

8th Annual Report 2014-2015

Loans for all financial needs



From the trusted family of HDFC Bank Ltd.

Financial Highlights

(₹ in crores)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Total revenue	178.85	431.13	963.19	1,688.27	2,527.26
Profit before tax	24.32	70.65	150.13	318.07	530.28
Profit after tax	15.81	51.11	102.45	209.24	349.45
Assets under management	1,262	3,992	8,251	13,560	19,290
Shareholders funds	719.27	770.78	873.53	1,628.50	3125.13
Borrowings	668.46	3,150.47	7,153.51	11,075.00	15,277.97
Earnings per share (₹)	0.88	1.25	2.49	4.32	6.63
Book value per share (₹)	17.53	18.77	21.27	33.61	59.29

Corporate Information

Board of Directors

Mr. G. Subramanian (DIN: 00712803), Chairman & Non Executive Director
Mr. Kaizad Bharucha (DIN: 02490648), Non Executive Director
Mr. Anil Jaggia (DIN: 00317490), Non Executive Director
Ms. Smita Affinwalla (DIN: 07106628), Independent Director
Mr. Venkatraman Srinivasan (DIN: 00246012), Independent Director
Mr. Ramesh G. (DIN: 05291597), Managing Director

Statutory Auditors

B S R & Co. LLP, Chartered Accountants (ICAI Reg. no. 101248W/W-100022)

Registered Office

Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad - 380 009
Tel No.: +91 79-30482717
Web: www.hdbfs.com
Email: compliance@hdbfs.com
CIN: U65993GJ2007PLC051028

Corporate Office

2nd Floor, Process House,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel (W),
Mumbai - 400013
Tel No.: +91 22 39586300

Bankers

* Allahabad Bank * Andhra Bank * Bank of Baroda * Bank of India * Bank of Maharashtra * Canara Bank * Corporation Bank * Deutsche Bank AG * Federal Bank * HDFC Bank * HSBC Bank * IDBI Bank * Indian Bank * Jammu & Kashmir Bank * Kotak Mahindra Bank * Oriental Bank of Commerce * Punjab & Sind Bank * Punjab National Bank * State Bank of Bikaner & Jaipur * State Bank of Hyderabad * State Bank of India * United Bank of India * Vijaya Bank *

Key Managerial Personnel

Mr. Ramesh G, Managing Director
Mr. Haren D Parekh, Chief Financial Officer
Mr. Harsh Bajpai, Company Secretary

Registrar & Share Transfer Agents

For Equity Shares, Commercial Paper and Debentures (NCDs) series 1 to 13:

M/s Datamatics Financial Services Limited,
Plot No , B 5 Part B Cross Lane, MIDC,
Andheri (E), Mumbai-400093

For Subordinated Bonds and Debentures (NCDs) series 14 onwards:

M/s Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S.
Marg, Bhandup (West), Mumbai - 400 078

Debenture Trustees

M/s IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001
Tel.: 91 022 4080 7001, Fax: 91 022 6631 1776,
Email: ajit.guruji@idbitrustee.com

8th Annual General Meeting

Date : June 17, 2015
Day : Wednesday
Time : 12 noon
Place : 404, 4th Floor, Pushpak Landmark Building, Anandnagar,
Satellite, Ahmedabad - 380015 Gujarat
Book Closure for AGM : Tuesday, June 09, 2015 to Wednesday, June 17, 2015
(both days inclusive)

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Directors' Report



The Members,
HDB Financial Services Limited

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of your Company together with the audited accounts for the Financial Year ended March 31, 2015.

Financial Performance

(₹ In crore)

Particulars	2014-15	2013-14
Total Income	2,527.26	1,688.27
Total Expenditure	1,983.13	1,362.61
Profit/(Loss) before Depreciation & Tax	544.13	325.66
Less: Depreciation	13.85	7.59
Profit before Tax	530.28	318.07
Provision for Tax	180.83	108.83
Profit / (Loss) after Tax	349.45	209.24
Appropriations:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	69.89	41.86
Proposed Dividend	48.96	25.69
Dividend Tax thereon	10.02	4.37
Balance carried forward to Balance Sheet	220.57	137.32

Your Company posted total income and net profit of ₹ 2,527.26 crore and ₹ 349.45 crore, respectively, for the financial year ended March 31, 2015, as against ₹ 1,688.27 crore and ₹ 209.24 crore, respectively, in the previous year.

Dividend

Keeping in mind the overall performance and the outlook for your Company, your Directors are pleased to recommend a dividend of Re. 0.70 (Paise Seventy only) per equity share i.e. 7 % (Seven percent) on each Equity Share of ₹ 10/- (Rupees ten only), entailing a payout of ₹ 58.98 crore, including dividend distribution tax. The dividend would be paid to all the shareholders, whose names appear on the Register of Members / Beneficial Holders list on the Book Closure date.

Capital

During the year, your Company had issued 5,65,800 fully paid up equity shares to its employees under the Employees Stock Option Scheme.

