPPI test; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in statement of profit and loss.

Subsequent measurement and gains and losses

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt Instruments at FVOCI	These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI is recycled to statement of profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

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Financial liabilities and equity instruments

- **Classification as debt or equity**

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

- **Equity instruments**

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 are recognised at the face value and proceeds received in excess of the face value are recognised as Securities Premium.

- **Financial Liabilities**

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Financial liabilities are classified as measured at amortised cost except the borrowings which are designated as hedged items and are classified and measured at FVTPL or FVOCI.

Subsequent measurement and gains and losses

Financial liabilities, which are classified as measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in profit or loss.

Undrawn commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the first tranche loan draw down till the study period is over or the amount is fully drawn down, whichever is earlier. Undrawn loan commitments form part of the exposure at default considered for the ECL provisions.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 8.1.

3.2.3 Modification and derecognition

Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the

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financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Company provides education loans and some of the terms and conditions of these loans are based on future conditions that are envisaged at the time of the sanctioning / disbursement of the loan, e.g. Study period is based on selection of course / terms and actual completion of study. Due to these conditions, the amount, tenure, etc. of the cash flows from the loans may undergo changes till the starting of EMI on the loan. The change in terms till such time are not considered as modification of financial assets since these are as per the original terms of the loan.

Where a modification does not lead to derecognition, the Company calculates and recognises in the statement of profit and loss, the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance).

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in statement of profit and loss.

3.2.4 Impairment

The Company recognises allowances for ECL for loans to customers, other debt financial assets not measured at FVTPL, along with loan commitments issued, together referred to as 'financial instruments'. Equity instruments are not subject to impairment.

ECL is required to be measured through a loss allowance at an amount equal to:
- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

For certain loans that do not have significant payment obligations in the next 12 months, the Company uses a higher period instead of 12 months to determine the ECL applicable on such loans till the time significant payment obligations are due in the next 12 months. The Company continues to classify these loans as Stage 1 based on its credit risk on the reporting date.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired or whether the credit risk on that financial asset has increased significantly since the initial recognition. A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on

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that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL, subject to the above exception.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12-month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime expected credit loss. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the lifetime expected credit loss.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

Measurement of expected credit losses

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

When estimating ECL for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default ("PD") is the probability of whether the borrowers will default on their obligations in the future which is calculated based on historical default rate summary of past years using the Roll Rate analysis.

The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities after considering the expected disbursement.

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The Loss Given Default ("LGD") is an estimate of the loss from a financial asset given that a default occurs The LGD is computed using the Company's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

Significant increase in credit risk

The Company monitors all financial instruments that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy on loans is not to use the practical expedient for financial assets that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, in the nature of loans and issued loan commitments that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers qualitative information that is reasonable and supportable, including the Company's historical experience and forward-looking information that is available without undue cost or effort, including future prospects of general economic conditions based on forecasts of economic information.

As a back-stop when an asset becomes more than 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is classified in Stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loan due to financial difficulty of the borrower;
- bankruptcy of the borrower.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the PD which affects both the measurement of ECL and the identification of a significant increase in credit risk.

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The Company considers the following as constituting an event of default:
- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators such as overdue status and non-payment on another obligation to the Company of the same counterparty are key inputs in this analysis.

Trade receivables and contract assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

3.2.5 Collateral valuation and repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the Board approved Credit Policy. The Company provides fully secured, partially secured and unsecured education loans to individuals. The parameters relating to acceptability and valuation of each type of collateral is a part of the Credit Policy of the Company.

In case of delinquent customers, the Company liquidates the collateral assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

3.2.6 Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities could result in impairment gains.

3.2.7 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets and
- for loan commitments: as a provision.

3.2.8 Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange risk and interest rate risk. Derivatives held include principal only swaps and interest rate swaps.

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Derivatives are initially recognised at fair value at the date 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 either hedges of the fair value of recognised assets or liabilities (fair value hedges) or 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

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 specified 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.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised

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cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationships is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

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 or 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 other comprehensive income ("OCI") within other equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately 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 upto that time remains in OCI and is recognised in the statement of profit and loss when the underlying hedged item is matured/expired. 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.

3.3 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.4 Property, plant and equipment ("PPE")

Recognition and measurement

PPE is recognised when it is probable that future economic benefits associated with the item are expected to flow to the Company and the cost of the item can be measured reliably. Advances paid in respect of PPE are presented under other non-financial assets. PPE held for use are stated in the balance sheet at original cost net of tax / duty credits availed, less accumulated depreciation and accumulated impairment losses. Administrative or other general overhead expenses and borrowing costs that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the PPE.

PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress".

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Depreciation

Depreciation is recognised using straight line method so as to write off the cost of the assets less their residual values over their estimated useful lives as specified in Schedule II to the Act or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life / residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. The useful life of the property, plant and equipment held by the Company is as follows:

Class of assets	Useful life
Computers*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Motor Cars used other than those used for business of running them on hire	8 years

* For the above class of assets, based on technical advice and the internal assessment done, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the of the Companies Act, 2013.

3.5 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Intangible assets not ready for use on the date of Balance Sheet is disclosed as 'Intangible assets under development'.

Intangible assets are amortised on straight line basis over the estimated useful life of 5 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

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3.6 Impairment of non-financial assets

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.7 Employee benefits

i) Short term employee benefits

The undiscounted amount of employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences.

ii) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident fund

The Company's contribution paid/ payable during the year towards provident fund is charged to statement of profit and loss every year. In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount on a monthly basis at a determined rate to the pension scheme administered by the Regional Provident Fund Commission ("RPFC").

iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity and other post retirement benefits

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Gratuity is a defined benefit plan. The cost of providing benefits is determined annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account

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any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss in curtailment is recognised immediately in statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv) Other long term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability and at the present value of the defined benefit obligation as at the balance sheet date as determined basis Actuarial valuation. The same is charged to the statement of profit and loss.

v) Share-based Payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date. Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

In case of accelerated vesting, the balance amount of fair value of the options is accounted as employee compensation cost on the date of accelerated vesting.

On cancellation / settlement of options, any compensation paid is accounted as deduction from employee stock option reserve upto the fair value of options and any excess is recognised as an expense.

3.8 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:
- the Company has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

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Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent liability is disclosed in case of:
- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Contingent Assets:
Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.9 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in other equity).

Current tax

Current income taxes are determined based on taxable income of the Company. Current tax comprises the expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted by the balance sheet date.

Off-set of Current tax assets and tax liabilities.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.10 Goods and services tax input credit

Goods and services tax input credit asset is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation 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 taxation authority is included as part of receivables or payables in the balance sheet.

3.11 Borrowing costs

Borrowing costs include interest expense calculated using the EIR method and finance charges in respect of assets acquired on finance lease. EIR includes interest and amortization of ancillary cost incurred in connection with the borrowing of funds.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.12 Foreign currencies

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary assets and liabilities are reported at the prevailing closing spot rate. Non monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the statement of profit and loss in the period in which they arise.

3.13 Segments

The Company's main business is providing education loans for higher education in India and abroad. All other activities of the Company revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

3.14 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.15 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- uncalled liability on shares and other investments partly paid;
- funding related commitment to associate and joint venture companies; and
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.16 Lease accounting

The Company follows Ind AS 116 Leases for all long term and material lease contracts.

Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- increased by interest on lease liability;
- reduced by lease payments made; and
- remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 Leases, or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 Leases.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period. The exception permitted in Ind AS 116 Leases for low value assets and short term leases has been adopted by Company, wherever applicable

HDFC Credila Financial Services Limited

Notes to the financial statements
as at 31 March 2024

(Currency: INR in Lakhs)

4 Cash and cash equivalents
See material accounting policy in note no 3.3

	As at 31 March 2024	As at 31 March 2023
Balances with bank		
- In current accounts	**1,759.12**	1,081.09
- In deposits accounts having original maturity less than 3 months	**1,45,349.89**	40,653.65
Total	**1,47,109.01**	41,734.74

Balances with banks in current accounts do not earn any interest. Balance in deposit accounts earn interest at fixed rates for varying periods between seven days and three months. The Company places deposits as per the liquidity management requirement.

Balances with banks in current accounts include amount with related parties Nil (as at 31 March 2023: ₹ 1,079.01 lakhs) and in deposit accounts having original maturity less than 3 months includes amount with related parties Nil (as at 31 March 2023: ₹ 7,131.17 lakhs) [Refer note 37].

5 Bank balances other than cash and cash equivalents
See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
In deposits accounts having original maturity more than 3 months	**65,111.97**	10,018.97
Deposits with banks to the extent held as security against the borrowings and guarantees*	**178.05**	52.76
Total	**65,290.02**	10,071.73

* Deposit of ₹ 25 lakhs (as at 31 March 2023: ₹ 25 lakhs) is marked as lien for bank guarantee given to Unique Identification Authority of India (UIDAI), deposit of ₹ 27.78 lakhs (as at 31 March 2023: ₹ 25 lakhs) is marked as lien for bank guarantee given to BSE Limited and deposit of ₹ 120 lakhs (as at 31 March 2023: Nil) is marked as lien against overdraft and other facilities.

Amount in deposit accounts having original maturity more than 3 months includes amount with related parties Nil (as at 31 March 2023: ₹ 10 lakhs) [Refer note 37].

Fixed deposits with banks earn interest at fixed rate.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

6 Derivative financial instruments

See material accounting policy in note no 3.2

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements.

The table below 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 end of the period and are not indicative of either the market risk or credit risk.

	As at 31 March 2024			As at 31 March 2023		
	Notional Amounts	**Fair Value - Assets**	**Fair Value - Liabilities**	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives:						
-Currency swaps (Principal only swaps)	83,405.00	224.00	-	-	-	-
Subtotal (i)	**83,405.00**	**224.00**	-	-		-
(ii) Interest rate derivatives					-	-
-Interest Rate Swaps (USD/USD)	83,405.00	944.22	-	-	-	-
-Interest Rate Swaps (INR/INR)	1,87,500.00	-	5,881.78	1,87,500.00	-	7,440.14
Subtotal(ii)	**2,70,905.00**	**944.22**	**5,881.78**	**1,87,500.00**	-	**7,440.14**
Total Derivative financial instruments (i)+(ii)	**3,54,310.00**	**1,168.22**	**5,881.78**	**1,87,500.00**	-	**7,440.14**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Interest rate derivatives	1,87,500.00	-	5,881.78	1,87,500.00	-	7,440.14
Subtotal (i)	**1,87,500.00**	-	**5,881.78**	**1,87,500.00**	-	**7,440.14**
(ii) Cash flow hedging:						
- Currency derivatives	83,405.00	224.00	-	-	-	-
- Interest rate derivatives	83,405.00	944.22	-	-	-	-
Subtotal (ii)	**1,66,810.00**	**1,168.22**	-	-	-	-
Total Derivative financial instruments (i)+(ii)	**3,54,310.00**	**1,168.22**	**5,881.78**	**1,87,500.00**	-	**7,440.14**

6.1 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

6.2 Refer note 38.3.2.2 for foreign currency risk.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

7 Trade receivables

See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Trade receivables - unsecured; considered good	**2,036.54**	143.84
Trade receivables - unsecured; which have significant increase in credit risk	-	-
Sub total	**2,036.54**	143.84
Impairment loss allowance	-	-
Total	**2,036.54**	143.84

Trade receivables includes amounts due from the related parties Nil (as at 31 March 2023: ₹ 41.76 lakhs) [Refer note 37].

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivable days past due		**Current**	**1-30 days past due**	**31-60 days past due**	**61-90 days past due**	**91-360 days past due**	**More than 360 days past due**	**Total**
31 March 2024	Estimated total gross carrying amount	866.65	755.42	414.47	-	-	-	2,036.54
	ECL- simplified approach	-	-	-	-		-	-
	Net carrying amount	866.65	755.42	414.47	-	-	-	2,036.54
31 March 2023	Estimated total gross carrying amount	96.19	47.65	-	-	-	-	143.84
	ECL- simplified approach	-	-	-	-	-	-	-
	Net carrying amount	96.19	47.65	-	-	-	-	143.84

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

Trade receivables ageing schedule

As at 31 March 2024

Sr. No.	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Undisputed trade receivables - considered good *	2,036.54	-	-	-	-	2,036.54
ii.	Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii.	Undisputed trade receivables - credit impaired	-	-	-	-	-	-
iv.	Disputed trade receivables - considered good	-	-	-	-	-	-
v.	Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed trade receivables - credit impaired	-	-	-	-	-	-

* Includes unbilled dues of ₹ 15 lakhs

As at 31 March 2023

Sr. No.	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Undisputed trade receivables - considered good *	143.84	-	-	-	-	143.84
ii.	Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii.	Undisputed trade receivables - credit impaired	-	-	-	-	-	-
iv.	Disputed trade receivables - considered good	-	-	-	-	-	-
v.	Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
vi.	Disputed trade receivables - credit impaired	-	-	-	-	-	-

* Includes unbilled dues of Nil

No trade or other receivable is due from directors or other officer of the Company either severally or jointly with any other person. Nor any trade or other receivable is due from firm or private companies in which any director is a partner or director or a member.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

There are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

8 Loans and advances (at amortised cost)

See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Term loans:		
Individual loans	**28,18,719.80**	15,29,765.98
Total – Gross	**28,18,719.80**	15,29,765.98
Less: Impairment loss allowance	**10,398.23**	5,875.92
- Stage 1 & 2	**9,230.38**	4,849.61
- Stage 3	**1,167.85**	1,026.31
Total – Net	**28,08,321.57**	15,23,890.06
(a) Secured by tangible assets	**5,66,527.30**	3,95,726.81
(b) Secured by fixed deposits and marketable securities	**21,447.06**	14,793.80
(c) Unsecured	**22,30,745.44**	11,19,245.37
Total – Gross (B)	**28,18,719.80**	15,29,765.98
Less: Impairment loss allowance*	**10,398.23**	5,875.92
- Stage 1 & 2	**9,230.38**	4,849.61
- Stage 3	**1,167.85**	1,026.31
Total – Net (B)	**28,08,321.57**	15,23,890.06
(I) Loans in India		
(i) Public sector	-	-
(ii) Others		
- Education loans to individuals	**28,18,719.80**	15,29,765.98
Total - Gross (C) (I)	**28,18,719.80**	15,29,765.98
Less: Impairment loss allowance*	**10,398.23**	5,875.92
- Stage 1 & 2	**9,230.38**	4,849.61
- Stage 3	**1,167.85**	1,026.31
Total - Net (C) (I)	**28,08,321.57**	15,23,890.06
(II) Loans outside India	-	-
Total (C) (I + II)	**28,08,321.57**	15,23,890.06

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

8 Loans and advances (at amortised cost) (continued)

a. Loans details

Particulars	Principal	Instalment / Interest O/s	EIR adjustment	Total
As at 31 March 2024				
Individual loans	26,23,473.60	1,93,586.00	1,660.20	28,18,719.80
Total	**26,23,473.60**	**1,93,586.00**	**1,660.20**	**28,18,719.80**
As at 31 March 2023				
Individual loans	14,49,425.77	84,372.75	(4,032.54)	15,29,765.98
Total	**14,49,425.77**	**84,372.75**	**(4,032.54)**	**15,29,765.98**

*Impairment loss allowance does not include ₹ 656.71 lakhs (as at 31 March 2023: ₹ 344.62 lakhs) towards loan commitments. [Refer note 21]

During the current and prior reporting periods, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Loans granted by the Company aggregating to ₹ 5,87,974.36 lakhs (as at 31 March 2023: ₹ 4,10,520.61 lakhs) are secured or partly secured by one or a combination of the following collaterals:

a. Immovable property

b. Fixed deposit and marketable securities

Loans given as security against secured borrowings from banks & financial institutions and non-convertible debentures ₹ 25,86,267.95 lakhs (as at 31 March 2023: ₹ 13,45,690.56 lakhs).

The quarterly asset cover statements filed by the Company with banks and financial institutions as per sanctioned terms and conditions are in agreement with the books of accounts.

The Company has not granted any loans or advances to promoters, directors, KMPs and the related parties that are repayable on demand or without specifying any terms or period of repayment.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

8.1 Expected credit loss ("ECL")

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Because expected credit losses consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

a. Key components of credit risk assessment

The key components of credit risk assessment are:
- Probability of Default ("PD"): represents the likelihood of default over a defined time horizon.
- Exposure at Default ("EAD"): represents how much the counter-party is likely to be borrowing at the time of default.
- Loss Given Default ("LGD"): represents the proportion of EAD that is likely to be lost post-default.
- The ECL is computed as a product of PD, LGD and EAD.

b. Analysis of inputs to the ECL model under multiple economic scenarios

The Company considers PD estimates that have been adjusted using the macro economic overlay. A macroeconomic overlay has been computed taking into account the portfolio specific macroeconomic factors having statistically significant correlation with the default rate and basis the management inputs; that capture the economic conditions of the study country of the borrowers. The Company's macro economic model considers macro economic variables of India, USA, Canada and UK for the respective portfolios. The Company uses management judgement to determine the weights attributable to the three scenarios considered; i.e. a base case, an upside and a downside. The scalar rates applied to the PD have been computed using statistical and regression analysis.

c. Definition and assessment of default

The Company considers the following as constituting an event of default:
• the borrower is past due more than 90 days on any material credit obligation to the Company;
• the accounts identified by the Company as NPA as per regulatory guidelines; or
• the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. Quantitative indicators such as overdue status and non-payment on another obligation to the Company of the same counterparty are key inputs in this analysis.

Loans restructured under the RBI's Resolution Framework for COVID-19-related Stress are not included in the definition of default given that this is a result of disruption caused by the COVID-19 pandemic and is exceptional in nature.

Delinquency buckets have been considered as the primary basis for the staging of all loans with:
- 0-30 days past due loans classified as Stage 1
- 31-90 days past due loans classified as Stage 2 and
- Above 90 days past due loans classified as Stage 3

Along with delinquency buckets; the internally developed criteria to analyse whether there is increase in credit risk or whether the asset is credit impaired are considered for staging of loans.

d. Other Inputs to the ECL Computation

The following inputs are explained in the Material Accounting Policies (Note 3.2.4).
- Significant increase in credit risk of the credit exposure
- ECL computation methodology
- Policy on write off of loan assets

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

8.1 Expected credit loss (continued)

e. Internal grading system

The Company's independent Credit Risk Department operates as per internal rating models. The Company segments its portfolio in a way that customers are rated from 'Standard' to 'NPA' using internal grades. The models incorporates quantitative information specific to the borrower.

The Company's internal credit rating grades:

Internal rating grade	Internal rating description
Standard - No Overdue	Principal or interest payment not overdue
Standard Restructured	Accounts restructured under RBI's Resolution Framework for COVID 19 related Stress
SMA-0	Principal or interest payment overdue between 1-30 days
SMA-1	Principal or interest payment overdue between 31-60 days
SMA-2	Principal or interest payment overdue between 61-90 days
NPA	Principal or interest payment overdue more than 90 days

f. Management overlay in addition to the base expected credit loss provision due to macro-economic factors:

The Company proactively monitors the risks arising as result of adverse macro-economic scenario to safeguard the resilience of the Company's loan portfolio and the overall financial stability. The economic growth prospects are driven by many factors.