The Company allotted 18,51,53,857 equity shares under the Rights Issue at a price of ₹ 65/- per share (including premium of ₹ 55/- per share).

Post allotment of equity shares as aforesaid, the issued, subscribed and paid-up share capital of your Company stands increased to ₹ 6,99,46,98,760 comprising of 69,94,69,876 equity shares of ₹ 10 each as on March 31, 2015.

Capital Adequacy

Your Company is well capitalized and has a capital adequacy ratio of 23.02% as at March 31, 2015 as against the minimum regulatory requirement of 15% for non-deposit accepting NBFCs.

Ratings

The Credit Analysis & Research Limited (CARE) and CRISIL Limited (CRISIL) have assigned ratings for the various facilities availed by the Company, details of which are given below:

Facility	CARE	CRISIL	Amount (₹ in crore)
Bank facilities	AAA	AAA/Stable	11000
Short term debt program	A1+	A1+	2500
Non-convertible debentures	AAA	AAA/Stable	8000
Subordinated bond issue	AAA	AAA/Stable	2000

Borrowings

Your Company has diversified funding sources from Public Sector Banks, Private sector Banks, Mutual Funds, Insurance Companies, Financial Institutions etc. Funds were raised in line with Company's Resource Planning Policy through term loans, secured redeemable non-convertible debentures (NCDs), unsecured non-convertible redeemable subordinated bonds (Subordinated Bonds) and commercial paper (CPs).

During the year, your Company raised ₹ 4,765 crore through term loans from Banks. Further, the Company established new banking relationships with three (3) banks. No interest payment or principal repayment of the Term Loans was due and unpaid as on March 31, 2015. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year, your Company raised ₹ 2,387 crore by issue of NCDs, on private placement basis. The NCDs are rated "AAA" by CARE and CRISIL, indicating highest degree of safety with regard to timely servicing of financial obligations. The NCDs were issued with maturity period ranging from 18 months to 5 years. The Interest payable is annual and/or on maturity and no interest was due and unpaid as on March 31, 2015. The Company has not received any grievances from the debenture holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due.

Your Company also raised ₹ 500 crore by issue of Subordinated Bonds, on private placement basis. The Subordinated Bonds are rated "AAA" by CARE and CRISIL, indicating highest degree of safety with regard to timely servicing of financial obligations. The Subordinated Bonds were issued with a maturity period of 10 years. The interest payable thereon is annual and no interest was due and unpaid as on March 31, 2015. The Company has not received any grievances from the subordinated bond holders. The Company has appointed IDBI Trusteeship Services Limited as trustees for the Subordinated Bonds.

The NCDs and Subordinated Bonds are listed on Wholesale Debt Market (WDM) of the Bombay Stock Exchange. The Directors of your Company state that there were no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year March 31, 2015 to which the financial statements relate and the date of the report.

Merger

The Board of Directors of the company at its meeting held on November 14, 2014 had approved the merger of M/s. HBL Global Private Limited and M/s. Atlas Documentary Facilitators Private Limited into M/s. HDB Financial Services Limited. The Company has made an application to the RBI for the requisite regulatory approval and the same is awaited.

Fixed Deposits

Your Company is a non deposit taking Company (NBFC-ND-SI). The Company has not accepted any fixed deposit during the year under review. The Company has passed a resolution for non acceptance of deposits from public.

Corporate Social Responsibility

The Company believes Corporate Social Responsibility (CSR) is a way of creating shared value and contributing to social and environmental good. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations.

As part of its initiatives under CSR, the Company has initiated partnerships with implementing agencies for projects in the areas of Healthcare, Education and Vocational Training. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

The Company believes in achieving its CSR objectives through sustained intervention by partnering with implementing agencies having strong credentials in the areas the Company seeks to make a difference.

The Company also believes that it is well positioned to build on the foundations put in place and the understanding gained in the current year to broaden and accelerate its CSR interventions so as to make a difference and meet its own as well as the legislated expectations.

During the year under review, the CSR Committee was formed to draw up the CSR Policy of the Company and implement the same. The Company as part of its commitment towards CSR initiatives identified some areas for its CSR activities and shall strive to achieve its CSR expenditure targets in the financial year 2015 - 16.

The Annual Report on CSR activities is annexed as 'Annexure A'.

Directors

The Board of Directors at its meeting held on March 12, 2015, in terms of Sections 149, 152 and 161 of the Companies Act, 2013 (the 'Act') have inducted Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla, as Additional Independent Directors of the Company till the conclusion of the ensuing Annual General Meeting. The Company has received notices in writing along with deposits of requisite amounts as per Section 160 of the Act, from a member proposing the candidatures of Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla for the office of Independent Director as per the provisions of Section 149 of the Act for a period of five (5) consecutive years.

In terms of Section 152 of the Act and Articles of Association of the Company, Mr. Anil Jaggia retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Key Managerial Personnel

Mr. Ramesh G. was appointed as the Managing Director in July 2012 for a term of five years.