As economies were gradually rebounding from recession concerns, renewed escalations between Israel and Iran added further tensions, potentially disrupting global supply chains and driving up crude oil prices. Central banks worldwide are cautious of potential inflationary pressures, which could lead them to defer the impending rate cuts for some time.

Cumulatively, the result of the prevailing conditions can derail the growth prospects of the economies and hence, the credit quality of the loan portfolio may be impacted more than what has been estimated in the base Expected Credit Loss model as at the reporting date. Therefore, the Company reviews the overlay every quarter to mitigate the potential impact on the Company's financial performance.

The Company has created a management overlay of ₹ 3,269.44 lakhs towards the loans where the students who are expected to start servicing their full equated monthly instalments (EMIs) on completion of their moratorium period (study period + grace period) in the next 18 months for Canada, India and UK Portfolios and 15 months for USA and Other Countries Portfolio considering the possible delays in seeking gainful employment in the prevailing economic scenario.

g. Other Management overlay

The Company has identified certain cases as doubtful assets and loss assets, based on the loans being unsecured in nature and requiring 100% provision under the applicable Income Recognition and Asset Classification norms of the RBI. The maximum provision as per the ECL model is limited to the percentage of Loss Given Default, hence the Company has created additional management overlay to provide for 100% provision against these unsecured doubtful and loss Assets.

h. One time restructuring under RBI Resolution Framework

During the year ended 31 March 2022, the Company had restructured loan accounts in accordance with the Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses as per the RBI Circular dated 05 May 2021 (Resolution Framework 2.0). These accounts were reviewed and assessed as having a significant increase in credit risk and were classified as Stage 2 and Stage 3 in accordance with the Company's provisioning policy under the ECL framework. Out of Rs. 1,250.96 lakhs outstanding on 31 March 2023, the loans which were classified as "standard restructured" have been upgraded or repaid and there are no loans outstanding under "standard restructured" category as on 31 March 2024.

Details of resolution plan implemented under the Resolution Framework 1.0 as per RBI circular dated 06 August 2020 and Resolution Framework 2.0 as per RBI circular dated 05 May 2021 are disclosed in note 8.1 (i) and note 40.27.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

8.1 Expected credit loss (continued)

i. Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Standard - No Overdue	28,04,003.94	9,402.24	-	28,13,406.18	15,16,877.50	5,088.76	-	15,21,966.27
Standard Restructured[1]	-	-	-	-	-	561.28	689.68	1,250.96
SMA - 0	2,274.86	20.44	-	2,295.30	4,449.04	12.82	-	4,461.86
SMA - 1	-	655.68	-	655.68	-	188.56	-	188.56
SMA - 2	-	216.27	-	216.27	-	47.75	-	47.75
Non Performing Assets	-	-	2,146.37	2,146.37	-	-	1,850.58	1,850.58
Total	28,06,278.80	10,294.63	2,146.37	28,18,719.80	15,21,326.54	5,899.17	2,540.26	15,29,765.98

[1] Considering the disruption caused by the COVID-19 pandemic the Company had offered one time restructuring to loans eligible under the RBI's Resolution Framework 1.0 & 2.0 during the previous year. The financial assets mentioned above were modified due to said Frameworks and were based on terms and conditions which did not result in substantial modifications in the cash flows and hence, were not derecognised.

The exposure of such accounts; amounting to ₹ 561.28 lakhs and ₹ 689.68 lakhs was presented in Stage 2 and Stage 3 respectively as at 31 March 2023. There are no such accounts outstanding and classified as standard restructured as at 31 March 2024 as the same have been upgraded or repaid.

j. An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to lending is as follows:

Reconciliation of the gross carrying amount:

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	15,21,326.54	5,899.18	2,540.26	15,29,765.98	8,73,902.94	4,840.86	5,061.57	8,83,805.37
Transfers during the year								
transfers to Stage 1	7,617.75	(6,611.36)	(1,006.39)	-	7,778.72	(5,462.57)	(2,316.15)	-
transfers to Stage 2	(6,801.07)	6,827.52	(26.45)	-	(9,350.23)	9,424.94	(74.71)	-
transfers to Stage 3	(373.05)	(720.39)	1,093.44	-	(488.54)	(330.06)	818.60	-
	443.63	(504.23)	60.60	-	(2,060.05)	3,632.31	(1,572.26)	-
Increase in EAD - new assets originated or purchased/ further increase in existing assets (net)	15,68,937.63	6,530.59	165.90	15,75,634.13	8,69,546.12	3,236.09	290.88	8,73,410.58
Assets repaid in part or full (excluding write offs)	(2,84,429.00)	(1,630.92)	(476.27)	(2,86,536.19)	(2,20,062.47)	(5,810.07)	(1,219.11)	(2,27,429.15)
Amounts written off [1]	-	-	(144.12)	(144.12)	-	-	(20.82)	(20.82)
Gross carrying amount closing balance	28,06,278.80	10,294.63	2,146.37	28,18,719.79	15,21,326.54	5,899.18	2,540.26	15,29,765.98

[1] The amounts written off presented above are subject to enforcement activity.

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(Currency: INR in Lakhs)

k. **An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to lending is as follows** (continued)

Reconciliation of impairment loss allowance on gross carrying value of loan is given below:

Particulars	For the year ended 31 March 2024				For the year ended 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	3,458.12	1,391.49	1,026.31	5,875.92	2,527.39	863.66	1,730.10	5,121.15
Changes in ECL due to -								
Transfers during the year								
transfers to Stage 1	1,796.77	(1,547.21)	(249.56)	-	1,592.75	(1,023.14)	(569.61)	-
transfers to Stage 2	(6.73)	16.39	(9.66)	-	(7.19)	30.03	(22.84)	-
transfers to Stage 3	(0.25)	(147.85)	148.10	-	(0.31)	(49.47)	49.78	-
	1,789.79	(1,678.67)	(111.12)	-	1,585.25	(1,042.58)	(542.67)	-
ECL remeasurements due to changes in EAD / assumptions [Net]	(152.67)	2,953.38	23.69	2,824.39	(606.40)	1,570.41	(130.00)	834.01
Management Overlay	1,468.95	-	228.97	1,697.92	(48.12)	-	(31.12)	(79.24)
Impairment loss allowance - closing balance	6,564.19	2,666.20	1,167.85	10,398.23	3,458.12	1,391.49	1,026.31	5,875.92

The increase in impairment loss allowance of the portfolio was driven by an increase in the gross size of the portfolio, movements between stages as a result of increase in credit risk and changes to the PD and LGD inputs during the year.

Reconciliation of impairment loss allowance on undisbursed commitments is given below:

Particulars	For the year ended 31 March 2024				For the year ended 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	314.05	30.57	-	344.62	92.01	17.69	-	109.70
Transfers during the year								
transfers to Stage 1	17.24	(17.24)	-	-	9.35	(9.35)	-	-
transfers to Stage 2	(39.94)	39.94	-	-	(23.08)	23.08	-	-
transfers to Stage 3	-	-	-	-	-	(0.06)	0.06	-
	(22.70)	22.70	-	-	(13.73)	13.67	0.06	-
ECL remeasurements due to changes in EAD / assumptions [Net]	312.30	(0.21)	-	312.09	235.77	(0.79)	(0.06)	234.92
Impairment loss allowance - closing balance	603.65	53.06	-	656.71	314.05	30.57	-	344.62

The provision referred above was computed based on amount of undisbursed commitment of ₹ 3,85,034.08 lakhs (as at 31 March 2023: ₹ 2,13,627.69 lakhs).

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

9 Investments
See material accounting policy in note no 3.2

	As at 31 March 2024 At fair value			As at 31 March 2023 At fair value		
	Through other comprehensive income	**Through profit or loss**	**Total**	Through other comprehensive income	Through profit or loss	Total
Investment in mutual funds	-	2,501.26	**2,501.26**	-	20,162.60	20,162.60
Investment in Government Securities	1,10,033.85	-	**1,10,033.85**	39,036.38	-	39,036.38
Total - Gross (A)	**1,10,033.85**	**2,501.26**	**1,12,535.11**	39,036.38	20,162.60	59,198.98
Investments in India	**1,10,033.85**	**2,501.26**	**1,12,535.11**	39,036.38	20,162.60	59,198.98
Investments outside India	-	-	-	-	-	-
Total - Gross (B)	**1,10,033.85**	**2,501.26**	**1,12,535.11**	39,036.38	20,162.60	59,198.98
Less: Allowance for impairment loss (Expected credit loss) (C)	-	-	-	-	-	-
Total – Net (D) = (A - C)	**1,10,033.85**	**2,501.26**	**1,12,535.11**	39,036.38	20,162.60	59,198.98

10 Other financial assets
See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Security deposits - unsecured; considered good*	**512.29**	262.78
Other loan & advances - advances to employees	**35.81**	23.38
MTM on derivative - Credit Support Annexure (CSA)	**4,517.01**	-
Amounts receivable on swaps and other derivatives	**1,714.02**	1,647.78
Other financial assets**	**498.05**	-
Total	**7,277.18**	1,933.94

* Security deposits includes Nil (as at 31 March 2023: ₹ 2 lakhs) towards related parties [Refer note 37].

** Other financial assets includes ₹ 100.99 lakhs (as at 31 March 2023: Nil) towards related parties [Refer note 37].

11 Current tax assets (net)
See material accounting policy in note no 3.9

	As at 31 March 2024	As at 31 March 2023
Advance tax (net of provision)	**362.07**	228.18
Total	**362.07**	228.18

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

12 Deferred tax

See material accounting policy in note no 3.9

The following table shows deferred tax assets (net) recorded in the balance sheet and changes in deferred tax recorded in the statement of profit and loss and other comprehensive income:

a. FY 2023-24

Particulars	Deferred tax assets As at 31 March 2024	Deferred tax liabilities As at 31 March 2024	Changes in deferred tax recorded in statement of profit and loss for the year ended 31 March 2024	Changes in deferred tax recorded in other comprehensive income for the year ended 31 March 2024
Depreciation on property, plant and equipment and intangible assets	-	16.08	(11.52)	-
Application of effective interest rate on financial assets	2,282.64	-	551.43	-
Application of effective interest rate on financial liabilities	-	1,756.46	(1,174.49)	-
Impairment on financial instruments	2,510.04	-	1,172.98	-
Provisions for employee benefits	134.15	-	18.37	13.94
Right of use assets & lease liabilities	55.13	-	27.04	-
Derivative financial assets	-	237.64	-	(237.64)
Derivative financial liabilities	1,480.33	-	(391.80)	-
Employee share based payments expenses	-	-	(294.86)	-
Fair valuation / revaluation of financial liabilities	-	1,417.83	339.92	-
Unrealised (gain) / loss on investments	-	0.35	7.10	-
Fair valuation of investments	-	25.73	-	(149.54)
Total	**6,462.29**	**3,454.09**	**244.17**	**(373.24)**
Net deferred tax asset as at 31 March 2024		**3,008.20**		

b. FY 2022-23

Particulars	Deferred tax assets As at 31 March 2023	Deferred tax liabilities As at 31 March 2023	Changes in deferred tax recorded in statement of profit and loss for the year ended 31 March 2023	Changes in deferred tax recorded in other comprehensive income for the year ended 31 March 2023
Depreciation on property, plant and equipment and intangible assets	-	4.56	(10.46)	-
Application of effective interest rate on financial assets	1,731.21	-	855.41	-
Application of effective interest rate on financial liabilities	-	581.95	(280.24)	-
Impairment on financial instruments	1,337.06	-	254.08	-
Provisions for employee benefits	101.84	-	9.56	7.93
Right of use assets & lease liabilities	28.09	-	12.20	-
Derivative financial assets	-	-	-	59.03
Derivative financial liabilities	1,872.13	-	71.24	-
Employee share based payments expenses	294.86	-	294.86	-
Fair valuation / revaluation of financial liabilities	-	1,757.75	(6.70)	-
Unrealised (gain) / loss on investments	-	7.45	4.07	-
Fair valuation of investments	123.81	-	-	87.54
Total	**5,489.00**	**2,351.71**	**1,204.02**	**154.50**
Net deferred tax asset as at 31 March 2023		**3,137.29**		

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as at 31 March 2024

(Currency: INR in Lakhs)

13 Property, plant and equipment & intangible assets

The changes in the carrying value of property, plant and equipment & intangible assets for the year ended 31 March 2024 are as follows:

	Particulars	Gross Block				Accumulated depreciation/amortisation				Net Block	
		As at 01 April 2023	Additions during the year	Deletions/ Write-offs during the year	As at 31 March 2024	As at 01 April 2023	For the year	Deletions/ Write-offs during the year	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023
A	**Tangible assets:**										
	Office equipment	155.13	22.77	1.63	176.27	90.10	19.62	1.59	108.13	68.13	65.03
	Computers	703.51	274.49	60.78	917.22	262.57	191.56	53.18	400.95	516.28	440.94
	Furniture & fixtures	165.83	9.15	7.07	167.91	47.69	17.36	4.53	60.52	107.39	118.14
	Vehicles	41.74	-	-	41.74	2.87	5.22	-	8.09	33.65	38.87
	Right of use assets (Buildings)	2,601.72	2,849.32	157.22	5,293.82	1,032.67	898.04	7.99	1,922.72	3,371.10	1,569.06
	Sub-total (A)	**3,667.93**	**3,155.73**	**226.70**	**6,596.96**	**1,435.90**	**1,131.80**	**67.29**	**2,500.41**	**4,096.55**	**2,232.04**
B	**Intangible assets:**										
	Other software	84.50	169.95	-	254.45	82.90	9.82	-	92.72	161.73	1.60
	Sub-total (B)	**84.50**	**169.95**	-	**254.45**	**82.90**	**9.82**	-	**92.72**	**161.73**	**1.60**
C	**Capital work in progress (C)**	-	**451.98**	-	**451.98**	-	-	-	-	**451.98**	-
D	**Intangible assets under development (D)**	**1,138.11**	**1,905.31**	-	**3,043.42**	-	-	-	-	**3,043.42**	**1,138.11**
	Total (A+B+C+D)	**4,890.54**	**5,682.97**	**226.70**	**10,346.81**	**1,518.80**	**1,141.62**	**67.29**	**2,593.13**	**7,753.68**	**3,371.75**

The changes in the carrying value of property, plant and equipment & intangible assets for the year ended 31 March 2023 are as follows:

	Particulars	Gross Block				Accumulated depreciation/amortisation				Net Block	
		As at 01 April 2022	Additions during the year	Deletions/ Write-offs during the year	As at 31 March 2023	As at 01 April 2022	For the year	Deletions/ Write-offs during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
A	**Tangible assets:**										
	Office equipment	97.44	59.03	1.34	155.13	74.27	17.11	1.28	90.10	65.03	23.17
	Computers	370.36	354.05	20.89	703.51	169.93	113.52	20.88	262.57	440.94	200.43
	Furniture & fixtures	81.62	84.32	0.10	165.84	34.44	13.33	0.08	47.69	118.14	47.18
	Vehicles	-	41.74	-	41.74	-	2.87	-	2.87	38.87	-
	Right of use assets (Buildings)	1,647.94	1,101.44	147.66	2,601.72	594.41	521.12	82.86	1,032.67	1,569.05	1,053.53
	Sub-total (A)	**2,197.36**	**1,640.58**	**169.99**	**3,667.94**	**873.05**	**667.95**	**105.10**	**1,435.90**	**2,232.04**	**1,324.31**
B	**Intangible assets:**										
	Other software	84.50	-	-	84.50	72.21	10.69	-	82.90	1.60	12.29
	Sub-total (B)	**84.50**	-	-	**84.50**	**72.21**	**10.69**	-	**82.90**	**1.60**	**12.29**
C	**Capital work in progress (C)**	-	-	-	-	-	-	-	-	-	-
C	**Intangible assets under development (D)**	**174.47**	**963.64**	-	**1,138.11**	-	-	-	-	**1,138.11**	**174.47**
	Total (A+B+C+D)	**2,456.33**	**2,604.22**	**169.99**	**4,890.55**	**945.26**	**678.64**	**105.10**	**1,518.80**	**3,371.75**	**1,511.07**

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Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

13 Intangible assets under development aging schedule

As at 31 March 2024

Sr. No.	Particulars	Amount in intangible assets under development for a period of				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Projects in progress	1,905.31	963.64	174.47	-	3,043.42
ii.	Projects temporarily suspended	-	-	-	-	-

Note: There are no intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

As at 31 March 2023

Sr. No.	Particulars	Amount in intangible assets under development for a period of				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Projects in progress	963.64	174.47	-	-	1,138.11
ii.	Projects temporarily suspended	-	-	-	-	-

Note: There are no intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan.

14 Other non financial assets

See material accounting policy in note no 3.10

	As at 31 March 2024	As at 31 March 2023
Unsecured; considered good		
Prepaid expenses *	**356.48**	245.97
Receivable from government authorities	**1,255.58**	617.53
Others #	**123.20**	30.42
Total	**1,735.26**	893.92

* Prepaid expenses includes Nil (as at 31 March 2023: ₹ 42.04 lakhs) towards related parties [Refer note 37].

Others includes Nil (as at 31 March 2023: ₹ 1.31 lakhs) due from related parties [Refer note 37].

15 Trade payables

	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	**25.65**	18.64
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payable to vendors	**208.09**	233.08
- Accrued expenses	**2,410.78**	1,810.26
Total	**2,644.52**	2,061.98

Trade payables includes Nil (as at 31 March 2023: ₹ 633.46 lakhs) due to related parties [Refer note 37].

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Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

15 Trade payables (continued)

Trade payables include ₹ 25.65 lakhs (as at 31 March 2023: ₹ 18.64 lakhs) payable to suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below.