The Board of Directors of the Company at its meeting held on October 16, 2014, in terms of Section 203 of the Act had appointed Mr. Haren Parekh as the Chief Financial Officer of the Company.

Mr. Rohit Bhasse ceased to be the Company Secretary of the Company effective November 30, 2014. Subsequently, the Board of Directors of the Company at its meeting held on January 23, 2015, in terms of Section 203 of the Act, had appointed Mr. Harsh Bajpai as the Company Secretary of the Company.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- i. that in preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. that appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2015 and of the profit of the Company for the said year;

- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis;
- v. the Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by the internal audit team appointed by the Management to conduct the internal audit. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls; and
- vi. that systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Vigil Mechanism / Whistle Blower Policy

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been approved by the Board at its meeting held on January 23, 2015 and has been placed on the website of the Company.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and directors who avail of the vigil mechanism and also provide direct access to the Chairperson of the Audit Committee in exceptional circumstances.

Policy on Prevention of Sexual Harassment

The Board of Directors at its meeting held on March 12, 2015, approved the "HDB Policy on Prevention and Redressal Sexual Harassment at Workplace" in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said policy is uploaded on the website of the Company.

During the year under review, there were no complaints received against any employee.

Statutory Auditors

Pursuant to the provisions of Section 139 and 141 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office upto the financial year 2017 - 18, subject to the ratification by the members at every Annual General Meeting to be held during their term.

The appointment of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company, is eligible for ratification and they have consented to the same and have confirmed that the appointment, if ratified, shall be within the limits prescribed under the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of Section 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014.

The Board recommends the ratification of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for financial year 2015 -16, to the members at the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors at its meeting held on January 23, 2015 had appointed M/s. Kaushal Dalal & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for the Financial Year 2014 - 15. The Report of the Secretarial Auditor in Form MR-3 is annexed as 'Annexure B'.

Employees Stock Option Scheme (ESOS)

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

Statutory Disclosures

1. Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT- 9 is annexed as 'Annexure D'.
2. Disclosure as per Section 197(12) of the Companies Act, 2013 pertaining to individuals employed throughout the year and in receipt of remuneration of not less than ₹ 60,00,000/- per annum is given in 'Annexure E'.
3. Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in 'Annexure F'.
4. Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as 'Annexure G'.
5. Pursuant to the provisions of Section 134(3)(e), the Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is annexed as 'Annexure H'.

Corporate Governance Report

The report on Corporate Governance for the Company is annexed as 'Annexure I' and forms an integral part of this Annual Report.

Energy Conservation, technology absorption and foreign exchange earnings and outgo

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there was no foreign earning or expenditure in the Company.

RBI guidelines

Reserve Bank of India (RBI) granted the Certificate of Registration to the Company in December 2007 vide Registration No. N.01.00477, to commence the business of a non-banking financial institution without accepting deposits. Your Company is a Systemically Important Non-Banking Financial Company (NBFC-ND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

The year 2014 - 15 began with several challenges on the macroeconomic front, including rising inflation, dwindling industrial output and a falling rupee. The Reserve Bank of India (RBI) intervened in July and August to stem the rupee's slide by increasing the marginal standing facility rate and the bank rate by 200 bps each to 10.25%. The result was that frequent issuers such as Non Banking Financial Companies (NBFCs) pulled back from the bond market. In first quarter of 2015, the RBI has cut the repo rate by 50 bps to 7.50% in two tranches as there are signs that inflation is moderating.

Overall GDP growth in the fiscal settled at around 7.4%, mostly driven by the industry and services sector. Wholesale Price Index has registered moderation at (2.33%), while Consumer Price Index has moderated to 5.17% up to March 2015. Structural shifts in inflation are due to lower oil prices, deceleration in agriculture prices & wages and improved household inflation expectations. The trading environment is becoming more challenging as the buoyancy of Indian exports has declined with respect to world growth. Current account deficit (CAD) is expected to decline below 1% of GDP for the FY 2014-15. Foreign exchange reserves increased to \$ 341.14 billion at week ended March 27, 2015. Fiscal deficit is expected to be contained at 4.1% as per the budget estimates.

The vision of the new government is pragmatic and of inclusive growth which is apparent from more devolution of tax collections to the states, postponing the achievement of 3% fiscal target to FY 2018 thereby making more space for public investment in the country. Thrust to infrastructure, measures to revive the investment cycle, boost to savings, 'Make in India' initiative, ease of doing business and boosting entrepreneurship are major focus areas of the government.

Industry Developments

The NBFCs saw moderation in rate of asset growth, rising delinquencies resulting in higher provisioning thereby impacting profitability. However, comfortable capitalisation levels and conservative liquidity management, continues to provide comfort to the credit profile of well run NBFCs inspite of the impact on profitability.

The revised regulatory framework released in November, 2014 by the RBI focuses on strengthening the structural profile of the NBFC sector. These changes have to be implemented in a phased manner by March 31, 2018. Some of the key changes are:

- I. Classification of loan NPAs for NBFCs has also been brought in line with banks. NPA recognition will change in a phased manner to 90 days overdue from the current 180 days overdue for loans and 360 days for hire purchase assets.
- II. Increase in Tier I CAR (core CAR) will increase in a phased manner to 10% for NBFC - D and NBFC - ND - SI, thereby increasing loan absorbing capacity and long term capital requirement.
- III. Stringent Corporate governance and disclosure norms for accountability, transparency and trust in NBFC sector
- IV. Standard asset provisioning will stand increased from 0.25% to 0.40%

NBFCs, which historically have been very reliant on bank borrowings, have now started to diversify their resource raising profile to reduce cost of funds. In the current environment financing through bonds, debentures and commercial papers (CPs) are much cheaper as compared to bank borrowings.

The highlights of the reforms introduced by Government of India in their budget for the coming fiscal for the financial sector are as following:

- i. Inclusion of NBFCs, having an asset size of Rs 500 crore and above, under the SARFAESI Act and new bankruptcy code will provide a boost to recovery efforts and help rein in asset quality problems over the long run.
- ii. Setting up of autonomous bank board bureau marks the initial move towards formalising a holding company structure for public sector banks. This will improve governance, optimise capital contribution by government, and provide greater functional autonomy.
- iii. The new Micro Units Development Refinance Agency (MUDRA) Bank for refinancing of microfinance institutions will support micro credit.

Opportunities

The Monetary Policy Framework Agreement between the Government of India and Reserve Bank of India is a vital step to keep inflation below 6%. This is also supported by the steep decline in the international crude oil prices, which controlled food inflation and increased consumption of the basic commodities in rural areas. Government has announced a number of policy measures to achieve the projected GDP growth in 2015-16 like approval of large infrastructure projects, addressing challenges of mining and power sectors, increasing foreign investment limits in Insurance, Railways, Defence manufacturing and Aerospace. Growth in agricultural sector output will drive demand from rural areas.

In view of the aforesaid initiatives of the Government, NBFCs can also look for growth in asset financing and collateral backed lending activities.

The Reserve Bank of India's enhancement of the credit limits through securitisation transactions for both banks and NBFCs, shall provide better opportunities to NBFC's to meet their ongoing capital/funding requirements.

Threats

Growth of the Company's asset book, quality of assets and ability to raise funds depend significantly on the economy. Unfavorable events in the Indian economy can affect consumer sentiment and in turn impact consumer decision to purchase financial products. Competition from a broad range of financial services providers, unstable political environment and changes in Government policy / regulatory framework could impact the Company's operations.

Operations

Loan disbursements during the year were ₹ 11,351 crore, as against ₹ 9,001 crore in the previous year. The business assets under management of the Company as at March 31, 2015 increased to ₹ 19,290 crore from ₹ 13,560 crore in the previous year.

The Company has continued to focus on diversifying its offerings and expansion of distribution to effectively deliver credit solutions to its market.

The current product portfolio consists of:

Loans - The Company offers a range of loan products both in the secured and unsecured categories that fulfills the financial needs of its target segments.

- **Unsecured loans** - These Loans are in the range of ₹ 100,000 to ₹ 30,00,000. These loans are offered as term loans with a maximum tenure of 48 months. Interest rates on these loans are higher than the rates on secured loans.
- **Secured loans** - These loans are offered to customers to address the larger loan requirements or longer repayment requirements. Secured loans are in the range of ₹ 100,000 to ₹ 800,00,000. These loans are offered as term loans with the maximum tenure at 120 months. These loans are normally offered on a floating rate basis.

The Company provides loan against the following collaterals as security for the loans:

- Residential / Commercial property
- Cars/automobiles (both new and used)
- Shares
- Marketable securities such as Bonds
- Gold jewellery
- **Asset Finance** - Your Company offers loans for purchase of vehicles and equipment that generate income for the borrowers.
- **Commercial Vehicle Loans** - The Company provides loans for purchase of new and used commercial vehicles. The Company also offers refinancing for vehicles.
- **Construction Equipment** - The Company also provides facilities for purchase of new and used construction equipments.

Fee based products

- **Insurance services** - The Company is a registered insurance Corporate Agent having license vide no. HDF 4684721 from Insurance Regulatory & Development Authority (IRDA). The Company sells life and general insurance products of HDFC Standard Life Insurance Company Limited and HDFC Ergo General Insurance Company Limited respectively.

BPO services business

- **BPO services** - The Company has a contract with HDFC Bank to run collection call centers and collect overdues from borrowers. The Company has set up call centers across the country with a capacity of over 2600 seats. These centers provide collection services for the entire gamut of retail lending products of HDFC Bank. The Company offers end to end collection services in over 400 locations through its calling and field support teams.

Infrastructure

The Company has 425 branches in 265 cities thus creating the right distribution network to sell its products and services. The Company has its data centre at Bangalore and centralised operations in Hyderabad and Chennai. The Business Process Outsourcing (BPO) services vertical now runs 10 centers with a capacity of over 2600 work stations.