	As at 31 March 2024	As at 31 March 2023
a) Amount outstanding but not due as at year end	-	-
b) Amount due but unpaid as at the year end	**25.65**	18.64
c) Amounts paid after appointed date during the year	-	-
d) Amount of interest accrued and unpaid as at year end	-	-
e) The amount of further interest due and payable even in the succeeding year	-	-
Total	**25.65**	18.64

Trade payables aging schedule

As at 31 March 2024

Sr. No.	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Micro, Small and Medium Enterprises ("MSME")	25.65	-	-	-	**25.65**
ii.	Others	208.09	-	-	-	**208.09**
iii.	Disputed dues - MSME	-	-	-	-	-
iv.	Disputed dues - Others	-	-	-	-	-
v.	Accrued expenses	2,265.48	131.69	9.64	3.97	**2,410.78**
vi.	**Total**	**2,499.22**	**131.69**	**9.64**	**3.97**	**2,644.52**

As at 31 March 2023

Sr. No.	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
i.	Micro, Small and Medium Enterprises ("MSME")	18.64	-	-	-	**18.64**
ii.	Others	233.08	-	-	-	**233.08**
iii.	Disputed dues - MSME	-	-	-	-	-
iv.	Disputed dues - Others	-	-	-	-	-
v.	Accrued expenses	1,726.90	44.03	20.65	18.68	**1,810.26**
vi.	**Total**	**1,978.62**	**44.03**	**20.65**	**18.68**	**2,061.98**

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Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

16 Debt securities

See material accounting policy in note no 3.2

	As at 31 March 2024		As at 31 March 2023	
	FVTPL	**Amortised Cost**	FVTPL	Amortised Cost
Secured non convertible debentures	**1,31,541.85**	**1,74,768.52**	1,30,647.15	1,94,771.28
Commercial paper	-	**1,13,763.63**	-	26,982.27
Total (A)	**1,31,541.85**	**2,88,532.15**	1,30,647.15	2,21,753.55
Debt securities in India	**1,31,541.85**	**2,88,532.15**	1,30,647.15	2,21,753.55
Debt securities outside India	-	-	-	-
Total (B) to tally with (A)	**1,31,541.85**	**2,88,532.15**	1,30,647.15	2,21,753.55

16.1 **Terms of nominal value of debentures and repayment terms as at 31 March 2024**

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Debt securities					
Secured non-convertible debentures					
5.99% - 7.00%	-	-	19,987.01	-	**19,987.01**
7.01% - 8.00%	19,989.41	-	19,982.51	59,931.33	**99,903.25**
8.01% - 9.00%	9,997.92	-	29,933.97	1,19,822.52	**1,59,754.41**
Benchmark linked (3 months T-Bill)	29,992.53	-	-	-	**29,992.53**
Total	**59,979.86**	-	**69,903.49**	**1,79,753.85**	**3,09,637.20**
Commercial paper					
7.01% - 8.00%	-	-	-	-	-
8.01% - 9.00%	1,13,763.63	-	-	-	**1,13,763.63**
Total	**1,13,763.63**	-	-	-	**1,13,763.63**
Total debt securities	**1,73,743.49**	-	**69,903.49**	**1,79,753.85**	**4,23,400.83**

The above table does not include unrealised gain of ₹ 3,326.83 lakhs on fair valuation of non-convertible debentures designated at FVTPL.

Terms of nominal value of debentures and repayment terms as at 31 March 2023

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Debt securities					
Secured non-convertible debentures					
5.99% - 7.00%	19,997.53	-	19,983.85	-	**39,981.38**
7.01% - 8.00%	-	19,977.52	-	79,904.64	**99,882.16**
8.01% - 9.00%	-	9,988.21	29,940.44	1,19,823.28	**1,59,751.93**
Benchmark linked (3 months T-Bill)	-	29,985.33	-	-	**29,985.33**
Total	**19,997.53**	**59,951.06**	**49,924.29**	**1,99,727.92**	**3,29,600.80**
Commercial paper					
7.01% - 8.00%	9,727.91	-	-	-	**9,727.91**
8.01% - 9.00%	17,254.36	-	-	-	**17,254.36**
Total	**26,982.27**	-	-	-	**26,982.27**
Total debt securities	**46,979.80**	**59,951.06**	**49,924.29**	**1,99,727.92**	**3,56,583.07**

The above table does not include unrealised gain of ₹ 4,182.36 lakhs on fair valuation of non-convertible debentures designated at FVTPL.

All secured non convertible debentures are secured by pari-passu charge on education loan receivables and have bullet repayment on maturity date.

All commercial papers are unsecured and have bullet repayment on maturity date.

During the year, the Company raised Nil (previous year: ₹ 1,25,000 lakhs) through issue of long term, secured, non-convertible debentures.

The Company has used the funds raised through debt securities for the purpose for which it was taken.

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Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

17 Borrowings (other than debt securities) - at amortised cost
See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Secured		
Term loans from banks	**18,47,961.11**	8,46,298.38
Term loans from other parties	**44,567.46**	39,975.23
External commercial borrowing	**82,296.37**	-
Loans repayable on demand from banks	**44,900.00**	-
Total (A)	**20,19,724.94**	8,86,273.61
Borrowings in India	**19,37,428.57**	8,86,273.61
Borrowings outside India	**82,296.37**	-
Total (B) to tally with (A)	**20,19,724.94**	8,86,273.61

17 **Terms of borrowings and repayment as at 31 March 2024**

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Borrowings (Other than debt securities)					
Term loans from banks					
7.01% - 8.00%	-	-	-	-	-
8.01% - 9.00%	2,30,190.51	6,06,515.00	3,71,370.29	1,19,570.92	**13,27,646.72**
9.01% - 10.00%	1,47,273.20	2,64,669.89	1,45,462.69	7,476.06	**5,64,881.84**
Total	**3,77,463.71**	**8,71,184.89**	**5,16,832.98**	**1,27,046.98**	**18,92,528.57**
Overdrafts & working capital demand loans from banks					
8.01% - 9.00%	44,900.00	-	-	-	**44,900.00**
Total	**44,900.00**	-	-	-	**44,900.00**
External commercial borrowing (ECBs)					
3 Month SOFR + 100 bps to 160 bps	-	82,296.37	-	-	**82,296.37**
Total	-	**82,296.37**	-	-	**82,296.37**
Total borrowings (Other than debt securities)	**4,22,363.71**	**9,53,481.26**	**5,16,832.98**	**1,27,046.98**	**20,19,724.94**

Terms of borrowings and repayment as at 31 March 2023

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Borrowings (Other than debt securities)					
Term loans from banks					
7.01% - 8.00%	13,281.98	75,967.30	55,308.93	24,976.55	**1,69,534.76**
8.01% - 9.00%	84,274.58	3,21,503.44	2,37,596.62	73,364.21	**7,16,738.85**
9.01% - 10.00%					-
Total	**97,556.56**	**3,97,470.74**	**2,92,905.55**	**98,340.76**	**8,86,273.61**
Overdrafts & working capital demand loans from banks					
8.01% - 9.00%	-	-	-	-	-
Total	-	-	-	-	-
External commercial borrowing (ECBs)					
3 Month SOFR + 100 bps to 160 bps	-	-	-	-	-
Total	-	-	-	-	-
Total borrowings (Other than debt securities)	**97,556.56**	**3,97,470.74**	**2,92,905.55**	**98,340.76**	**8,86,273.61**

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

17 Terms of borrowings and repayment as at 31 March 2024 (continued)

All term loans from banks and financial institutions, working capital demand loans and ECBs are secured by pari-passu charge on the education loan receivables of the Company.

The borrowings have not been guaranteed by directors or others. Also there is no default in repayment of borrowings and interest thereon.

Term loans and working capital demand loans are borrowed at floating rate of interest.

Term loans are repayable in quarterly/half yearly installments after moratorium period and ECBs had bullet repayment on maturity date.

The Company has availed External Commercial Borrowing (ECBs) of USD 100 million for further lending of education loans as per the ECB guidelines issued by RBI from time to time. The borrowing has a maturity of three years. In terms of RBI guidelines, borrowings have been swapped into rupees by way of principal only swaps. The coupon on the borrowing is hedged through interest rate swap. The currency exposure on the interest on ECBs has not been hedged.

The Company has used the borrowings from the banks and the financial institutions for the purpose for which it was taken.

18 Subordinated liabilities

See material accounting policy in note no 3.2

	As at 31 March 2024		As at 31 March 2023	
	FVTPL*	**Amortised Cost**	FVTPL*	Amortised Cost
Subordinated Tier II non convertible debentures	**33,282.61**	**73,511.68**	32,921.16	37,406.74
Perpetual debt instruments to the extent that do not qualify as equity	**16,824.36**	**39,865.03**	16,670.09	39,849.83
Total (A)	**50,106.97**	**1,13,376.71**	49,591.25	77,256.57
Subordinated liabilities in India	**50,106.97**	**1,13,376.71**	49,591.25	77,256.57
Subordinated liabilities outside India	-	-	-	-
Total (B) to tally with (A)	**50,106.97**	**1,13,376.71**	49,591.25	77,256.57

* Also refer note no 36

18.1 Terms of borrowings and repayment as at 31 March 2024

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Subordinated liabilities					
Subordinated debts					
8.01% - 9.00%	-	-	9,985.71	37,413.80	**47,399.51**
9.01% - 10.00%	-	9,993.65	-	51,056.59	**61,050.24**
Total	-	**9,993.65**	**9,985.71**	**88,470.39**	**1,08,449.75**
Perpetual debt instruments					
8.01% - 9.00%	-	-	4,990.36	29,867.92	**34,858.28**
9.01% - 10.00%	-	-	7,487.79	-	**7,487.79**
10.01% - 11.00%	4,998.18	4,997.36	-	-	**9,995.54**
11.01% - 12.00%	4,998.93	-	-	-	**4,998.93**
Total	**9,997.11**	**4,997.36**	**12,478.15**	**29,867.92**	**57,340.54**
Total subordinated liabilities	**9,997.11**	**14,991.01**	**22,463.86**	**1,18,338.31**	**1,65,790.29**

The above table does not include unrealised gain of ₹ 1,655.46 lakhs on fair valuation of subordinated debts designated at FVTPL and unrealised gain of ₹ 651.15 lakhs on fair valuation of perpetual debt instruments designated at FVTPL.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

18.1 Terms of borrowings and repayment as at 31 March 2023

Particulars	0-1 year	1-3 years	3-5 years	> 5 years	Total
Subordinated liabilities					
Subordinated debts					
8.01% - 9.00%	-	-	9,982.53	37,406.74	**47,389.27**
9.01% - 10.00%	-	9,988.66	-	14,952.68	**24,941.34**
Total	-	**9,988.66**	**9,982.53**	**52,359.42**	**72,330.61**
Perpetual debt instruments					
8.01% - 9.00%	-	-	4,988.22	29,857.77	**34,845.99**
9.01% - 10.00%	-	-	-	7,485.48	**7,485.48**
10.01% - 11.00%	-	9,991.54	-	-	**9,991.54**
11.01% - 12.00%	-	4,995.92	-	-	**4,995.92**
Total	-	**14,987.46**	**4,988.22**	**37,343.25**	**57,318.93**
Total subordinated liabilities	-	**24,976.12**	**14,970.75**	**89,702.67**	**1,29,649.54**

The above table does not include unrealised gain of ₹ 2,002.71 lakhs on fair valuation of subordinated debts designated at FVTPL and unrealised gain of ₹ 799.01 lakhs on fair valuation of perpetual debt instruments designated at FVTPL.

All subordinated liabilities are unsecured and have bullet repayment on maturity date.

₹ 35,656.46 lakhs (previous year ₹ 20,097.08 lakhs) of perpetual debt instrument qualifies as Tier I capital under RBI guidelines.

As at 31 March 2024, the Company's outstanding subordinated debt is ₹ 1,06,794.29 lakhs (as at 31 March 2023: ₹ 70,327.90 lakhs). These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II capital under RBI guidelines for assessing capital adequacy. Based on balance term to maturity as at 31 March 2024, 89% (as at 31 March 2023: 89%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of the capital adequacy computation.

During the year, the long-term ratings outlook was placed on "Watch with Developing Implication" in April 2023 considering the clarification received by HDFC Bank Limited to reduce the shareholding in the Company to 10%. Post the announcement of stake sale to investor consortium of EQT and ChrysCapital in June 2023 the rating outlook was changed to "Watch with Negative Implication". Following to the consummation of the acquisition of 90.01% stake in the Company by investor consortium of EQT and ChrysCapital in March 2024, the Rating Agencies have resolved the watch and revised the rating. Accordingly, the Company has issued debt securities and subordinated liabilities of ₹ 36,500 lakhs only during the year as against ₹ 2,70,975 lakhs required under SEBI circular SEBI/HO/DDHS/CIR/P/2021/613 dated 10 August 2021.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

19 Other financial liabilities
See material accounting policy in note no 3.2 & 3.16

	As at 31 March 2024	As at 31 March 2023
Interest accrued but not due on borrowing	**22,242.27**	17,815.21
Amounts payable on swaps and other derivatives	**324.59**	-
MTM on derivative - Credit Support Annexure (CSA)	**715.78**	-
Instalments on education loans received in advance (including interest received in advance)	**267.76**	235.36
Lease liabilities [Refer Note 19.1]	**3,590.16**	1,680.66
Other financial liabilities	**286.70**	252.43
Total	**27,427.26**	19,983.66

19 Operating leases:
See material accounting policy in note no 3.16

In accordance with the Ind AS 116 on "Leases", the following disclosures in respect of operating leases are made:

The Company has acquired its office premises on operating lease basis for periods ranging from 1 year to 9 years.

The Company has recognised lease liabilities and right to use assets as follows:

Particulars	**As at 31 March 2024**	As at 31 March 2023
I. Lease liabilities		
Opening balance	1,680.66	1,116.66
Add: Lease liabilities recognised during the year	2,819.72	1,095.93
Less: Lease liabilities written off during the year	(150.75)	(66.26)
Add: Interest accrued on lease liabilities	227.91	106.21
Less: Lease payments	(987.38)	(571.88)
Closing balance of lease liabilities	**3,590.16**	**1,680.66**
II. Right of use assets (RoU assets)		
Opening balance	1,569.05	1,053.53
Add: RoU assets recognised during the year	2,849.32	1,101.44
Less: RoU assets written off during the year	(149.23)	(64.79)
Less: Depreciation on RoU assets	(898.04)	(521.12)
Closing balance of RoU assets	**3,371.10**	**1,569.06**

Lease liabilities and lease cash flows

Particulars	**As at 31 March 2024**	As at 31 March 2023
Maturity analysis- contractual undiscounted cash flows		
Less than one year	1,195.15	761.26
One to five years	2,857.26	1,152.30
More than five years	264.93	1.58
Total undiscounted lease liabilities	**4,317.34**	**1,915.14**
Lease liabilities included in the financial statements	**3,590.16**	**1,680.66**

Amount recognised in statement of profit or loss

Particulars	**For the year ended 31 March 2024**	For the year ended 31 March 2023
Interest on lease liabilities charged to finance cost	227.91	106.21
Depreciation charge for the period on RoU assets	898.04	521.12
Expense relating to short-term leases	102.71	69.77
Total	**1,228.66**	**697.10**

Cash out flow on account of lease payments is ₹ ₹1090.08 lakhs (for previous year ₹ 641.65 lakhs)

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

20 Current tax liability (net)
See material accounting policy in note no 3.9

	As at 31 March 2024	As at 31 March 2023
Provision for income tax (Net of advance tax)	-	506.84
Total	-	506.84

21 Provisions
See material accounting policy in note no 3.8

	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits		
- Gratuity	**484.21**	366.51
- Compensated absences	**48.86**	38.17
	533.07	404.68
Provision for expected credit loss on undisbursed commitment	**656.71**	344.62
	656.71	344.62
Total	**1,189.78**	749.30

22 Other non financial liabilities

	As at 31 March 2024	As at 31 March 2023
Origination fees received in advance*	**5,027.03**	2,781.87
Statutory dues	**4,270.29**	563.41
Employee benefit payable	**2,537.10**	1,485.97
Total	**11,834.42**	4,831.25

*This amount pertains to origination fees received on sanctioned loans pending disbursements, which is currently not forming integral part of the financial assets - loans and not getting amortized as per effective interest rate method.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

23 Share capital

See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Authorised		
30,00,00,000 (previous year 20,00,00,000) Equity shares of ₹ 10 each	**30,000.00**	20,000.00
Total	**30,000.00**	20,000.00
Issued, subscribed and fully paid up		
17,91,69,225 (previous year 14,77,99,725) Equity shares of ₹ 10 each	**17,916.92**	14,779.97
Total	**17,916.92**	14,779.97

23.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	**₹ in lakh**	Number	₹ in lakh
Equity shares				
At the beginning of the year	**14,77,99,725**	**14,779.97**	13,17,98,226	13,179.82
Issued during the year against Rights Issue*	1,02,71,460	1,027.15	1,60,01,499	1,600.15
Issued during the year against ESOP-22 scheme**	19,69,500	196.95	-	-
Issued during the year against Preferential Issue***	1,91,28,540	1,912.85	-	-
At the end of the year	**17,91,69,225**	**17,916.92**	14,77,99,725	14,779.97
Issued and subscribed share capital	**17,91,69,225**	**17,916.92**	14,77,99,725	14,779.97

*During the year, the Company had allotted 10,271,460 equity shares of face value ₹ 10 each to HDFC Bank Limited [erstwhile Housing Development Finance Corporation Limited ("HDFC Limited")], amounting to ₹ 70,000.00 lakhs on 29 June 2023, including premium of ₹ 671.50 per share, pursuant to a rights issue.

**The Company has on 06 March 2024 allotted 19,69,500 equity shares of the face value of ₹ 10 each to the eligible employees of the Company under ESOP-2022 scheme, as amended from time to time.

***During the year, the Company had allotted 1,53,02,832 equity shares to Kopvoorn B.V. ("EQT Group") and 34,69,507 equity shares to Moss Investments Limited, 1,98,144 equity shares to Defati Investments Holding B.V., 1,58,057 equity shares to Infinity Partners ("ChrysCapital Group") amounting to ₹ 1,30,361.00 lakhs on 20 March 2024, including premium of ₹ 671.50 per share, pursuant to a preferential issue.

The equity shares issued and allotted as aforesaid rank pari passu with the existing equity shares of the Company in all respect.

23.2 Details of shareholders holding more than 5 percent shares in the Company are given below:

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	**% shareholding**	Number	% shareholding
Equity shares held by				
Kopvoorn B.V.	**12,90,16,176**	**72.01%**	-	-
Moss Investments Limited	**2,92,50,961**	**16.33%**	-	-
HDFC Bank Limited (erstwhile HDFC Limited)*	**1,78,99,005**	**9.99%**	14,77,99,725	100.00%
Total	**17,61,66,142**	**98.33%**	14,77,99,725	100.00%

* including the shares held by nominee shareholders on behalf of HDFC Bank Limited

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

23.3 Details of shareholding of promoters are given below:

As at 31 March 2024

Shares held by promoter are as below:				% Change during the year
Sr. No.	**Promoter name**	**No. of shares**	**% of total shares**	
i.	HDFC Bank Limited (erstwhile HDFC Limited)* (upto 18 March 2024)	1,78,99,005	9.99%	-90.01%
	Total	**1,78,99,005**	**9.99%**	**-90.01%**

As at 31 March 2023

Shares held by promoter are as below:				% Change during the year
Sr. No.	**Promoter name**	**No. of shares**	**% of total shares**	
i.	HDFC Bank Limited (erstwhile HDFC Limited)*	14,77,99,725	100.00%	Nil
	Total	**14,77,99,725**	**100.00%**	**Nil**

* including the shares held by nominee shareholders on behalf of HDFC Bank Limited

23.4 ***Terms and rights attached to equity shares***

The Company has only one class of equity shares having par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. 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.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the 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 Company has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of five financial years.

24 Other equity

See material accounting policy in note no 3.2

	As at 31 March 2024	As at 31 March 2023
Capital reserve	**109.46**	109.46
Securities premium	**3,26,020.52**	1,21,636.04
Statutory reserve	**32,897.00**	22,319.65
Retained earnings	**1,24,993.76**	82,649.10
Employee stock options reserve	**278.00**	1,171.58
Impairment reserve	**1,641.11**	1,276.44
Other comprehensive income		
- Remeasurement of the defined benefit plans	**(108.09)**	(66.64)
- Effective portion of cash flow hedges	**511.26**	-
- Fair value of investments	**76.54**	(366.49)
Total	**4,86,419.56**	2,28,729.14

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

24.1 Nature of reserves

Capital reserve: It was created on account of non convertible debentures issue cost which were transferred to securities premium account (during the financial year 2016-17).