Outlook

The markets will continue to grow and mature leading to differentiation of products and services. Each financial intermediary will have to find its niche in order to add value to consumers. The Company is cautiously optimistic in its outlook for the year 2015-16.

Risk management and portfolio quality

The Company recognizes the importance of risk management and has invested in appropriate processes, people and management structure. The function is supervised by the Risk Committee. Risk Committee reviews the asset quality on quarterly basis. Product policy programs are duly approved before any new product launches and are reviewed regularly. The asset quality of the Company continues to remain healthy. The ratio of gross non-performing assets to gross advances and net non performing assets to net advances as of March 31, 2015 stood at 0.84% and 0.48% respectively. The specific loan loss provisions that the Company has made for its non-performing assets continue to be more conservative than those prescribed by the regulator.

Service Quality Initiatives

Your Company has taken various steps to improve the effectiveness of its service delivery and drive consistency of customer experience across its delivery channels. To ensure prompt redressal of customer grievances, the Company has put in place a grievance redressal process. A customer service committee chaired by the Managing Director undertakes a monthly review of all complaints. The focus of the review is to identify root cause for complaints and to make process changes and identify training needs. A quarterly report is also placed before the Audit Committee.

All these initiatives have helped in consistent reduction in the total number of customer complaints. Your Company has established a very strong and dispassionate review mechanism for complaint resolution in this year.

To strengthen its internal processes the Company implemented a quality management system in its centralized operations at Hyderabad and Chennai. The BSI awarded an ISO 9001:2008 to the operations in October 2014.

Internal Control Systems

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations. The Internal Auditors monitor the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems/accounting procedures and policies of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has adequate systems and procedures to provide assurance of recording transactions in all material respects. During the year M/s. NMAH & Associates, Chartered Accountants, reviewed the adequacy and operating effectiveness of the internal financial controls as per Section 134 (5) of the Companies Act, 2013 by covering the following broad areas:

Directors' Report



- i. Material level assessment
- ii. Entity level assessment
- iii. Risk Control Matrix covering major processes and developing controls

Internal audit and compliance

The Company conducts its internal audit and compliance functions within the parameters of regulatory framework which is well commensurate with the size, scale and complexity of operations. The internal controls and compliance functions are installed, evolved, reviewed, and upgraded periodically.

The Company has appointed CNK & Associates, Chartered Accountants, to conduct internal audit covering all areas of operations including branches. The reports are placed before the Audit Committee of the Board.

The Audit Committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary / considered appropriate. The Company has framed a compliance policy to effectively monitor and supervise the compliance function in accordance with the statutory requirements.

Human Resources

People remain the most valuable asset of your Company. Your Company is professionally managed with senior management personnel having rich experience and long tenure with the Company. Your Company follows a policy of building strong teams of talented professionals. Your Company encourages, appreciates and facilitates long term careers. Your Company continues to build on its capabilities in getting the right talent to support different products and geographies and is taking effective steps to retain the talent. The Company continues to focus on training programs for skill development, compliance and improved customer experience. As on March 31, 2015, your Company had 10,476 employees as compared to 7,614 as on March 31, 2014.

Cautionary Note

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Your Company does not undertake to update these statements.

Acknowledgement

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth. The Directors also wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and government bodies, Company's auditors, customers, bankers, promoters and shareholders.

On behalf of the Board of Directors

Mumbai, April 17, 2015

G. Subramanian
Chairman

Disclosure on Corporate Social Responsibility (CSR) Policy and Activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes: Given in the CSR Policy, which is uploaded on the Company's website.

Weblink: <http://www.hdbfs.com/policies.htm>

2. **Composition of the CSR Committee:**

- i. Mr. G. Subramanian, Chairperson
- ii. Ms. Smita Affinwalla, Member
- iii. Mr. Anil Jaggia, Member
- iv. Mr. Ramesh G., Member

3. **Average net profit of the company for last three (3) financial years of the Company:** ₹ 179.6 crore.

4. **Prescribed CSR Expenditure (two percent (2%) of the amount as in item 3 (above):** ₹ 3.59 crore

5. **Details of CSR spend for the financial year:**

a. **Total amount spent for the financial year:** ₹ 0.2 crore

b. **Amount unspent, if any:** ₹ 3.39 crore

c. **Manner in which the amounts were spent during the financial year is detailed below**

#	CSR Project/ Activity	Sector	Location	Amount Outlay (Budget) Project wise (₹ crore)	Amount spent on the Project (₹ crore)	Cumulative Expenditure upto Reporting Period (₹ crore)	Amount Spent: Direct or through Implementing Agency* (₹ crore)
1.	Health needs of women and children in vulnerable urban slums	Healthcare	Mumbai	0.25	0.06	0.06	0.06
2.	Enable children with hearing impairment to communicate	Education	Mumbai	0.09	0.09	0.09	0.09
3.	Vocational training to unemployed youth, school drop outs, placement linked skills development training to unemployed youth	Vocational Training	Jaipur and Udaipur	0.20	0.05	0.05	0.05
Total				0.54	0.20	0.20	0.20

* **Details of the Implementing Agency:**

1. Society for Nutrition Education and Health Action, Mumbai.
2. Education Audiology and Research Institute, Mumbai.
3. Aide-et-Action India, Chennai.