Securities premium reserve: Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of redeemable preference shares or debentures, write-off of expenses on issue of equity shares, etc.

Statutory reserve: It has been created in terms of Section 45-IC (1) of the Reserve Bank of India Act, 1931 ("RBI Act") and the Company transfers at least 20% of its net profits every year to this reserve before any dividend is declared.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividends paid to investors.

Employee stock options reserve: The Company has employee stock options scheme under which the eligible employees and key management personnel are granted stock options. Stock options granted are measured at fair value on the grant date using Black-Scholes model and amortised over the vesting period as employees share based payments expenses with corresponding credit in employee stock options reserve.

Impairment reserve: In terms of RBI notification on Implementation of Indian Accounting Standards, dated 13 March 2020 (as amended), Company has to create impairment reserve. This reserve represents the difference where impairment allowance under Ind AS 109 is lower than the provisioning required under income recognition, asset classification and provisioning ("IRACP") norms (including standard asset provisioning).

Other comprehensive income:-

Remeasurement of the defined benefit plans: It represents the gain/ (loss) on account of actuarial valuation of defined benefit obligation.

Effective portion of cash flow hedges: It represents the cumulative gains/(losses) arising on revaluation of the hedging instruments and hedged item designated as cash flow hedges through OCI.

Fair value of investments: The Company recognises changes in the fair value of its investments in debt instruments held with a dual business objective of 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 instrument is sold. Any impairment loss on such instruments is reclassified immediately to the statement of profit and loss.

Reconciliation of movements in cash flow hedge:

Particulars	Amount
Risk category	
Derivative instruments	
Cash flow hedging reserve	
As at 31 March 2022	**(290.85)**
Add: Revaluation of external commercial borrowings	4,343.00
Add: Changes in fair value of interest rate swaps	(3,718.85)
Add: Changes in fair value of principal only swaps*	(234.53)
Less: Income tax relating to above (net)	(98.77)
As at 31 March 2023	**(0.00)**
Add: Revaluation of external commercial borrowings	(485.00)
Add: Changes in fair value of interest rate swaps	944.22
Add: Changes in fair value of principal only swaps*	224.00
Less: Income tax relating to above (net)	(171.96)
As at 31 March 2024	**511.26**

* Changes in fair value of principal only swaps also include realised loss of Nil (previous year realised loss: ₹ 905.30 lakhs) on rollover of principal only swap deals.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

(Currency: INR in Lakhs)

25 Interest income

See material accounting policy in note no 3.1.1

	For the year ended 31 March 2024	For the year ended 31 March 2023
On financial assets measured at amortised cost		
Interest on education loans	**2,53,535.46**	1,30,139.91
Interest on fixed deposits with banks [Refer note 37]	**3,902.47**	62.89
Other interest income	**33.22**	-
Sub total	**2,57,471.15**	1,30,202.80
On financial assets measured at fair value through other comprehensive income		
Interest income from investments	**4,627.94**	1,381.21
Total	**2,62,099.09**	1,31,584.01

Interest income includes ₹ 1,252.73 lakhs (previous year: ₹ 1,613.78 lakhs) of origination fees (net of DSA commission expenses) which is amortized as per EIR method. Amortization as per EIR method is based on interest to total interest of financial assets along with prepayment assumption.

Interest income on Stage 3 assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment loss allowance). Accordingly the total interest income is net of such interest on credit impaired assets amounting to ₹ 38.87 lakhs (previous year: ₹ 14.35 lakhs).

26 Fees and commission income

See material accounting policy in note no 3.1.3 & 3.1.4

	For the year ended 31 March 2024	For the year ended 31 March 2023
Type of service		
Commission [Refer note 37]	**10,136.73**	2,235.99
Origination fees	**1,495.41**	541.96
Other fees	**260.80**	144.91
Total	**11,892.94**	2,922.86
Geographical markets		
India	**11,892.94**	2,922.86
Outside India	-	-
Total	**11,892.94**	2,922.86
Timing of recognition of revenue		
Performance obligation satisfied at a point in time	**11,892.94**	2,922.86
Performance obligation satisfied over a period of time	-	-
Total	**11,892.94**	2,922.86

Trade receivables

	For the year ended 31 March 2024	For the year ended 31 March 2023
Trade receivables	**2,036.54**	143.84
Total	**2,036.54**	143.84

No revenue from transactions with a single external customer amounted to 10 percent or more of the Company's total revenue during the year ended 31 March 2024 or 31 March 2023.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

27 Net gain on fair value changes

See material accounting policy in note no 3.1.2

	For the year ended 31 March 2024	For the year ended 31 March 2023
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	**2,904.13**	966.96
Net gain/(loss) on financial instruments designated at fair value through profit or loss		
- Derivatives	**207.73**	(256.47)
Total	**3,111.86**	710.49
Fair value changes :		
- Realised	**2,932.36**	983.13
- Unrealised	**179.50**	(272.64)
Total	**3,111.86**	710.49

28 Finance costs

See material accounting policy in note no 3.11

	For the year ended 31 March 2024	For the year ended 31 March 2023
On Financial liabilities measured at amortised cost		
Interest on		
- Debt securities	**21,190.08**	11,515.09
- Borrowing (other than debt securities) [Refer note 30.1.3 & 37]	**1,25,448.38**	49,368.94
- Subordinated liabilities	**7,531.10**	4,117.37
- Lease liabilities [Refer note 19.1]	**227.91**	106.21
Other charges [Refer note 30.1.3 & 37]	**299.83**	186.58
Sub total	**1,54,697.30**	65,294.19
On Financial liabilities measured at fair value through profit or loss		
Interest on		
- Debt securities	**12,071.82**	10,900.11
- Subordinated liabilities	**6,333.17**	5,133.42
Sub total	**18,404.99**	16,033.53
Total	**1,73,102.29**	81,327.72

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

(Currency: INR in Lakhs)

29 Employee benefit expenses

See material accounting policy in note no 3.7

	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and bonus [Refer note 37]	**9,754.52**	7,009.84
Employees share based payments expenses [Refer note 37]	**4,105.95**	1,171.58
Contribution to provident fund	**371.10**	238.43
Gratuity [Refer note 32.2 & 37]	**122.31**	85.56
Compensated absences [Refer note 32.2]	**26.24**	24.57
Staff welfare expenses [Refer note 30.1.3 & 37]	**313.68**	213.94
Total	**14,693.80**	8,743.92

30 Other expenses

	For the year ended 31 March 2024	For the year ended 31 March 2023
Advertisements and publicity [Refer note 30.1.3 & 37]	**991.48**	212.81
Computer expenses [Refer note 30.1.3 & 37]	**1,795.39**	875.66
Outsourcing charges	**2,898.81**	1,877.81
Legal and professional charges [Refer note 30.1.3]	**3,647.38**	1,305.62
Auditor’s fees and expenses [Refer note 30.1.1]	**62.44**	37.33
Communication costs	**152.07**	121.04
Travelling and conveyance	**371.03**	200.87
Printing and stationery	**47.59**	48.02
Electricity expenses	**97.98**	86.97
Rent [Refer note 19.1]	**102.71**	69.77
Repairs and maintenance	**222.74**	140.22
Rates and taxes	**99.18**	150.01
Directors' sitting fees [Refer note 37]	**115.00**	107.00
Directors' liability insurance [Refer note 37]	**7.20**	1.10
Loss on property, plant and equipment sold or discarded	**10.14**	0.09
Corporate social responsibility expenses [Refer note 30.1.2]	**584.10**	440.14
Other expenditure [Refer note 30.1.3]	**1,145.91**	761.72
Total	**12,351.15**	6,436.18

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

30.1 Other expenses

30.1.1 Payments to auditors

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Audit fees	**30.00**	18.00
Internal control over financial reporting fees	**5.00**	3.00
Limited reviews	**18.75**	11.25
Other matters and certification	**6.25**	3.75
Reimbursement of expenses	**2.44**	1.33
Total	**62.44**	37.33

Auditor's remuneration above is excluding Goods and service tax.

30.1.2 Expenditure incurred for corporate social responsibility

a. Gross amount required to be spent by the Company during the year is ₹ 573.65 lakhs (previous year: ₹ 437.41 lakhs)

b. The details of amounts spent towards corporate social responsibility are as under:

During the financial year 2023-24

Particulars	In cash	Yet to be paid
a) Construction/acquisition of any asset	-	-
b) On purposes other than (a) above	**584.10**	-

During the financial year 2022-23

Particulars	In cash	Yet to be paid
a) Construction/acquisition of any asset	-	-
b) On purposes other than (a) above	**440.14**	-

c. Additional disclosures in respect of corporate social responsibility

Particulars	FY 2023-24	FY 2022-23
Shortfall at the end of the year	Nil	Nil
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Not applicable	Not applicable
Amount paid to related party	Nil	Nil

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

(Currency: INR in Lakhs)

30.1.2 Expenditure incurred for corporate social responsibility (continued)

d. Nature of CSR activities

Sr. No.	Nature of CSR activity	FY 2023-24	FY 2022-23
1	Eradicating hunger, poverty and promoting education	35.00	30.14
2	Girl child empowerment	28.00	46.10
3	Promoting education	226.00	176.59
4	Promoting health care	184.10	174.36
5	Promoting special education and health among the differently abled	40.27	-
6	Water, Sanitation and Hygiene (WASH)	46.70	-
7	Administrative overheads	20.03	8.73
8	Impact assessment	4.00	4.22
	Total	**584.10**	**440.14**

30.1.3 Expenditure in foreign currency

Particulars	**For the year ended 31 March 2024**	For the year ended 31 March 2023
Interest on borrowings (other than debt securities)	**1,028.92**	1,693.75
Other finance costs	**1.63**	4.33
Legal and professional charges	**16.00**	13.73
Advertisement and publicity	**94.79**	3.71
Computer expenses	**22.12**	7.70
Staff welfare expenses	**-**	0.33
DSA/Consultants Commission Expense	**653.00**	-
Other expenditure	**3.41**	4.60

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

(Currency: INR in Lakhs)

31 Impairment on financial instruments

See material accounting policy in note no 3.2.4

The below table show impairment loss on financial instruments charge to statement of profit and loss based on category of financial instrument.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
On financial assets measured at amortised cost		
Loans (including ECL on undisbursed commitment)	**4,978.52**	1,010.51
Trade receivables	-	-
Total	**4,978.52**	1,010.51

The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on

Particulars	2023-24				2022-23			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	**1,637.13**	**1,274.70**	**(87.43)**	**2,824.40**	978.85	527.84	(672.68)	834.01
Loans written off	-	-	**144.12**	**144.12**	-	-	20.82	20.82
Loan commitments	**289.60**	**22.48**	-	**312.08**	222.03	12.89	-	234.92
Trade receivables	-	-	-	-	-	-	-	-
Management overlay	**1,468.95**	-	**228.97**	**1,697.92**	(48.12)	-	(31.12)	(79.24)
Total impairment loss allowance	**3,395.68**	**1,297.18**	**285.66**	**4,978.52**	1,152.76	540.73	(682.98)	1,010.51

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

32 Employee benefit expenses
See material accounting policy in note no 3.7

As required by Ind AS 19 - "Employee Benefits", the following disclosures have been made :

1 Defined contribution plans
The Company makes provident fund contribution which is defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 371.10 lakhs (previous year ₹ 238.43 lakhs) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

2 Defined benefit plan

The Company has an obligation towards gratuity, a funded defined benefit plan covering certain eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months subject to a limit of ₹ 20 lakhs. Vesting occurs upon completion of five year of service.

a Characteristics of the defined benefit plan -

The benefits are governed by the Payment of Gratuity Act, 1972 or Company scheme rules, whichever is higher. The key features of the plan are as under:

Type of plan - Post employment benefit

Benefits offered -15/ 26 × salary × duration of service

Salary definition - Last drawn basic salary including dearness allowance (if any)

Benefit ceiling - Benefit ceiling of ₹ 20 lakhs was applied

Vesting conditions - 5 years of continuous service (not applicable in case of death/disability)

Benefit eligibility - Upon death or resignation / withdrawal or retirement

Retirement age - 58 years

b Risks associated with defined benefit plan -

i. Actuarial risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

32 Employee benefit expenses (continued)

ii. Investment risk:
For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

iii. Liquidity risk:
Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cashflows.

iv. Market risk:
Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

v. Legislative risk:
Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

c Details of Company's funded post-retirement benefit plan for its employees are given below which is certified by the actuary :

		Gratuity	
		2023-24	2022-23
I	**Components of employer expense**	**₹**	₹
	1 Current service cost	**93.98**	63.07
	2 Net interest cost	**28.33**	22.49
	3 Expected return on plan assets	**-**	-
	4 Actuarial loss/(gain)	**-**	-
	5 Losses/(gains) on curtailments & settlement	**-**	-
	6 Total expense recognised in the statement of profit and loss	**122.31**	85.56

		Gratuity	
		2023-24	2022-23
II	**Net liability recognised in the balance sheet**	**₹**	₹
	1 Present value of defined benefit obligation	**531.80**	393.57
	2 Fair value of plan assets	**(47.59)**	(27.06)
	3 Unrecognised past service cost		
	4 Net liability recognised in the balance sheet	**484.21**	366.51
	- Short-term provisions	**106.59**	77.44
	- Long-term provisions	**377.62**	289.07

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

32 Employee benefit expenses (continued)

		Gratuity	
		2023-24	2022-23
III	**Changes in defined benefit obligation**	**₹**	₹
	1 Present value of defined benefit obligation as at the beginning of the year	**393.57**	327.64
	2 Current service cost	**93.98**	63.07
	3 Interest cost	**31.25**	24.13
	4 Actuarial loss/(gain)	**54.37**	30.99
	5 Prior year charges		
	6 Benefits paid	**(41.37)**	(52.26)
	7 Present value of defined benefit obligation as at the end of the year	**531.80**	393.57

		Gratuity	
		2023-24	2022-23
IV	**Reconciliation of Liability**	**₹**	₹
	1 Opening net liability	**366.51**	312.39
	2 Expenses recognised	**122.31**	85.56
	3 Other comprehensive income	**55.39**	31.52
	4 Benefits paid		
	5 Contribution to plan assets	**(60.00)**	(62.96)
	6 Amount recognised in the balance sheet under provision for employee benefits	**484.21**	366.51
	- Short-term provisions	**106.59**	77.44
	- Long-term provisions	**377.62**	289.07

		Gratuity	
		2023-24	2022-23
V	**Reconciliation of Plan Assets**	**₹**	₹
	1 Opening value of plan assets	**27.06**	15.25
	2 Expenses incurred in the fund	-	-
	3 Expected return	**2.92**	1.63
	4 Actuarial gains\(losses)	**(1.02)**	(0.52)
	5 Contribution by employer	**60.00**	62.96
	6 Benefits paid	**(41.37)**	(52.26)
	7 Closing value of plan assets	**47.59**	27.06

		Gratuity	
		2023-24	2022-23
VI	**Actual return on Plan Assets**	**₹**	₹
	1 Expected return on plan assets	**2.92**	1.63
	2 Actuarial gain on plan assets	**(1.02)**	(0.52)
	3 Actual return on plan assets	**-**	-

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

32 Employee benefit expenses (continued)

		Gratuity	
		2023-24	**2022-23**
VII	**Actuarial assumptions**	**₹**	**₹**
	1 Discount rate	**7.20%**	7.35%
	2 Return on plan assets	**7.20%**	7.35%
	3 Attrition rate	**15%**	15%
	4 Salary escalation rate	**7.00%**	7.00%
	5 Mortality rate	Indian Assured Lives Mortality (2012-14) Table	

VIII Sensitivity analysis for actuarial assumptions

Sensitivity to key assumptions		
Particulars	**31 March 2024 (12 months)**	31 March 2023 (12 months)
Discount rate sensitivity	**₹**	₹
Increase by 0.5%	**518.42**	383.53
(% change)	**(2.52%)**	(2.55%)
Decrease by 0.5%	**545.86**	404.11
(% change)	**2.64%**	2.68%
Salary growth rate sensitivity		
Increase by 0.5%	**542.21**	401.70
(% change)	**1.96%**	2.07%
Decrease by 0.5%	**521.66**	385.29
(% change)	**(1.91%)**	(2.10%)
Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	**531.15**	393.61
(% change)	**(0.12%)**	(0.01%)
W.R. x 90%	**531.78**	393.07
(% change)	**0.00%**	0.13%

A description of methods used for sensitivity analysis and its limitations:

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

IX The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discount rate is based on the prevailing market yields of Government Securities as at the balance sheet date for the estimated term of the obligations.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
for the year ended 31 March 2024

(Currency: INR in Lakhs)

32 Employee benefit expenses (continued)

X Experience adjustments:

Gratuity

	2023-24	2022-23	2021-22	2020-21	2019-20
	₹	₹	₹	₹	₹
1 Present value of defined benefit obligation	531.80	393.57	327.64	313.54	266.17
2 Present value of defined benefit assets	(47.59)	(27.06)	(15.25)	(7.91)	(8.40)
3 Experience adjustment on plan liabilities	50.48	43.51	3.44	8.46	4.87
4 Experience adjustment on plan assets	(1.02)	(0.52)	(0.14)	0.18	0.65
5 Unrecognised past service cost	-	-	-	-	-
6 (Excess)/short of obligation over plan assets	484.21	366.51	312.39	305.63	257.77

The Company expects to contribute approximately ₹ 484.21 lakhs (previous year ₹ 366.51 lakhs) to the gratuity fund.