6. The Company, in its first year of CSR intervention, has endeavored to obtain an in depth understanding of the various implementation options available; that best integrate with the Company's stated CSR objectives and put in place a strong framework which could be leveraged for CSR interventions in the ensuing years. Given the timelines post enactment of the legislation coupled with the aforementioned approach, has meant a slower than expected implementation in the current year.

7. The Company is committed to the implementation of the CSR Policy in compliance with the CSR objectives and in accordance with the Companies Act, 2013.

Sd/-
Chairperson

Sd/-
Managing Director

Form No. MR-3**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 2014-2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
HDB Financial Services Limited

We have conducted the secretarial audit of all applicable statutory provisions for the financial year 2014-2015 of M/s HDB Financial Services Limited (hereinafter called "the Company"), incorporated on June 04, 2007 having CIN: U65993GJ2007PLC051028 and Registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat-380009.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- v. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- vii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- viii. Securities And Exchange Board Of India (Debenture Trustees) Regulations, 1993
- ix. Other laws applicable to the Company (List of other laws enclosed and Marked as Appendix 1)

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India and
- ii. The Debt Listing Agreement entered into by the Company with BSE Limited.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The Company has duly complied with the provisions of the Section 108 (Voting through the electronic means) of the Companies Act, 2013 and the rules made there under except the publication of the e-voting details in the newspaper.

I 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 and the Key Managerial Personnel of the Company that took place during the year under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, 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

Directors' Report



on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period the Company has transacted following activities through the approval of the Board / Members, wherever applicable:

- i. The Board of Directors have issued and allotted 23,870 (Twenty Three Thousand Eight Hundred and Seventy only) Secured Non Convertible Debentures of ₹ 10,00,000/- (Rupees Ten Lakh only) and 5,000 (Five Thousand) Un-secured Subordinate Bonds on various tranches through Offer or invitation for subscription of securities on private placement, and these securities are listed with the BSE Limited.
- ii. The Board of Directors have approved the merger of the M/s. Atlas Documentary Facilitators Company Limited & M/s. HBL Global Private Limited with the Company, subject to the approval of shareholders, and all other regulatory authorities.
- iii. The Board of Directors of the Company have issued and allotted 18,51,53,857 (Eighteen crore Fifty One Lakh Fifty Three Thousand Eight Hundred and Fifty Seven) Equity Shares of ₹ 10/- (Rupees Ten only) at the premium of ₹ 55/- (Rupees Fifty Five only) each on Rights basis pursuant to the provisions of the Section 62(1)(a) of the Companies Act, 2013 on right basis.
- iv. The Board of Directors have issued and allotted 5,65,800 (Five Lakhs Sixty Five Thousand and Eight Hundred) Equity Shares of ₹ 10/- (Rupees Ten only) to the employees of the Company under the Employee Stock Option Scheme ('ESOS') pursuant to the provision of the Section 62(1)(b) of the Companies Act, 2013 and the rules made thereunder and approval of the members of the Company by the way of the postal ballot.
- v. The Board of Directors have redeemed 6380 (Six Thousand Three Hundred and Eighty) Secured Non-Convertible Debentures in various tranches during the year.
- vi. The members of the Company vide Special Resolution passed by the way of the Postal Ballot have increased the borrowing limits of the Company upto ₹ 28,000 crore (Rupees Twenty Eight Thousand crore) pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and rules made thereunder and have granted authority to create charge/lien/mortgage on the assets of the Company upto the limits authorised to borrow the money.

**For KAUSHAL DALAL & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

**KAUSHAL M. DALAL
PROPRIETOR**

**FCS No. : 7141
COP No.: 7512**

Mumbai

Dated: April 10, 2015

Directors' Report



Appendix 1

#	Particulars
1	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952
2	The Payment of Gratuity Act, 1972
3	The Payment of the Wages Act, 1936
4	The Payment of the Bonus Act, 1965
5	Minimum Wages Act, 1948
6	Maternity Benefit Act, 1961
7	Employees' State Insurance Act, 1948
8	The Reserve Bank of India Act, 1934
9	The Factories Act, 1948
10	The Bombay Industrial Relations Act, 1946
11	Wealth Taxes Act, 1957
12	Labour Welfare Fund Act 1972
13	Transfer of Property Act, 1882
14	Registration Act, 1908
15	Indian Stamp Act, 1899
16	Indian Contract Act, 1872
17	Negotiable Instrument Act, 1881
18	Prevention of Money Laundering Act, 2002
19	Right to Information Act, 2005
20	Income Tax Act, 1961
21	Chapter V of the Finance Act, 1994 (Service Tax)
22	Professional Tax Act, 1975