		Gratuity	
		2023-24	2022-23
XI	**Investment pattern**		
	Government of India securities	**0%**	0%
	State government securities	**0%**	0%
	High quality corporate bonds	**0%**	0%
	Equity shares of listed companies	**0%**	0%
	Property	**0%**	0%
	Special deposit scheme	**0%**	0%
	Policy of insurance*	**64%**	100%
	Bank balance	**36%**	0%
	Other investments	**0%**	0%
	Total	**100%**	100%

* Components of investment by the insurance company are:

	Gratuity	
	2023-24	2022-23
Government Securities	**43.52%**	46.93%
Corporate bonds -		
AAA	**33.11%**	34.45%
AA+	**16.81%**	13.94%
AA	**0.61%**	1.98%
Cash, deposits, MMI	**5.95%**	2.70%
Total	**100.00%**	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Company is ₹ 48.86 lakhs (previous year ₹ 38.17 lakhs)

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2024

(Currency: INR in Lakhs)

33 Income taxes

33.1 Income tax recognised in profit or loss

See material accounting policy in note no 3.9

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax		
In respect of the current year	**18,511.75**	10,586.44
In respect of prior years	**(314.73)**	45.80
Total current tax	**18,197.02**	10,632.24
Deferred tax		
In respect of the current year: origination & reversal of temporary differences	**(244.17)**	(1,204.02)
Total income tax expense recognised in the current year relating to continuing operations	**17,952.85**	9,428.22

33.2 Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:

Sr. No.	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
(i)	**Profit before tax**	**70,836.74**	37,020.63
(ii)	Income tax expense calculated at 25.168% on (i) above	**17,828.19**	9,317.35
(iii)	Effect of expenses that are not deductible in determining taxable profit	**147.01**	110.77
(iv)	Adjustments in respect of current income tax of prior years	**(314.73)**	45.80
(v)	Others	**292.38**	(45.70)
(vi)	**Income tax expense recognised in statement of profit and loss [(ii) + (iii) + (iv) + (v)]**	**17,952.85**	9,428.22
(vii)	**Effective tax rate [(vi) / (i)]**	**25.34%**	25.47%

The tax rate used for the reconciliations above is the corporate tax rate of 25.168% payable by the corporate entities in India on taxable profits under tax law in Indian jurisdiction.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

34 Earnings per share ("EPS")

See material accounting policy in note no 3.14

Basic EPS is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

In accordance with the Ind AS 33 - "Earnings Per Share", following disclosures are made:

Particulars	Units	2023-24	2022-23
Profit after tax	₹ in lakhs	**52,883.89**	27,592.41
Less: Dividend on preference shares and attributable tax thereon	₹ in lakhs	-	-
Profit after tax for basic EPS	₹ in lakhs	**52,883.89**	27,592.41
Weighted average number of equity shares for calculating basic earnings per share	Numbers	**15,63,40,555**	13,42,07,460
Face value of equity shares	₹	**10**	10
Basic earnings per share	₹	**33.83**	20.56
Profit after tax for diluted EPS	₹ in lakhs	**52,883.89**	27,592.41
Weighted average number of equity shares for calculating diluted earnings per share	Numbers	**15,64,36,615**	13,48,02,909
Face value of equity shares	₹	**10**	10
Diluted earnings per share	₹	**33.81**	20.47

Weighted average number of shares outstanding during the year for diluted earnings per share:

Particulars	2023-24	2022-23
	Numbers	Numbers
Weighted average number of shares of ₹ 10 each outstanding during the year – for calculating basic earnings per share	**15,63,40,555**	13,42,07,460
Add: Diluted effect of outstanding stock options	**96,060**	5,95,449
Weighted average number of shares of ₹ 10 each outstanding during the year – for calculating diluted earnings per share	**15,64,36,615**	13,48,02,909

The reconciliation between basic and diluted earnings per share is as follows:

Particulars	2023-24	2022-23
Basic earnings per share	**33.83**	20.56
Effect of dilution of outstanding stock options	**(0.02)**	(0.09)
Diluted earnings per share	**33.81**	20.47

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

35 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, based on the prepayment and refinance assumptions approved by the Asset Liability Management Committee of the Company.

	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	1,47,109.01	-	1,47,109.01	41,734.74	-	41,734.74
Bank balance other than (a) above	65,260.90	29.12	65,290.02	10,071.73	-	10,071.73
Derivative financial instruments	224.00	944.22	1,168.22	-	-	-
Trade receivables	2,036.54	-	2,036.54	143.84	-	143.84
Loans	3,89,658.24	24,18,663.33	28,08,321.57	2,57,185.43	12,66,704.63	15,23,890.06
Investments	53,233.17	59,301.94	1,12,535.11	47,765.78	11,433.20	59,198.98
Other financial assets	2,294.57	4,982.61	7,277.18	1,723.28	210.66	1,933.94
Non-financial assets						
Current tax asset	-	362.07	362.07	-	228.18	228.18
Deferred tax assets (net)	-	3,008.20	3,008.20	-	3,137.29	3,137.29
Property, plant and equipment	-	4,096.55	4,096.55	-	2,232.04	2,232.04
Other intangible assets	-	161.73	161.73	-	1.59	1.59
Capital work in progress		451.98	451.98	-	-	-
Intangible assets under development	-	3,043.42	3,043.42	-	1,138.11	1,138.11
Other non-financial assets	1,735.26	-	1,735.26	893.92	-	893.92
Total assets	6,61,551.69	24,95,045.16	31,56,596.85	3,59,518.73	12,85,085.70	16,44,604.43
Liabilities						
Financial liabilities						
Derivative financial instruments	381.75	5,500.03	5,881.78	-	7,440.14	7,440.14
Trade payables						
(i) Total outstanding dues of creditors micro enterprises and small enterprises	25.65	-	25.65	18.64	-	18.64
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,618.87	-	2,618.87	3,529.31	-	3,529.31
Debt securities	1,73,382.03	2,46,691.97	4,20,074.00	46,979.80	3,05,420.91	3,52,400.71
Borrowings (other than debt securities)	4,22,363.71	15,97,361.23	20,19,724.94	97,556.56	7,88,717.05	8,86,273.61
Subordinated liabilities	9,997.11	1,53,486.57	1,63,483.68	-	1,26,847.82	1,26,847.82
Other financial liabilities	24,035.30	3,391.96	27,427.26	18,945.40	1,038.26	19,983.66
Non-financial liabilities						
Current tax liability	-	-	-	506.84	-	506.84
Provisions	111.04	1,078.74	1,189.78	83.88	665.42	749.30
Other non-financial liabilities	11,834.42	-	11,834.42	3,345.28	-	3,345.28
Total liabilities	6,44,749.88	20,07,510.50	26,52,260.38	1,70,965.70	12,30,129.61	14,01,095.31
Net	16,801.81	4,87,534.66	5,04,336.47	1,88,553.02	54,956.10	2,43,509.11

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

36 Change in liabilities arising from financing activities

See material accounting policy in note no 3.2 & 3.12

36.1 For the period ended 31 March 2024

Particulars	31 March 2023	Cash flows	Fair Value Impact	Forex Impact	Others*	31 March 2024
Debt securities	3,52,400.71	60,195.31	855.52	-	6,622.46	4,20,074.00
Borrowings other than debt securities	8,86,273.61	11,31,623.87	-	485.00	1,342.45	20,19,724.93
Subordinated Liabilities	1,26,847.82	36,083.88	495.11	-	56.87	1,63,483.68
Total liabilities from financing activities	**13,65,522.14**	**12,27,903.06**	**1,350.63**	**485.00**	**8,021.78**	**26,03,282.61**

36.2 For the period ended 31 March 2023

Particulars	31 March 2022	Cash flows	Fair Value Impact	Forex Impact	Others*	31 March 2023
Debt securities	2,10,177.80	1,39,363.11	198.02	-	2,661.78	3,52,400.71
Borrowings other than debt securities	4,81,537.99	4,08,421.72	-	(4,343.00)	656.90	8,86,273.61
Subordinated Liabilities	59,787.61	67,256.77	(224.64)	-	28.08	1,26,847.82
Total liabilities from financing activities	**7,51,503.40**	**6,15,041.60**	**(26.62)**	**(4,343.00)**	**3,346.76**	**13,65,522.14**

*Others column includes amortisation on discount on debt securities and initial issue cost as per Ind AS.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

37 Related party disclosures

As per Ind AS 24 - "Related Party Disclosures", following disclosure are made:

37.1 Details of related parties

1 Holding Company
HDFC Limited (Up to 30 June 2023)
HDFC Bank Limited (w.e.f. 01 July 2023 to 18 March 2024)
Kopvoorn B.V. (w.e.f. 19 March 2024)

2 Entities having significant influence
Infinity Partners (w.e.f. 19 March 2024)
Moss Investments Limited (w.e.f. 19 March 2024)
Defati Investments Holding B.V. (w.e.f. 19 March 2024)

3 Fellow subsidiaries with whom transactions have taken place during the year
HDFC ERGO General Insurance Company Limited (up to 18 March 2024)
HDFC Life Insurance Company Limited (up to 18 March 2024)
HDFC Sales Private Limited (up to 18 March 2024)

4 Key Management Personnel
Mr. V. Srinivasa Rangan, Chairman (up to 20 March 2024); Non-Executive Director (w.e.f. 20 March 2024)
Ms. Madhumita Ganguli, Non- Executive Director (up to 20 March 2024)
Mr. B. Mahapatra, Independent Director (up to 20 March 2024)
Mr. Sunil Shah, Independent Director (up to 20 March 2024)
Mr. Rajesh Gupta, Independent Director (up to 20 March 2024)
Mr. Damodarannair Sundaram, Independent Director- Chairman (w.e.f. 20 March 2024)
Mr. Ashish Agrawal, Non-Executive Director (w.e.f. 20 March 2024)
Mr. Jimmy Mahtani, Non-Executive Director (w.e.f. 20 March 2024)
Mr. Kosmas Kalliarekos, Non-Executive Director (w.e.f. 20 March 2024)
Mr. Rajnish Kumar, Non-Executive Director (w.e.f. 20 March 2024)
Mr. Sanjay Kukreja, Non-Executive Director (w.e.f. 20 March 2024)
Mr. Abhijit Sen, Independent Director (w.e.f. 20 March 2024)
Mr. Bharat Shah, Independent Director (w.e.f. 20 March 2024)
Ms. Anuranjita Kumar, Independent Director (w.e.f. 20 March 2024)
Mr. Arijit Sanyal, Managing Director & CEO
Mr. Manjeet Bijlani, Chief Financial Officer
Ms. Akanksha Kandoi, Company Secretary

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

37 Related party disclosures (continued)

37.2 The nature and volume of transactions of the Company with the above related parties were as follows:

	Particulars	Holding company		Entities having significant influence		Fellow subsidiaries		Associate company of holding company		Key management personnel		Total	
		2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹
1	Commission received for sourcing fixed deposits*	15.59	77.92	-	-	-	-	-	-	-	-	15.59	77.92
2	Commission received for sourcing insurance**	-	-	-	-	4,180.96	312.15	-	-	-	-	4,180.96	312.15
3	Interest income on deposits***	694.70	-	-	-	-	-	-	30.11	-	-	694.70	30.11
4	Interest on term loans*	16,687.99	-	-	-	-	-	-	-	-	-	16,687.99	-
5	Loan processing fees*	1,960.00	-	-	-	-	-	-	-	-	-	1,960.00	-
6	Staff expenses of Managing Director & CEO on deputation	-	31.10	-	-	-	-	-	-	-	-	-	31.10
7	Staff expenses of employees on deputation*	2.33	113.67	-	-	-	-	-	-	-	-	2.33	113.67
8	Employee's health insurance premium**	-	-	-	-	64.87	34.98	-	-	-	-	64.87	34.98
9	Employee's group term insurance premium**	-	-	-	-	2.41	16.20	-	-	-	-	2.41	16.20
10	Reimbursement of GST expenses on brand usage*	16.39	93.40	-	-	-	-	-	-	-	-	16.39	93.40
11	License fees for use of corporate logo*	247.71	-	-	-	-	-	-	-	-	-	247.71	-
12	Reimbursement of expenses*	273.79	0.45	-	-	-	-	-	-	-	-	273.79	0.45
13	Reimbursement of expenses	395.31	-	98.83	-	-	-	-	-	-	-	494.13	-
14	Rent expenses*	378.11	246.48	-	-	-	-	-	-	-	-	378.11	246.48
15	Interest paid on non convertible debentures	-	-	-	-	-	-	-	-	-	-	-	-
15	Directors' liability insurance premium**	-	-	-	-	8.10	1.10	-	-	-	-	8.10	1.10
16	Cyber security insurance premium**	-	-	-	-	-	25.00	-	-	-	-	-	25.00
17	Technology support charges*	25.26	26.20	-	-	-	-	-	-	-	-	25.26	26.20
18	Bank charges*	3.85	-	-	-	-	-	-	8.99	-	-	3.85	8.99
19	Commission paid on sourcing of education loans***	3,641.03	-	-	-	318.61	336.70	-	1,967.75	-	-	3,959.64	2,304.45
20	Contribution to group gratuity policy**	-	-	-	-	45.00	62.95	-	-	-	-	45.00	62.95
21	Forex transactions	-	-	-	-	-	-	-	2,423.70	-	-	-	2,423.70
22	Remuneration	-	-	-	-	-	-	-	-	774.79	534.22	774.79	534.22
23	Share based payments #	-	-	-	-	-	-	-	-	1,775.57	442.40	1,775.57	442.40
24	Directors' sitting fees	-	-	-	-	-	-	-	-	115.00	107.00	115.00	107.00
25	Commission to Directors'	-	-	-	-	-	-	-	-	-	30.00	-	30.00

* Transactions with HDFC Bank Limited including transactions with erstwhile HDFC Limited upto 18 March 2024.

** Transaction with HDFC ERGO General Insurance Company Limited and HDFC Life Insurance Company Limited upto 18 March 2024.

*** Transactions with HDFC Bank Limited includes transactions as an associate company of holding company from 1 April 2023 to 30 June 2023 and as a holding company from 1 July 2023 to 18 March 2024.

Employee related share based payment charged to Statement of Profit and Loss over the vesting period in accordance with Ind AS 102 is reported above. Accordingly, transactions relating to grant and exercise of ESOPs and allotment of shares is not reported as a related party transaction.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

37 Related party disclosures (continued)

37.3 Balance outstanding at the end of the year

	Particulars	Holding company		Entities having significant influence		Fellow subsidiaries		Associate company of holding company		Key management personnel		Total	
		2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹	2023-24 ₹	2022-23 ₹
1	Commission receivable for sourcing fixed deposits	-	9.92	-	-	-	-	-	-	-	-	-	9.92
		-	(10.30)	-	-	-	-	-	-	-	-	-	(10.30)
2	Commission receivable for sourcing insurance	-	-	-	-	-	31.84	-	-	-	-	-	31.84
		-	-	-	-	-	(77.61)	-	-	-	-	-	(77.61)
3	Reimbursement of expenses receivable	2.16	-	98.83	-	-	-	-	-	-	-	100.99	-
		(2.16)	-	(98.83)	-	-	-	-	-	-	-	(100.99)	-
4	Reimbursement of GST on brand usage payable	-	21.90	-	-	-	-	-	-	-	-	-	21.90
		-	(21.90)	-	-	-	-	-	-	-	-	-	(21.90)
5	Advance employees' insurance premium	-	-	-	-	-	1.31	-	-	-	-	-	1.31
6	Employee insurance premium (prepaid expense)	-	-	-	-	-	16.55	-	-	-	-	-	16.55
7	Cyber security insurance premium (prepaid expense)	-	-	-	-	-	24.52	-	-	-	-	-	24.52
8	Directors' liability insurance premium (prepaid expense)	-	-	-	-	-	0.97	-	-	-	-	-	0.97
9	Balance in current accounts	-	-	-	-	-	-	-	1,079.01	-	-	-	1,079.01
		-	-	-	-	-	-	-	(1,092.36)	-	-	-	(1,092.36)
10	Interest accrued on deposits	-	-	-	-	-	-	-	4.96	-	-	-	4.96
11	Commission payable on sourcing of education loans	-	-	-	-	-	14.44	-	567.12	-	-	-	581.56
		-	-	-	-	-	(46.35)	-	(1,554.52)	-	-	-	(1,600.87)
12	Deposits held	-	-	-	-	-	-	-	7,141.17	-	-	-	7,141.17
		-	-	-	-	-	-	-	(7,141.17)	-	-	-	(7,141.17)
13	Security deposit placed	-	-	-	-	-	2.00	-	-	-	-	-	2.00
		-	-	-	-	-	(2.00)	-	-	-	-	-	(2.00)
14	Commission payable to Directors'	-	-	-	-	-	-	-	-	-	30.00	-	30.00
		-	-	-	-	-	-	-	-	-	(30.00)	-	(30.00)

Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

Notes: 1. There were no guarantees given or security provided during the year to the related parties.

2. All aforesaid transactions are in ordinary course of business and at arm's length basis.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

38 Financial Instruments
See material accounting policy in note no 3.2

38.1 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the minimum capital adequacy requirements stipulated by the Reserve Bank of India (RBI) for NBFCs. The Company is required to maintain minimum capital adequacy ratio of 15% and minimum Tier I capital of 10%.

Capital to risk assets ratio (CRAR)	31 March 2024	31 March 2023
CRAR (%)	**20.45**	20.43
CRAR - Tier I capital (%)	**16.60**	14.60
CRAR - Tier II capital (%)	**3.85**	5.82

The Company also monitors capital using debt-equity ratio, which is total debt divided by total equity.

Particulars	31 March 2024	31 March 2023
Net debt*	**24,56,173.61**	13,23,787.40
Total equity	**4,98,123.13**	2,39,232.12
Net debt to equity ratio	**4.93**	5.53

* Cash and cash equivalents have been reduced from gross debt amount for net debt to equity ratio calculated above.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

The Company had conducted an Annual ICAAP exercise as part of RBI's Scale Based Regulatory framework for NBFCs (Non-Banking Finance Companies). The Company has a Board approved ICAAP policy and framework in place, that was used for assessment of existing capital adequacy and future capital requirements based on business growth and risks encompassing credit risk, market risk, operational risk, reputation risk, strategic risk and other material risks. The inaugural ICAAP document of the Company was published in July 2023, laying the foundation for a more structured capital planning process aligned with the risk profile of the Company.

Loan covenants
Under the terms of the major borrowing facilities, the Company has complied with the covenants throughout the reporting period.

38.2 Categories of financial instruments

Particulars	31 March 2024			31 March 2023		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial assets						
Derivative financial assets	-	1,168.22	-	-	-	-
Trade receivables	-	-	2,036.54	-	-	143.84
Loans	-	-	28,08,321.57	-	-	15,23,890.06
Investments	2,501.26	1,10,033.85	-	20,162.60	39,036.38	-
Other financial assets	-	-	7,277.18	-	-	1,933.94
Total financial assets	**2,501.26**	**1,11,202.07**	**28,17,635.29**	**20,162.60**	**39,036.38**	**15,25,967.84**
Financial liabilities						
Derivative financial liabilities	5,881.78	-	-	7,440.14	-	-
Trade payables	-	-	2,644.52	-	-	2,219.98
Debt securities	1,31,541.85	-	2,88,532.15	1,30,647.15	-	99,742.60
Borrowings (other than debt securities)	-	-	20,19,724.94	-	-	4,81,537.99
Subordinated liabilities	50,106.97	-	1,13,376.71	49,591.25	-	9,989.23
Other financial liabilities	-	-	27,427.26	-	-	12,079.34
Total financial liabilities	**1,87,530.60**	**-**	**24,51,705.58**	**1,87,678.54**	**-**	**6,05,569.14**

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.2 Categories of financial instruments (continued)

38.2.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 March 2024				
Financial assets				
Financial Investments at FVTPL				
Mutual Funds	2,501.26	-	-	2,501.26
Financial Investments at FVOCI				
Government Securities	1,10,033.85	-	-	1,10,033.85
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	944.22	-	944.22
Derivatives designated as cash flow hedges				
Currency swaps - Principal Only swaps	-	224.00	-	224.00
Total financial assets	**1,12,535.11**	**1,168.22**	-	**1,13,703.33**
Financial liabilities				
Financial Investments at FVTPL				
Non-Convertible Debentures	-	1,81,648.82	-	1,81,648.82
Derivatives designated as fair value hedges				
Interest Rate Swaps - INR OIS	-	5,881.78	-	5,881.78
Total financial liabilities	-	**1,87,530.60**	-	**1,87,530.60**
As at 31 March 2023				
Financial assets				
Financial Investments at FVTPL				
Mutual Funds	20,162.60	-	-	20,162.60
Financial Investments at FVOCI				
Government Securities	39,036.38	-	-	39,036.38
Derivatives designated as fair value hedges				
Interest Rate Swaps	-	-	-	-
Derivatives designated as cash flow hedges				
Currency swaps - Principal Only swaps	-	-	-	-
Total financial assets	**59,198.98**	-	-	**59,198.98**
Financial liabilities				
Financial Investments at FVTPL				
Non-Convertible Debentures	-	1,80,238.40	-	1,80,238.40
Derivatives designated as fair value hedges				
Interest Rate Swaps - INR OIS	-	7,440.14	-	7,440.14
Total financial liabilities	-	**1,87,678.54**	-	**1,87,678.54**

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.2.1 Fair value hierarchy (continued)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes units of mutual funds (open ended).