**For KAUSHAL DALAL & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

KAUSHAL M. DALAL
PROPRIETOR
 FCS No. : 7141
 COP No.: 7512

Mumbai

Dated: April 10, 2015

Annexure C

Details of Employees' Stock Option Scheme pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014

Details	ESOS - 4	ESOS - 5	ESOS - 6	ESOS - 7
Options granted during the year 2014-2015	0	0	0	0
Options vested during the year 2014-2015	0	47800	187650	635200
Options exercised during the year 2014-2015	12200	43800	143700	366100
Total number of shares arising as a result of exercise of option as at March 31, 2015	12200	43800	143700	366100
Options lapsed during the year 2014-2015	4200	0	55750	88700
Exercise price during the year 2014-2015	17.5	25	31	56
Money realized by exercise of options during the year 2014-2015 (in ₹)	213,500	1,095,000	4,454,700	2,050,1600
Total number of options in force as at March 31, 2015	6400	7000	290650	1133200

Note: There was no variation of the terms of options granted.

Extract of the Annual Return in Form MGT- 9 as per Section 92 of the Companies Act, 2013 for the financial year ended on March 31, 2015

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]*

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U65993GJ2007PLC051028
ii	Registration Date	June 04, 2007
iii	Name of the Company	HDB Financial Services Limited
iv	Category / Sub-Category of the Company	Non-Banking Financial Company
v	Address of the Registered office and contact details	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380009. Tel: +91 79 3048 2717
vi	Whether listed company Yes/ No	Equity Shares not listed, however, Debentures and Sub-ordinate Bonds listed on Bombay Stock Exchange
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	For Equity Shares, Commercial Paper and Debentures (NCDs) series 1 to 13: Datamatics Financial Services Limited Plot No , B 5 Part B Cross Lane, MIDC, Andheri (E), Mumbai - 400093 For Subordinated Bonds and Debentures (NCDs) series 14 onwards: Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

#	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Non Banking Financial Services (Lending)	649	97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

#	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1	HDFC Bank Limited Reg. Off: HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai - 400013	L65920MH1994PLC080618	Holding	97.22%	Section 2(46) of Companies Act, 2013

Directors' Report



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year		No. of Shares held at the end of the year		% Change during the year
	Demat	% of Total Shares	Demat	% of Total Shares	
A. Promoters:					
1. Indian-					
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil
c) State Govt (s)	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil
e) Banks/FI	500000000	97.3236	680000000	97.2165	-0.1071
f) Any Other	Nil	Nil	Nil	Nil	Nil
Sub-Total A(1)	500000000	97.3236	680000000	97.2165	-0.1071
2. Foreign					
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil
Sub-Total A(2)	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	500000000	97.3236	680000000	97.2165	-0.1071
B. Public Shareholding					
1. Institutions					
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil
b) Banks/FI	Nil	Nil	Nil	Nil	Nil
c) Central Govt.	Nil	Nil	Nil	Nil	Nil
d) State Govt(s).	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
i) Other (Specify)	Nil	Nil	Nil	Nil	Nil
Sub-Total B(1)	Nil	Nil	Nil	Nil	Nil
2. Non-Institutions					
a) Bodies Corp	Nil	Nil	Nil	Nil	Nil
i) Indian					
ii) Overseas					
b) Individuals					
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1313161	0.2556	1188611	0.1699	-0.0857
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11057470	2.1523	16399865	2.3446	0.1923
c) Trust	919125	0.1789	1250010	0.1787	-0.0002
NRI- Non- Rept	460463	0.0896	631390	0.0903	0.0007
Sub-Total B(2)	13750219	2.6764	19469876	2.7835	0.1071
Total Public Shareholding (B) = (B)(1)+ (B)(2)	13750219	2.6764	19469876	2.7835	0.1071
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	513750219	100.00	699469876	100.00	-

Note: All the shares are held in Demat mode.

ii. Shareholding of Promoters

Name of the Shareholders	No. of Shares held at the beginning of the year		No. of Shares held at the end of the year		% Change during the year
	Demat	% of Total Shares	Demat	% of Total Shares	
1. HDFC Bank Limited	500000000	97.3236	680000000	97.2165	-0.1071
TOTAL	500000000	97.3236	680000000	97.2165	-0.1071

iii. Change in Promoters' Shareholding

Name of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
HDFC Bank Limited				
At the beginning of the year	500000000	97.3236	500000000	97.3236
Increase as on March 05, 2015 due to allotment through Rights Issue	180000000	25.734	680000000	97.2165
At the End of the year	-	-	680000000	97.2165