Level 2: The fair value of financial instruments that are not traded in an active market for example, derivative instruments is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended 31 March 2024 and 31 March 2023.

38.2.2 Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method using the closing curves available on the market terminals as at the end of reporting period.

The Company measures financial instruments, such as investments at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

38.2.3 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements.

Particulars	31 March 2024			31 March 2023		
	Carrying Value	Fair Value	Fair Value Hierarchy	Carrying Value	Fair Value	Fair Value Hierarchy
Financial liabilities at amortised cost						
Non convertible debentures	1,80,030.30	1,78,945.73	Level 2	2,00,591.74	1,97,184.99	Level 2
Perpetual debt instruments	41,148.01	41,502.49	Level 2	41,124.91	41,228.38	Level 2
Subordinated liabilities	76,534.18	77,322.83	Level 2	39,642.95	38,983.97	Level 2
Total financial liabilities	**2,97,712.49**	**2,97,771.05**		**2,81,359.60**	**2,77,397.34**	

1) **Note:** The fair value of the financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale. Carrying value includes interest accrued as on year end.

2) **Loans:**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ 28,18,719.89 lakhs (as at 31 March 2023: ₹ 15,29,765.98 lakhs) approximates their fair value.

3) **Other financial assets and liabilities**

With respect to bank balances and cash and cash equivalents (refer note 4 and 5), trade receivables (refer note 7), other financial assets (refer note 10), trade payables (refer note 15) and other financial liabilities (refer note 19), the carrying value approximates the fair value.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.3 Financial risk management

The Company has to manage various risks associated with the lending business. These risks include credit risk, liquidity risk, foreign exchange risk, interest rate risk and counterparty risk.

The Liquidity Risk Management Framework and Financial Risk Management Policy as approved by the Board of Directors sets limits for foreign exchange exposures and other parameters. The Company manages its interest rate and currency risk in accordance with the guidelines prescribed therein. Liquidity risks are managed through a combination of strategies like managing liability tenors in line with the maturity of assets and adequate liquidity cover in the form of High Quality Liquid Assets (HQLAs), is maintained in line with the RBI's Liquidity Risk Management Framework.

Interest rate risks are managed by entering into interest rate swaps. The foreign exchange risk on the borrowings is actively managed mainly through principal only swaps. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Company has entered into interest rate swaps, wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to market benchmarks.

38.3.1 Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile, the underwriting criteria, the credit approval process and limits and the deviations and associated approval matrix. The Company has a structured and standardized credit approval process, which includes an established procedure for credit appraisal, loan disbursal, collection and recovery.

The Company monitors its credit risk at a portfolio level. Different cuts of the portfolio (sub-portfolio) is taken to undertstand significant deviation of credit risk to the sub-portfolio level which may not be apparent at the total portfolio analysis level. These sub-portfolios based on the perceived risks that may impact only a few catogory of customer. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

38.3.1.1 Education Loans

Our customers for retail loans are low, middle and high-income, salaried and self-employed individuals. The Company's credit officers evaluate credit proposals based on parameters as detailed in the credit policy. Such parameters typically include factors such as the student academic & entrance scores, country / university / college / course of study, future earning potential of the student, co-borrower's income & obligations, the loan-to-value ratio (where applicable) and demographic parameters subject to regulatory guidelines. Deviations are approved as per the matrix detailed in the credit policy.

The various process controls such as PAN check, credit bureau report analysis, bank statement analysis, personal discussion with the borrower and co-borrowers, fraud check (through subscription to industry database), AML database scrubbing among the others are undertaken prior to approval of a loan. In addition visits to workplace/ business locations and residences for applicant and co-borrower provides a comprehensive due-diligence for the proposed loan.

The Company analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. The Company secures the loan through collaterals depending upon the loan amount, country of study, etc. as per the product group matrix.

Analysis of risk concentration

Since the Company provides only retail education loans, there is not significant concentration risk at the borrower / counterparty level.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.3 Financial risk management (continued)

Analysis of risk concentration (continued)

Concentration based on the geographic study location of student being funded is as follows

Principal Outstanding	India	USA	Canada	UK	Other Countries
As at 31 March 2024	6%	56%	15%	13%	10%
As at 31 March 2023	7%	53%	20%	10%	9%

The Company has introduced risk tolerance limits in terms of threshold limits for unsecured loans by geographic segments based on country of study of the students seeking education loans.

38.3.1.2 Risk management and portfolio review

The Company reviews the portfolio regularly on various parameters to look at the trend in defaults and take necessary measures.

The credit team does multi level checks and ensure adherence to the terms of the credit policy prior to the commitment and disbursement of credit facilities. The central operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The branch credit team/operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and life insurance policy which covers in case of death of student during the term of the loan.

The Risk Management team regularly reviews the credit quality of the portfolio and various sub-portfolios. The summary of such reviews are discussed with Credit and Collection for necessary action (where applicable) through regular interaction and communication

38.3.1.3 Collateral and other credit enhancements

Based on the Board approved credit policy, the Company provides fully secured, partially secured and unsecured education loans to individuals. The parameters relating to acceptability and valuation of each type of collateral are a part of the Credit Policy of the Company. The Company obtains collateral in the form of mortgages over immovable properties and fixed deposits. The Company does not have any credit enhancement arrangement.

In case of delinquent customers the Company has the right to repossess the collaterals pledged as security and liquidate the same to recover the amounts due against the outstanding loan. Any surplus funds after adjusting such outstanding dues are returned to the customers/obligors.

Disclosure of credit quality and the gross carrying value for credit risk and year-end stage classification are further disclosed in note 8.1.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.3.2 Market risk

It is 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 and foreign exchange rates.

38.3.2.1 Interest rate risk

The Company's core business is providing education loans. The Company raises money from diversified sources like market borrowings, term loans and foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Company, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, market conditions, regulatory developments and global factors. The rise or fall in interest rates impact the Company's net interest income depending on whether the balance sheet is asset sensitive or liability sensitive.

The Company uses traditional gap analysis report to determine the Company's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets ("RSA") and Rate Sensitive Liabilities ("RSL") for each time bucket. It indicates whether the Company is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Company also fixes tolerance limits for the same under the Liquidity Risk Management Framework ("LRMF"), Asset Liability Management ("ALM") & Financial Risk Management ("FRM") Policy.

(1) Interest rate risk exposure

The break-up of the Company's borrowings into variable rate and fixed rate at the end of the reporting periods are as below:

Particulars	31 March 2024	31 March 2023
Variable rate borrowing	81%	78%
Fixed rate borrowing	19%	22%
Total borrowing	100%	100%

(2) Interest rate sensitivity

The impact of 10 bps change in interest rates on financial assets and liabilities on the profit after tax for the year ended 31 March 2023 is ₹ 480.32 lakhs (previous year ₹ 307.55 lakhs).

38.3.2.2 Foreign currency exchange rate risk

The Company's has availed external commercial borrowing of USD 100 million in the current year and hence the Company was exposed to foreign currency exchange risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency i.e. INR. The objective of the hedges was to minimize the volatility of the INR cash flows. The Company's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Company currently used currency swaps to hedge its exposure in foreign currency risk. The Company designates the fair value of the currency swaps contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the currency swaps contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. During the years ended 31 March 2024 and 31 March 2023, the Company did not have any hedging instruments with terms which were not aligned with those of the hedged items.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

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(Currency: INR in Lakhs)

38.3.2.2 Foreign currency exchange rate risk (continued)

(1) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31 March 2024	31 March 2023
	USD	USD
Financial liabilities		
Foreign currency loan	(83,405.00)	-
Interest accrued on foreign currency loan	(1,210.23)	-
Exposure to foreign currency risk (liabilities) (a)	**(84,615.23)**	-
Derivative financial instruments		
Foreign exchange derivative contracts	83,405.00	-
Exposure to foreign currency risk (assets) - (b)	**83,405.00**	-
Net exposure to foreign currency risk (c) = (a) + (b)	**(1,210.23)**	-

(2) Foreign currency sensitivity analysis:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange swap contracts designated as cash flow hedges.

Particulars	Impact on profit after tax		Impact on other components of equity	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
USD sensitivity				
INR/USD - increase by 1%*	-	-	2.24	-
INR/USD - decrease by 1%*	-	-	(2.24)	-

* Assuming all other variable is constant

(3) Hedging policy

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 relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item and so a qualitative and quantitative assessment of effectiveness is performed. Economic relationship between the hedged item and the hedging instrument is being assessed at the end of the reporting period by performing the hedge effectiveness testing.

A. Cash flow hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging instrument

Particulars	Notional amount	Carrying amount	Line item in the statement of financial position	Weighted average contract / strike price of the hedging instrument	Change in fair value used for measuring ineffectiveness for the period - profit / (loss)
As at 31 March 2024					
INR USD - Principal only swaps	83,405.00	224.00	Derivative financial instrument	82.92	224.00
INR USD - Interest rate swap	83,405.00	944.22		-	944.22
Total	**1,66,810.00**	**1,168.22**		**82.92**	**1,168.22**

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

A. Cash flow hedge (continued)

Hedging instrument

Particulars	Notional amount	Carrying amount	Line item in the statement of financial position	Weighted average contract / strike price of the hedging instrument	Change in fair value used for measuring ineffectiveness for the period - profit / (loss)
As at 31 March 2023					
INR USD - Principal only swaps	-	-	Derivative Financial Instrument	-	(2,813.55)
INR USD - Interest rate swap	-	-		-	(234.53)
Total	-	-		-	**(3,048.08)**

Hedged Item

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness - profit / (loss)		Cash flow hedge reserve as at	
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**
External commercial borrowings	(485.00)	4,343.00	(485.00)	-
Total	**(485.00)**	**4,343.00**	**(485.00)**	-

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

Particulars	Hedging gains or (losses) recognised in OCI		Hedging ineffectiveness recognised in statement of profit and loss		Line item in the statement of profit or loss that includes hegde ineffectiveness
	31 March 2024	**31 March 2023**	**31 March 2024**	**31 March 2023**	
External Commercial Borrowings and related derivatives (Principal Only Swap and USD-INR Interest rate swap)	683.22	389.62	-	-	Not applicable

B. Fair value hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging instrument

Particulars	Notional amount	Carrying amount - Asset/ (Liability)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Interest rate swap as at				
31 March 2024	1,87,500.00	(5,881.78)	Derivative Financial Instruments	1,558.36
31 March 2023	1,87,500.00	(7,440.14)		(283.09)

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

B. Fair value hedge (continued)

Hedged item

Particulars	Notional amount	Accumulated fair value adjustment - Asset/ (Liability)	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
Non-convertible debentures				
31 March 2024	1,87,500.00	5,633.44	Debt securities and Subordinated liabilities	(1,350.63)
31 March 2023	1,87,500.00	6,984.08		26.63

The impact of the fair value hedges in the statement of profit and loss:

Particulars	Hedging ineffectiveness recognised in statement of profit and loss profit/(loss)		Line item in the statement of profit or loss
	31 March 2024	31 March 2023.	
Non-Converitble Debentures and related hedges (Interest Rate Swap)	207.73	(256.47)	Net gain on fair value changes

(4) Hedge ratio

The foreign exchange currency swap contracts are denominated in the same currency as the highly probable foreign currency cash flow on principal payments, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

38.3.3 Liquidity risk

(1) Maturities of financial liabilities

The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities 31 March 2024	Due in 1 year	Between 1 and 3 years	Between 3 and 5 years	Beyond 5 years	Total
Non-derivatives					
Trade payables	2,644.52	-	-	-	2,644.52
Debt securities at amortised cost	1,43,756.16	-	29,933.97	1,14,842.01	2,88,532.14
Debt securities at FVTPL	29,625.87	-	39,621.24	62,294.74	1,31,541.85
Borrowings (other than debt securities)	4,22,363.71	9,53,481.26	5,16,832.98	1,27,046.98	20,19,724.93
Subordinated liabilities at amortised cost	9,997.11	-	-	1,03,379.59	1,13,376.70
Subordinated liabilities at FVTPL	-	14,616.11	21,428.32	14,062.54	50,106.97
Other financial liabilities	24,035.30	2,454.01	650.58	287.37	27,427.26
Total non-derivatives liabilities	**6,32,422.67**	**9,70,551.38**	**6,08,467.09**	**4,21,913.23**	**26,33,354.37**
Derivatives (net settled)					
Currency swaps - principal only swaps	-	-	-	-	-
Interest rate swaps	381.75	800.01	1,461.95	3,238.07	5,881.78
Total derivatives liabilities	**381.75**	**800.01**	**1,461.95**	**3,238.07**	**5,881.78**

Contractual maturities of financial liabilities 31 March 2023	Due in 1 year	Between 1 and 3 years	Between 3 and 5 years	Beyond 5 years	Total
Non-derivatives					
Trade payables	3,547.95	-	-	-	3,547.95
Debt securities at amortised cost	46,979.80	29,985.33	29,940.44	1,14,847.98	2,21,753.55
Debt securities at FVTPL	-	29,171.11	18,736.20	82,739.84	1,30,647.15
Borrowings (other than debt securities)	97,556.57	3,97,470.75	2,92,905.55	98,340.74	8,86,273.61
Subordinated liabilities at amortised cost	-	9,992.06	-	67,264.51	77,256.57
Subordinated liabilities at FVTPL	-	14,458.48	14,140.54	20,992.23	49,591.25
Other financial liabilities	18,945.40	792.88	243.81	1.58	19,983.67
Total non-derivatives liabilities	**1,67,029.72**	**4,81,870.61**	**3,55,966.54**	**3,84,186.88**	**13,89,053.75**
Derivatives (net settled)					
Currency swaps - principal only swaps	-	-	-	-	-
Interest rate swaps	-	1,370.73	2,637.26	3,432.15	7,440.14
Total derivatives liabilities	-	**1,370.73**	**2,637.26**	**3,432.15**	**7,440.14**

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

39 Share-based payments

The shareholders at its Extraordinary General Meeting held on 31 March 2022 approved ESOP-2022 scheme with a total stock option of 40,72,565 towards an equal number of equity shares of face value ₹ 10 each of the Company. The revised ESOP-2022 scheme has been approved by the shareholders at its Extraordinary General Meeting held on 18 April 2022 and at its Annual General Meeting 16 June 2023. During the year, there was an acceleration of vesting due to the change in control of the Company resulting in vesting of the unvested options under ESOP-2022 scheme. The NRC at its meeting held on 29 February 2024 approved settlement of 11,99,041 surrendered options granted to the employees for a compensation of Rs. 2,971 lakhs. Out of the balance 22,19,500 vested options, 19,69,500 options were exercised by the employees and equivalent shares were alloted on 6 March 2024.

The details of the stock options granted to employees pursuant to the Company's stock options schemes and stock options outstanding as on date are as under:

39.1 Plan description

Plan Name	ESOP-2022 (Tranche I)	ESOP-2022 (Tranche II)	ESOP-2022 (Tranche III)
Grant Date	August 3, 2022	October 13, 2022	April 17, 2023
Vesting Conditions	Service only, with an option of performance rating.		
Term of Options including vesting	1 - 2 years with an additional condition of completion of 3 years of service at the date of grant. Accelerated vesting: On change of control of the Company.		
Payout	Equity-settled		
Plan Period	2022-24	2022-24	2023-25
Quantum of Options granted	31,66,241	3,95,250	2,08,050
Equivalent Number of shares of FV of Rs. 10 per share	31,66,241	3,95,250	2,08,050
Method of Accounting	Fair Value		
Exercise Period	5 Years from date of vesting		
Grant / Exercise price (Rs. Per share)	419.64	419.64	507.96
Value of Equity Shares as on date of Grant of Original Option (Rs. Per share)	419.64	419.64	507.96

39.2 Method used for accounting for share based payment plan

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model for grants given. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On acceleration of vesting, the balance amount of fair value of the options is recognised as employee compensation. On exercise of options, the balance in employee stock option reserve is transferred to retained earnings. On cancellation / settlement of options, any compensation paid is accounted as deduction from employee stock option reserve upto the fair value of options and any excess is recognised as an expense.

39.3 Movement of Number of Options for ESOP-2022

Number of options	FY 2023-24	FY 2022-23
Outstanding at the start of the year	34,24,641	-
Granted during the year	2,08,050	35,61,491
Exercised during the year	(19,69,500)	-
Settled during the year	(11,99,041)	-
Lapsed/ cancelled during the year	(2,14,150)	(1,36,850)
Outstanding at the end of the year	**2,50,000**	**34,24,641**
Unvested at the end of the year	-	34,24,641
Exercisable at the end of the year	**2,50,000**	-

39.4 Weighted Average Exercise price for ESOP-2022

Weighted Average Exercise Price (Rs)	FY 2023-24	FY 2022-23
Outstanding at the start of the year	**419.64**	-
Granted during the year	507.96	419.64
Exercised during the year	419.64	-
Settled during the year	433.63	-
Lapsed/ cancelled during the year	427.15	**419.64**
Outstanding at the end of the year	**419.64**	**419.64**
Exercisable at the end of the year	419.64	NA
Weighted Average Share price at the exercise date	681.50	NA

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

39 Share-based payments (continued)

39.5 Outstanding Options ESOP-2022

Particulars	31 March 2024	31 March 2023
Number of options outstanding	2,50,000	34,24,641
Weighted average strike price (Rs)	419.64	419.64
Weighted average remaining lifetime of options (in years)	-	1.19
Number of employees covered under the scheme	1	365

39.6 Options granted ESOP-2022

Particulars	FY 2023-24	FY 2022-23
Number of options granted	2,08,050	35,61,491
Weighted average strike price (in Rs)	507.96	419.64
Weighted average remaining lifetime of options (in years)	4.30	1.19
Number of employees covered under the scheme	105	389
Weighted Average Fair value per option (in Rs)	156.35	104.51
Weighted Average Intrinsic value per option (in Rs)	-	-

39.7 Assumptions for Fair Value for ESOP-2022

Particulars	FY 2023-24	FY 2022-23
Weighted average share price (in Rs)	507.96	419.64
Weighted average strike price (in Rs)	507.96	419.64
Weighted average remaining lifetime of options (in years)	4.30	1.19
Expected volatility (% p.a.)	21% p.a.	25% p.a.
Risk-free discount rate (% p.a.)	6.7% - 6.8% p.a.	6.3% p.a. - 7.1% p.a.
Expected dividend yield (% p.a.)	-	-

For the year ended 31 March 2024, the Company has accounted expense of ₹ 2,463.17 lakhs (previous year: ₹ 1,171.58 lakhs) as employee benefit expenses on the aforesaid ESOP-22 scheme including acceleration of vesting period. Further,the Company settled 11,99,041 surrendered options during the year, granted to the employees, which resulted in expense of ₹ 1,642.78 (previous year: Nil) (Refer note 29). The balance in employee stock option reserve account is ₹ 278.00 lakhs (previous year: ₹ 1,171.58 lakhs) as of 31 March 2024.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company

The Company has prepared financial statements for the year ended 31 March 2024, in accordance with Ind AS. Accordingly, the relevant disclosures are based on the carrying values as reflected in the financial statements prepared as per requirements of Ind AS.

40.1 Capital to risk assets ratio (CRAR)

Items	2023-24	2022-23
CRAR (%)	**20.45**	16.14
CRAR - Tier I capital (%)	**16.60**	12.41
CRAR - Tier II capital (%)	**3.85**	3.74
Amount of subordinated debt raised as Tier-II capital	**36,500**	37,500
Amount raised by issue of Perpetual Debt Instrument	-	30,000

The CRAR has been computed in accordance with requirements of Annex II of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 October 2023 (as amended) ("RBI Master Directions") i.e. "Regulatory Guidance on Implementation of Indian Accounting Standards by NBFCs" read with guidelines in Chapter IX of the RBI Master Directions.

40.2 Investments

Items			Current Year (2023-24)	Previous Year (2022-23)
1		**Value of investments**		
i)		Gross value of investments	1,12,535.11	59,198.98
	a)	In India	1,12,535.11	59,198.98
	b)	Outside India	-	-
ii)		Provision for depreciation	-	-
	a)	In India	-	-
	b)	Outside India	-	-
iii)		Net value of investments	1,12,535.11	59,198.98
	a)	In India	1,12,535.11	59,198.98
	b)	Outside India	-	-
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	-	-

40.3 Derivatives

40.3.1 Forward Rate Agreement / Interest Rate Swap

Particulars		Current Year (2023-24)	Previous Year (2022-23)
(i)	The notional principal of swap agreements*	**3,54,310.00**	1,87,500.00
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**507.88**	763.40
(iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps**	**100%**	100%
(v)	The fair value of the swap book	**(4,713.56)**	(7,440.14)

* Includes USD IRS - Notional of USD 100 millions converted at year end exchange rate for the previous year.

** Concentration of credit risk arising from swap is with banks.

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.3.1 Forward Rate Agreement / Interest Rate Swap (continued)

Benchmark	Current Year (2023-24)	Previous Year (2022-23)	Terms
	Notional Principal (INR in Lakhs)		
OIS	**1,87,500.00**	1,87,500.00	Fixed Receivable V/s Floating Payable
	Notional Principal (USD Millions)		
USD SOFR	**100.00**	-	Fixed Payable V/s Floating Receivable

40.3.2 Exchange Traded Interest Rate Derivatives

The Company has not entered into any exchange traded derivatives.

40.3.3 Disclosures on Risk Exposure in Derivatives

a. Qualitative Disclosure

Financial Risk Management

The Company has to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counterparty risk.

The Financial Risk Management Policy as approved by the Board sets limits for exposures on currency and other parameters. The Company manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Liquidity risk and Interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through principal only swaps. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of management of interest rate risk, the Company has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to a benchmark.

Constituents of Derivative Business

Financial Risk Management of the Company constitutes the Audit Committee, Risk Management Committee, Asset Liability Committee ("ALCO") and Derivative Committee.

The Company periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Company.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40.3.3 Disclosures on Risk Exposure in Derivatives (continued)

Hedging Policy

The Company has a Financial Risk Management policy approved by the Board of Directors. For derivative contracts designated as hedges, the Company documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Derivative Committee at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Measurement and Accounting

All derivative contracts are recognised on the balance sheet and measured at fair value. Hedge accounting is applied to all the derivative instruments as per Ind AS 109. Gain / loss arising on account of fair value changes are recognised in the Statement of Profit and Loss to the extent of ineffective portion of hedge instruments and hedged items. The gains / losses of effective portion of hedge instrument are offset against gain / losses of hedged items in other comprehensive income.

The Company has entered into fair value hedges like interest rate swaps on fixed rate rupee liabilities as a part of the Asset Liability management whereby a portion of the fixed rate liabilities are converted to floating rate. The Company has a mark to market loss of ₹ 5,881.78 lakhs on outstanding fair value hedges.

The Company has entered into cashflow hedges to hedge currency risk and interest rate risk on certain foreign currency loans. Under the cashflow hedge, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognized in equity i.e., cash flow hedge reserve.

Movements in the cash flow hedge reserve are as follows (as per Ind AS financials):

Particulars	Current Year (2023-24)	Previous Year (2022-23)
Opening balance	-	(290.85)
(Credits) / debit in the cash flow hedge reserve	511.26	290.85
Closing balance	511.26	-

b. Quantitative disclosures

Sl.No.	Particular	Currency derivatives*		Interest rate derivatives**	
		Current Year (2023-24)	Previous Year (2022-23)	Current Year (2023-24)	Previous Year (2022-23)
(i)	Derivatives (notional principal amount)	83,405.00	-	2,70,905.00	1,87,500.00
(ii)	Marked to market positions				
	a) Asset (+)	224.00	-	944.22	-
	b) Liability (-)	-	-	(5,881.78)	(7,440.14)
(iii)	Credit exposure	1,668.10	-	3,759.05	3,625.00
(iv)	Unhedged exposures	1,210.23	-	-	-

* Currency Derivatives includes Principal Only swaps.

** Includes USD IRS - Notional of USD 100 Millions converted at year end exchange rate in previous year.

40.4 Disclosures relating to Securitisation

a. The Company has not securitised any of its exposures during the year.

b. The Company has neither purchased nor sold any non-performing financial assets during the year.

40.5 Exposures

40.5.1 Exposure to real estate sector

The Company does not have any direct / indirect exposure to real estate as the primary purpose of the loan is for education.

40.5.2 The Company does not have any capital market exposure.

40.6 Details of Financing of Parent Company Products

There is no financing during the current year.

40.7 The Company has not exceeded single borrower limit ("SGL") and nor has exceeded the group borrower limit ("GBL").

40.8 The Company has not given any loans against intangible securities.

40.9 The Company is not registered under any other regulator other than Reserve Bank of India and Insurance Regulatory & Development Authority of India ("IRDAI").

Name of Regulator	Type of Registration	Registration Number
Reserve Bank of India	Non Banking Financial Company - Middle Layer	N-13.01857
Insurance Regulatory & Development Authority of India ("IRDAI")	Corporate Agent	CA0093

40.10 During financial year under audit, no penalty has been levied by any regulator.

40.11 Rating assigned by credit rating agencies and migration of rating during the year:

Sr. No.	Rating agency	Programme	FY 2023-24	FY 2022-23
1	CRISIL Limited	Commercial paper	**CRISIL A1+ / Stable**	**CRISIL A1+ / Stable**
		Non-convertible debenture	**CRISIL AA+/ Stable**	**CRISIL AAA / Stable**
		Subordinated debt	**CRISIL AA+/ Stable**	**CRISIL AAA / Stable**
		Perpetual debt instrument	**CRISIL AA/ Stable**	**CRISIL AAA / Stable**
2	ICRA Limited	Commercial paper	**ICRA A1+ / Stable**	**ICRA A1+ / Stable**
		Bank loans	**ICRA AA/ Stable**	**ICRA AAA / Stable**
		Non-convertible debenture	**ICRA AA/ Stable**	**ICRA AAA / Stable**
		Subordinated debt	**ICRA AA/ Stable**	**ICRA AAA / Stable**
		Perpetual debt instrument	**ICRA AA-/ Stable**	**ICRA AA+ / Stable**
3	CARE Ratings Limited	Bank Loans	**CARE AA/ Stable**	-
		Non-convertible debenture	**CARE AA/ Stable**	**CARE AAA / Stable**
		Subordinated debt	**CARE AA/ Stable**	**CARE AAA / Stable**
		Perpetual debt instrument	**CARE AA-/ Stable**	**CARE AAA / Stable**

During the year, the long-term ratings outlook was placed on "Watch with Developing Implication" in April 2023 considering the clarification received by HDFC Bank Limited to reduce the shareholding in the Company to 10%. Post the announcement of stake sale to investor consortium of EQT and ChrysCapital in June 2023 the rating outlook was changed to "Watch with Negative Implication". Following to the consummation of the acquisition of 90.01% stake in the Company by investor consortium of EQT and ChrysCapital in March 2024, the Rating Agencies have resolved the watch and revised the rating.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.12 Remuneration of Directors

Details of remuneration given to non-executive directors are disclosed below:

Name	Designation	Remuneration for FY 2023-24	Remuneration for FY 2022-23
Mr. V. Srinivasa Rangan	Chairman (up to 20 March 2024); Non-Executive Director (w.e.f. 20 March 2024)	10.00	30.00
Mr. Subodh Salunke	Vice Chairman (resigned w.e.f. 29 June 2022)	-	5.00
Mrs. Madhumita Ganguli	Non- Executive Director (up to 20 March 2024)	21.00	14.00
Mr. B. Mahapatra	Independent Director (up to 20 March 2024)	30.00	36.00
Mr. Sunil Shah	Independent Director (up to 20 March 2024)	28.00	31.00
Mr. Rajesh Gupta	Independent Director (up to 20 March 2024)	21.00	21.00
Mr. Damodarannair Sundaram	Independent Director- Chairman (w.e.f. 20 March 2024)	1.00	-
Mr. Ashish Agrawal	Non-Executive Director (w.e.f. 20 March 2024)	-	-
Mr. Jimmy Mahtani	Non-Executive Director (w.e.f. 20 March 2024)	-	-
Mr. Kosmas Kalliarekos	Non-Executive Director (w.e.f. 20 March 2024)	-	-
Mr. Rajnish Kumar	Non-Executive Director (w.e.f. 20 March 2024)	1.00	-
Mr. Sanjay Kukreja	Non-Executive Director (w.e.f. 20 March 2024)	-	-
Mr. Abhijit Sen	Independent Director (w.e.f. 20 March 2024)	1.00	-
Mr. Bharat Shah	Independent Director (w.e.f. 20 March 2024)	1.00	-
Ms. Anuranjita Kumar	Independent Director (w.e.f. 20 March 2024)	1.00	-
Total		**115.00**	**137.00**

40.13 Provisions and contingencies

Break up of 'provisions and contingencies' shown under the head expenses in statement of profit and loss	**Current Year (2023-24)**	Previous Year (2022-23)
Provisions for depreciation on investment	-	-
Provision towards NPAs*	**141.54**	(703.80)
Provision for Standard Assets#	**4,692.86**	1,693.49
Provision made towards tax expenses	**17,952.85**	9,428.22
Other provision and contingencies (with details)		
Provision for employee benefits		
- Compensated absences	**26.24**	24.57
- Gratuity	**122.31**	85.56

* Represents reduction in impairment loss allowance on stage 3 loans.

Represents impairment loss allowance on stage 1 and stage 2 loans.

40.14 The Company has not made any drawdown from existing reserves.

40.15 Concentration of advances, exposures and NPAs*:

40.15.1 The Company is a non deposit accepting NBFC and hence does not have any depositors.

40.15.2

Concentration of advances	**Current Year (2023-24)**	Previous Year (2022-23)
Total advances to twenty largest borrowers	**2,698.77**	2,251.57
Percentage of advances to twenty largest borrowers to total advances of the NBFC	**0.10%**	0.15%

40.15.3

Concentration of exposures [on limit basis or outstanding basis whichever is higher]	**Current Year (2023-24)**	Previous Year (2022-23)
Total exposure to twenty largest borrowers / customers	**2,845.50**	2,553.13
Percentage of exposures to twenty largest borrowers/ customers to Total exposure of the NBFC on borrowers / customers	**0.09%**	0.15%

40.15.4

Concentration of NPAs*	**Current Year (2023-24)**	Previous Year (2022-23)
Total exposure to top four NPA accounts	**263.96**	257.43

* NPAs presented above reflects credit impaired assets as per Ind AS which includes restructured assets classified as Stage 3.

40.15.5 Movement of NPAs*

Sr. No.	**Particulars**	**Current Year (2023-24)**	Previous Year (2022-23)
(i)	Net NPAs to net advances	**0.03%**	0.10%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	**2,540.26**	5,061.57
	(b) Additions during the year	**1,251.04**	1,259.36
	(c) Reductions during the year	**(1,644.93)**	(3,780.67)
	(d) Closing balance	**2,146.37**	2,540.26
(iii)	Movement of Net NPAs		
	(a) Opening balance	**1,513.95**	3,331.47
	(b) Additions during the year	**671.69**	916.78
	(c) Reductions during the year	**(1,207.11)**	(2,734.30)
	(d) Closing balance	**978.52**	1,513.95
(iv)	Movement of provisions for NPAs*		
	(a) Opening balance	**1,026.31**	1,730.10
	(b) Provisions made during the year	**579.35**	342.58
	(c) Write-off / write-back of excess provisions	**(437.81)**	(1,046.37)
	(d) Closing balance	**1,167.85**	1,026.31

* NPAs presented above reflects credit impaired assets as per Ind AS which includes restructured assets classified as Stage 3.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40.16 Sectoral exposure disclosure as per Scale Based Regulations

Sectors	Current Year			Previous Year		
	Total Exposure (₹ lakhs)	**Gross NPAs* (₹ lakhs)**	**Percentage of Gross NPAs to total exposure in that sector**	Total Exposure (₹ lakhs)	Gross NPAs* (₹ lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal Loans						
i. Education Loans	**28,18,719.80**	**2,146.37**	**0.08%**	15,29,765.98	2,540.26	0.17%
ii. Others	-	-	-	-	-	-
Total of Personal Loans	**28,18,719.80**	**2,146.37**	**0.08%**	15,29,765.98	2,540.26	0.17%
5. Others, if any	-	-	-	-	-	-

* NPAs presented above reflects credit impaired assets as per Ind AS which includes restructured assets classified as Stage 3.

40.17 Intra-group exposures

Sr. No.	Particulars	Current Year (2023-24)	Previous Year (2022-23)
i)	Total amount of intra-group exposures	**Nil**	Nil
ii)	Total amount of top 20 intra-group exposures	**Nil**	Nil
iii)	Percentage of intra-group exposures to total exposure of the Company on borrowers/ customers	**Nil**	Nil

40.18 The Company does not have any overseas assets.

40.19 The Company has not sponsored any off-balance sheet Special Purpose Vehicles.

40.20 Customer complaints

Sr. No.	Particulars	Current Year (2023-24)	Previous Year (2022-23)
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	**2**	-
2	Number of complaints received during the year	**1,636**	1,560
3	Number of complaints disposed during the year	**1,631**	1,558
3.1	Of which, number of complaints rejected by the NBFC	**155**	11
4	Number of complaints pending at the end of the year	**7**	2
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**32**	26
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	**13**	11
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	**16**	4
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	**-**	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	**Not applicable**	Not applicable

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
		Current Year			
Sanction	**2**	**127**	**-34%**	**-**	**-**
Disbursement	**-**	**597**	**-38%**	**-**	**-**
Post Disbursement	**-**	**858**	**143%**		**-**
Behavioural Issues	**-**	**46**	**-13%**	**-**	**-**
Others	**-**	**8**	**NA**	**-**	**-**
Total	**2**	**1,636**	**5%**	**-**	**-**
		Previous Year			
Sanction	4	192	329%	2	-
Disbursement	-	962	505%	-	-
Post Disbursement	-	353	357%	-	-
Behavioural Issues	-	53	NA	-	-
Others	-	-	NA	-	-
Total	4	1,560	364%	2	-

Disclosure of Restructured Accounts As on 31 March 2024

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40.21

Type of Restructuring		Others*				
Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
Details						
Restructured accounts as on 1st April, 2023 (Opening figures)	No. of borrowers	-	4	-	-	4
	Amt. outstanding	-	185	-	-	185
	Provision thereon	-	45	-	-	45
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations of restructured accounts to Standard category	No. of borrowers	-	1	-	-	1
	Provision thereon	-	0	-	-	0
Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the FY	No. of borrowers	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the FY	No. of borrowers	-	1	-	-	1
	Provision thereon	-	43	-	-	43
Write-offs / settlements / recoveries of	No. of borrowers	-	1	-	-	1
	Provision thereon	-	(5)	-	-	(5)
Restructured accounts as on 31st Mar, 2024	No. of borrowers	-	1	-	-	1
	Provision thereon	-	7	-	-	7

* excludes loans restructured under the Covid-19 Resolution Framework 1.0 & 2.0 which are separately disclosed in Note 40.27. No loans restructured under CDR Mechanism, SME

40.22 **Related Party Transactions and Policy on dealing with Related Party Transactions**

Details of the related party transactions are provided in the note 37. The Company's Policy on related party transactions is available on its website.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.23 Asset liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2024:

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings *	2,674.52	-	3,261.15	8,342.44	1,17,007.66	74,701.76	4,20,787.36	8,85,801.00	6,07,816.51	4,21,625.86	25,42,018.26
Foreign currency liabilities	-	-	1,210.23	-	-	-	-	82,296.37	-	-	83,506.60
Assets											
Advances	4,131.99	13,090.92	10,416.37	25,760.30	27,093.66	94,529.57	2,14,635.43	10,44,793.52	5,39,636.36	8,43,463.83	28,17,551.95
Investments	21,491.40	666.07	335.58	266.87	25,721.24	262.35	4,489.66	37,607.89	11,675.05	10,019.00	1,12,535.11
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

The above statements are prepared based on the prepayment assumptions approved by the ALCO.

Maturity pattern of certain items of assets and liabilities as at 31 March 2023:

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings *	4,366.19	-	468.67	690.45	31,930.63	57,270.25	67,625.39	4,81,077.73	3,55,722.74	3,84,185.30	13,83,337.35
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	3,908.54	11,700.68	9,616.73	22,525.29	22,205.02	64,826.08	1,22,403.09	4,41,907.55	3,21,159.87	5,08,486.82	15,28,739.67
Investments	-	-	3,050.05	-	12,500.00	7,308.45	24,907.28	6,107.23	5,325.97	-	59,198.98
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

The above statements are prepared based on the prepayment assumptions approved by the ALCO.

* The above tables as at 31 March 2024 and 31 March 2023 include interest accrued but not due on borrowings.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.24 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 31 of Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023]

	Particulars				
	Liabilities side :	**As at 31 March 2024**		As at 31 March 2023	
1)	**Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:**	**Amount outstanding**	**Amount overdue**	Amount outstanding	Amount overdue
	a) Debentures - Secured	**3,16,854.72**	-	3,36,506.79	-
	- Unsecured	**1,70,912.11**	-	1,33,474.98	-
	(Other than falling within the meaning of public deposit)				
	b) Deferred credit	-	-	-	-
	c) Term loan	**19,79,094.42**	-	8,86,373.30	-
	d) Inter - corporate loans and borrowing	-	-	-	
	e) Commercial paper	**1,13,763.63**	-	26,982.27	-
	f) Other loan	**44,900.00**	-	-	-
	Asset side :	**As at 31 March 2024**		As at 31 March 2023	
2)	**Break-up of loans and advances including bills receivables [other than those included in (3) below] :**	**Amount outstanding**		Amount outstanding	
	a) Secured		**5,87,974.36**		4,10,520.61
	b) Unsecured		**22,30,745.44**		11,19,245.37
3)	**Break up of leased assets and stock on hire and other assets counting towards Asset Financing activities**				
	(i) Lease assets including lease rentals under sundry debtors:				
	(a) Financial lease		-		-
	(b) Operating lease		-		-
	(ii) Stock on hire including hire charges under sundry debtors:				
	(a) Assets on hire		-		-
	(b) Repossessed Assets		-		-
	(iii) Other loans counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.24 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 31 of Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023]

	Asset Side :		As at 31 March 2024	As at 31 March 2023
4)	**Break of investments:**			
	Current investments:			
	1. Quoted:			
	(i) Shares:	(a) Equity	-	-
		(b) Preference	-	-
	(ii) Debentures and bonds		-	-
	(iii) Units of mutual funds		**2,501.26**	20,162.60
	(iv) Government securities		**50,731.91**	27,603.18
	(v) Others (please specify)		-	-
	2. 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 :			
	1. Quoted :			
	(i) Shares:	(a) Equity	-	-
		(b) Preference	-	-
	(ii) Debentures and bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government securities		**59,301.94**	11,433.20
	(v) Others (please specify)		-	-
	2. Unquoted :			
	(i) Shares :	(a) Equity	-	-
		(b) Preference	-	-
	(ii) Debentures and bonds		-	-
	(iii) Units of mutual funds		-	-
	(iv) Government securities		-	-
	(v) Others (please specify)		-	-

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 **Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)**
40.24 Schedule to the balance sheet of a non-deposit taking non-banking financial Company [as required in terms of paragraph 31 of Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023]

5) **Borrower group-wise classification of assets financed as in (2) and (3) above :**

Category	As at 31 March 2024			As at 31 March 2023		
	Amount outstanding			Amount outstanding		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	5,87,974.36	22,30,745.44	28,18,719.80	4,10,520.61	11,19,245.37	15,29,765.98
Total	5,87,974.36	22,30,745.44	28,18,719.80	4,10,520.61	11,19,245.37	15,29,765.98

6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	As at 31 March 2024: Market value / break up or fair value or NAV	As at 31 March 2024: Book value (Net of provisions)	As at 31 March 2023: Market value / break up or fair value or NAV	As at 31 March 2023: Book value (Net of provisions)
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	1,12,535.11	1,12,535.11	59,198.98	59,198.98
Total	1,12,535.11	1,12,535.11	59,198.98	59,198.98

7) **Other information**

Particulars	As at 31 March 2024 Amount	As at 31 March 2023 Amount
i) Gross non performing assets (NPAs)*		
a) Related parties	-	-
b) Other than related parties	2,146.37	2,540.26
ii) Net non performing assets (NPAs)*		
a) Related parties	-	-
b) Other than related parties	978.52	1,513.95
iii) Assets acquired in satisfaction of debt	-	-

* NPAs presented above reflect credit impaired assets as per Ind AS which includes restructured assets classified as Stage 3.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.25 Disclosure pursuant to Para 26 of the RBI Master Direction on "Guidelines on Liquidity Risk Management Framework":

40.25.1 Public Disclosure on Liquidity Risk

A. As at 31 March 2024

i. Funding Concentration based on significant counterparty [1]

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
26 (Twenty Six)	22,04,020.21	NA	83%

ii. Top 20 large deposits

Not applicable. The Company being a Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

iii. Top 10 borrowings

Amount	% of Total Borrowings
7,75,398.45	30%

iv. Funding Concentration based on significant instrument/product [2]

Name of the instrument/product	Amount	% of Total Liabilities
Secured non convertible debentures	3,06,310.37	12%
Commercial paper	1,13,763.63	4%
Term loans from banks & financial institutions	18,92,528.57	71%
External commercial borrowings	82,296.37	3%
Overdrafts and working capital facilities	44,900.00	2%
Subordinated tier II non convertible debentures	1,06,794.29	4%
Perpetual debt instruments to the extent that do not qualify as equity	56,689.39	2%
Total Borrowings	**26,03,282.62**	**98%**
Total Liabilities [3]	**26,52,260.38**	

v. Stock Ratios:

Particulars	as a % of total public funds [4]	as a % of total liabilities [3]	as a % of total assets
Commercial papers	4%	4%	4%
Non-convertible debentures (original maturity of less than one year)	0%	0%	0%
Other short-term liabilities	20%	20%	17%

vi. Institutional set-up for liquidity risk management

The Liquidity Risk Management of the Company is governed by the Liquidity Risk Management Framework ("LRMF"), Asset Liability Management ("ALM") & Financial Risk Management ("FRM") Policy approved by the Board of Directors. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating the overall risks faced by the Company including liquidity risk. The Asset Liability Management Committee ("ALCO") is responsible for ensuring adherence to the liquidity risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level.

* **Notes:**

1 Significant counterparty and Significant instrument/product is as defined in Annex VI Guidelines on Liquidity Risk Management Framework in the RBI Master Direction.

2 Total Liabilities has been computed as sum of all liabilities (as per Balance Sheet) less Equities and Reserves/Surplus.

3 Public funds is as defined in RBI Master Direction.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40.25.2 LCR Disclosure as at 31 March 2024

	Particulars	For the quarter ended 30 June 2023		For the quarter ended 30 September 2023		For the quarter ended 31 December 2023		For the quarter ended 31 March 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
A	**High Quality Liquid Assets (HQLA)**								
1	Balance in Current Accounts	3,130	3,130	7,880	7,880	2,177	2,177	2,706	2,706
2	Investment in Government Securities	39,681	39,681	59,423	59,423	82,582	82,582	94,224	94,224
	Total HQLA		**42,811**		**67,303**		**84,759**		**96,930**
B	**Cash Outflows**								
1	Unsecured wholesale funding	7,452	8,570	20,036	23,041	16,598	19,087	49,582	57,020
2	Secured wholesale funding	18,778	21,595	43,600	50,140	58,558	67,342	76,130	87,550
3	Additional requirements, of which	-	-	-	-	-	-	-	-
	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	Credit and liquidity facilities	-	-	-	-	-	-	-	-
4	Other contractual funding obligations	81,237	93,422	1,51,747	1,74,509	1,18,598	1,36,388	91,258	1,04,947
5	Other contingent funding obligations	1,018	1,171	3,882	4,465	1,434	1,650	12	14
	TOTAL CASH OUTFLOWS		**1,24,758**		**2,52,155**		**2,24,467**		**2,49,531**
C	**Cash Inflows**								
1	Secured lending	-	-	-	-	-	-	-	-
2	Inflows from fully performing exposures	24,776	18,582	25,226	18,920	26,330	19,748	27,307	20,480
3	Other cash inflows	1,46,039	1,09,529	3,05,757	2,29,317	1,88,866	1,41,649	2,60,137	1,95,103
	TOTAL CASH INFLOWS		**1,28,111**		**2,48,237**		**1,61,397**		**2,15,583**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**	
	TOTAL HQLA		**42,811**		**67,303**		**84,759**		**96,930**
	TOTAL NET CASH OUTFLOWS [Stressed Outflows - (Minimum of Stressed Inflows OR 75% of Stressed Outflows)]		**31,190**		**63,039**		**63,070**		**62,383**
	LIQUIDITY COVERAGE RATIO (%)		**137%**		**107%**		**134%**		**155%**

* Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

* Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

E Qualitative Disclosure on LCR

As per Para 26 of the RBI Master Direction, applicable NBFCs are required to maintain a liquidity buffer in terms of LCR which will promote their resilience to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.

Road Map for all non-deposit taking NBFCs with asset size of ₹5,000 crore and above but less than ₹10,000 crore to adhere the LCR is as per the table (as prescribed by RBI).

From	01-Dec-20	01-Dec-21	01-Dec-22	01-Dec-23	01-Dec-24
Minimum LCR	30%	50%	60%	85%	100%

Road Map for all non-deposit taking NBFCs with asset size of ₹10,000 crore and above to adhere the LCR is as per the table (as prescribed by RBI).

From	01-Dec-20	01-Dec-21	01-Dec-22	01-Dec-23	01-Dec-24
Minimum LCR	50%	60%	70%	85%	100%

As required under above requirements, the Company was required to maintain LCR at 70% during 01 December 2022 to 30th November 2023 and at 85% w.e.f 01 December 2023. The LCR for the quarter ended 31 March 2024 is at 155% based on daily average for the quarter ended 31 March 2023 as against 108% for the quarter ended 31 March 2023. The company was compliant with maintenance of stipulated LCR.

LCR has been defined as : Stock of high quality liquid assets (HQLAs) divided by Total net cash outflow over the next 30 calendar days.

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Notes to the financial statements (continued)
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(Currency: INR in Lakhs)

40.25.2 LCR Disclosure as at 31 March 2024 (continued)

Composition of HQLA :

Liquid assets comprise of high quality assets that can be readily encashed or used as collateral to obtain cash in a range of stress scenarios. There are three categories of assets included in the stock of HQLAs, viz. assets with 0%, 15% and 50% haircuts. The HQLA maintained by the Company comprises Government securities (including G-Sec, State Development Loans & Treasury bills) and bank balance maintained in current account. The average HQLAs for the quarter ended 31 March 2024 were ₹ 96,930 lakhs, of which, investment in Government securities constituted ₹ 94,224 lakhs and balance with banks of ₹ 2,706 lakhs.

Main drivers to the LCR :

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow). However, total cash inflows are subjected to an aggregate cap of 75% of total expected cash outflows.

The total net cash outflow is the total expected stressed cash outflows minus total expected stressed cash inflows for the subsequent 30 calendar days. The net stressed cash outflow for the quarter ended 31 March 2024 were at ₹ 62,383 lakhs as against ₹ 34,204 lakhs for the quarter ended 31 March 2023. The increase in cash outflow was mainly driven by increase in scheduled repayment of borrowings and increase in the projected disbursements. The Company had hedged foreign exchange risks and interest rate risks by using derivatives instruments viz., principal only swap (POS), USD - INR interest rate swap and INR - OIS interest rate swap.

Liquidity Management in the Company is driven by the LRMF, FRM and ALM Policy of the Company and other regulatory prescriptions. The ALCO has been empowered by the Company's Board to formulate the funding strategies to ensure that the funding sources are well diversified and consistent with the requirements of the Company. In addition to the LCR reporting, the Company prepares Structural Liquidity statements to assess the liquidity needs of the Company on an ongoing basis. The Management is of the view that the Company has sufficient liquidity cover to meet its likely future short term requirements.

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Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

40 **Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)**

40.26 **Disclosure as per Annex II on "Regulatory Guidance on Implementation of Indian Accounting Standards by NBFCs"**

A. **As at 31 March 2024**

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount 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	28,06,278.80	6,564.19	27,99,714.61	11,447.96	(4,883.78)
	Stage 2	10,294.63	2,666.20	7,628.44	45.00	2,621.20
Subtotal for Performing Assets		**28,16,573.43**	**9,230.39**	**28,07,343.05**	**11,492.96**	**(2,262.58)**
Non-Performing Assets (NPA)						
Substandard	Stage 3	940.85	232.85	708.00	139.16	93.69
Doubtful - up to 1 year	Stage 3	236.91	213.75	23.16	224.27	(10.52)
1 to 3 years	Stage 3	409.64	283.34	126.31	326.53	(43.19)
More than 3 years	Stage 3	231.78	110.72	121.06	185.94	(75.22)
Subtotal for doubtful		878.34	607.81	270.53	736.74	(128.93)
Loss	Stage 3	327.19	327.19	-	327.19	-
Subtotal for NPA		**2,146.37**	**1,167.85**	**978.52**	**1,203.09**	**(35.24)**
Other items such as guarantees, loan commitments, 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	-	603.65	(603.65)	-	603.65
	Stage 2	-	53.06	(53.06)	-	53.06
	Stage 3	-	-	-	-	-
Subtotal		-	**656.71**	**(656.71)**	-	**656.71**
Total	**Stage 1**	**28,06,278.80**	**7,167.84**	**27,99,110.96**	**11,447.96**	**(4,280.12)**
	Stage 2	**10,294.63**	**2,719.25**	**7,575.38**	**45.00**	**2,674.25**
	Stage 3	**2,146.37**	**1,167.85**	**978.52**	**1,203.09**	**(35.24)**
	Total	**28,18,719.80**	**11,054.94**	**28,07,664.86**	**12,696.05**	**(1,641.11)**

* Provisions required as per IRACP norms amount to ₹ 12,432.33 lakhs. The amounts tabulated above include ₹ 263.72 lakhs towards unrealised interest on NPAs.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.26 Disclosure as per Annex II on "Regulatory Guidance on Implementation of Indian Accounting Standards by NBFCs"

B. As at 31 March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount 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	15,21,326.54	3,458.11	15,17,868.43	6,332.00	(2,873.89)
	Stage 2	5,337.90	1,289.59	4,048.31	21.40	1,268.19
Standard restructured	Stage 2	561.28	101.91	459.37	53.50	48.41
	Stage 3	689.68	176.42	513.26	61.26	115.16
Subtotal for Performing Assets		**15,27,915.40**	**5,026.03**	**15,22,889.37**	**6,468.16**	**-1,442.13**
Non-Performing Assets (NPA)						
Substandard	Stage 3	678.84	162.63	516.20	93.22	69.41
Doubtful - up to 1 year	Stage 3	338.55	75.15	263.40	211.14	(135.99)
1 to 3 years	Stage 3	443.30	275.03	168.27	349.56	(74.53)
More than 3 years	Stage 3	64.40	11.59	52.82	49.40	(37.81)
Subtotal for doubtful		846.25	361.77	484.48	610.10	(248.33)
Loss	Stage 3	325.49	325.49	-	325.49	0.00
Subtotal for NPA		**1,850.58**	**849.89**	**1,000.69**	**1,028.81**	**(178.92)**
Other items such as guarantees, loan commitments, 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	-	314.04	(314.04)	-	314.04
	Stage 2	-	30.58	(30.58)	-	30.58
	Stage 3	-	-	-	-	-
Subtotal		-	**344.62**	**(344.62)**	-	**344.62**
Total	**Stage 1**	**15,21,326.54**	**3,772.15**	**15,17,554.38**	**6,332.00**	**(2,559.85)**
	Stage 2	**5,899.18**	**1,422.08**	**4,477.11**	**74.90**	**1,347.18**
	Stage 3	**2,540.26**	**1,026.31**	**1,513.95**	**1,090.07**	**(63.76)**
	Total	**15,29,765.98**	**6,220.54**	**15,23,545.44**	**7,496.97**	**(1,276.43)**

* Provisions required as per IRACP norms amount to ₹ 7,276.80 lakhs. The amounts tabulated above include ₹ 220.18 lakhs towards unrealised interest on NPAs.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)
as at 31 March 2024

(Currency: INR in Lakhs)

40 Disclosures pursuant to Reserve Bank of India Guidelines, to the extent applicable to the Company (continued)

40.27 Disclosure pursuant to RBI notification on "Resolution Framework for COVID-19-related Stress" dated August 6, 2020 and on "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" dated May 5, 2021

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end 31 March 2023	Of (A), aggregate debt that slipped into NPA during the year ended 31 March 2024	Of (A) amount written off during the year ended 31 March 2024	Of (A) amount paid by the borrowers during the year ended 31 March 2024^	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year ended 31 March 2024
Personal Loans	1,250.96	-	-	1,250.96	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1,250.96**	-	-	**1,250.96**	-

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

^ Amount paid by borrower during the year net of additions in the account including additions due to interest capitalisation. Includes loans outstanding upgraded to "Standard" from "Standard Restructured" on satisfactory performance during the specified period of 12 months.

40.28 The disclosures as required by the Master Direction - Monitoring of frauds in NBFCs issued by RBI dated 29 September 2016

There were no incidents of frauds reported to RBI during the current year and the frauds detected and reported in the previous year amounted to ₹ 10.89 lakhs.

40.29 Breach of covenant

The Company has not breached any covenant of loans availed or debt securities issued.

40.30 Divergence in the asset classification and provisioning

Nil

40.31 Loans to Directors, Senior Officers and Relatives of Directors

The Company has not lent any amount to Directors, Senior Officers and Relatives of Directors.

40.32 CDS (Credit Default Swaps) disclosure

The Company has not entered into Credit Default Swaps.

40.33 Disclose the circumstances in which revenue recognition has been postponed

There were no instances of postponement of revenue recognition pending the resolution of significant uncertainties.

41 Other Information

a) Capital expenditures contracted for as at the balance sheet date but not recognized in the financial statements amount to ₹ 525.63 (previous year: ₹ 1,031.25) towards purchase of Computers.

b) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

c) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

d) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

i) 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

ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

e) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

i) 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

ii) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

f) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

g) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.

h) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

i) The title deeds of all the immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress are held in the name of the Company as at the balance sheet date.

j) The Company has been maintaining its books of account in Oracle Fusion Cloud Application which has feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, throughout the year as required by proviso to sub rule (1) of rule 3 of The Companies (Accounts) Rules, 2014 known as the Companies (Accounts) Amendment Rules, 2021.

HDFC Credila Financial Services Limited

Notes to the financial statements (continued)

as at 31 March 2024

(Currency: INR in Lakhs)

42 Segment reporting

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.
The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which requires disclosure.

43 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

44 During the year, Company has received order from GST department demanding ₹ 36.12 lakhs for FY 2017-18. The Company has filed an appeal with Appellate Authority against the order passed by Assistant Commissioner of GST department by paying GST of ₹ 1.72 lakhs. As at 31 March 2024 the Company has contingent liability of ₹ 34.40 lakhs (as at 31 March 2023: Nil).

45 Other Disclosures

a) In respect of borrowings from banks and financial institutions, quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

b) During the year, the Company has not entered into any transactions with any struck-off companies.

c) During the year, the Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.

46 Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

As per our report of even date attached.

For Shah Gupta & Co.
Chartered Accountants
Firm's Registration No: 109574W

For and on behalf of Board of Directors of
HDFC Credila Financial Services Limited
CIN No: U67190MH2006PLC159411

Vipul K Choksi
Partner
Membership No: 37606

Damodarannair Sundaram
Chairman
(DIN - 00016304)

Arijit Sanyal
Managing Director & CEO
(DIN - 08386684)

For Gokhale & Sathe
Chartered Accountants
Firm's Registration No: 103264W

Rahul Joglekar
Partner
Membership No: 129389

Manjeet Bijlani
Chief Financial Officer
(ACA - 102472)

Akanksha Kandoi
Company Secretary
(FCS - 6883)

Place:- Mumbai
Date:- 1 May 2024

Place:- Mumbai
Date:- 1 May 2024

Feedback

We welcome your valuable feedback. For any queries relating to this Annual Report and its contents, you can write to us at: **investor@hdfccredila.com.**

HDFC CREDILA

The Education Loan Specialist

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Mumbai - 400 059, Maharashtra, India

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HDFC Credila Financial Services Limited