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

#	Name of the Shareholders	No. of Shares held at the beginning of the year	% of total shares of the Company	Increase due to allotment through Rights Issue on March 5, 2015	% of total shares of the Company	No. of shares at the end of the year	% of total shares of the Company
1	HDB Employees Welfare Trust	919125	0.1789	330885	0.0473	1250010	0.1787
2	Mr. Vinod Yennemadi	437500	0.0852	162500	0.0232	600000	0.0858
3	Mr. Amit Puri	410463	0.0799	150000	0.0214	560463	0.0801
4	Ms. Amrita Puri	410462	0.0799	150000	0.0214	560462	0.0801
5	Mr. Harish Engineer	342050	0.0666	143162	0.0205	485212	0.0694
6	Ms. Ankita Sukhtankar	290000	0.0564	105000	0.0150	395000	0.0565
7	Mr. Pralay Mondal	263646	0.0513	94913	0.0136	358559	0.0513
8	Mr. Abhay Aima	225000	0.0438	81000	0.0116	306000	0.0437
9	Mr. Jimmy Tata	213455	0.0415	76844	0.0110	290299	0.0415
10	Mr. A. Rajan	195014	0.0380	81622	0.0117	276636	0.0395

v. Shareholding of Directors and Key Managerial Personnel:

#	Name of the Shareholders	No. of Shares held at the beginning of the year	% of total shares of the Company	Increase / Decrease during the year 2014-2015				No. of shares at the end of the year	% of total shares of the Company
				Increase due to allotment through ESOS on November 26, 2014	% of total shares of the Company	Increase due to allotment through Rights Issue on March 5, 2015	% of total shares of the Company		
1	Mr. G. Subramanian	130009	0.0253	12000	0.0023	52991	0.0093	195000	0.0279
2	Mr. Kaizad Bharucha	213455	0.0415	Nil	Nil	86100	0.0123	299555	0.0428
3	Mr. Anil Jaggia	44250	0.0086	Nil	Nil	50920	0.0073	95170	0.0136
4	Mr. Ramesh G.	232500	0.0453	48000	0.0093	101000	0.0144	381500	0.0545
5	Mr. Haren D Parekh	75321	0.0147	38000	0.0074	47430	0.0068	160751	0.023

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a) Principal Amount	9,840	1,235	10	11,085
b) Interest due but not paid	0	0	0	0
c) Interest accrued but not due	208		0	236
Total (a+b+c)	10,048	1,263	10	11,321

Directors' Report



Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	7,152	3,031	0	10,183
Reduction	3,291	2,560	0	5,851
Net Change	3,861	471	0	4,332
Indebtedness at the end of the financial year				
a) Principal Amount	13,598	1,680	10	15,288
b) Interest due but not paid	0	0	0	0
c) Interest accrued but not due	311	54	0	365
Total (a+b+c)	13,909	1,734	10	15,653

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

#	Particulars of Remuneration	Name of MD/WTD/ Manager	
		Mr. Ramesh G.	
1.	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1,42,35,284
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		4,87,245
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		28,800
2.	Stock Options		4,32,000
3.	Sweat Equity		-
4.	Commission		-
5.	Others, please specify		-
	Total (A)		1,51,83,329

B. Remuneration to other directors:

#	Remuneration to the Independent Directors			
	Particulars	Mr. Venkatraman Srinivasan	Ms. Smita Affinwalla	Total Amount (in ₹)
1	Fees for attending Board/Committee Meetings	20,000	20,000	40,000
2	Commission	Nil	Nil	Nil
3	Others, please specify	Nil	Nil	Nil
	Total (1)	20,000	20,000	40,000

#	Remuneration to the Non Executive Directors other than Independent Directors				
	Particulars	Mr. G. Subramanian	Mr. Kaizad Bharucha	Mr. Anil Jaggia	Total Amount (in ₹)
1	Fees for attending Board/Committee Meetings	2,40,000	2,40,000	1,60,000	6,40,000
2	Commission	Nil	Nil	Nil	Nil
3	Others	45,16,203	Nil	Nil	45,16,203
	Total (2)	47,56,203	2,40,000	1,60,000	51,56,203
	Total (B)=(1+2)				51,96,203
	Total Remuneration to Directors (A+B)				20,37,9532

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD:

#	Particulars of Remuneration	Key Managerial Personnel		
		CFO*	CS	Total Amount (in ₹)
1.	Gross salary	25,79,234	14,59,474	40,38,708
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,75,407	-	
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,75,407		
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options	8,04,800	-	8,04,800
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others, please specify	-	-	-
	Total	37,59,441	14,59,474	52,18,915

* Chief Financial Officer of the Company was appointed w.e.f. October 16, 2014.

8 PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A) Company					
Penalty			NIL		
Punishment					
Compounding					
B) Director					
Penalty			NIL		
Punishment					
Compounding					
C) Other Officers in Default					
Penalty			NIL		
Punishment					
Compounding					

Annexure E

Disclosure as per Section 197(12) of the Companies Act, 2013 pertaining to individuals employed throughout the year and in receipt of remuneration of not less than ₹ 60,00,000/- p. a.

#	Name of the Employee	Designation of the Employee	Remuneration Received (in ₹)	Date of Joining	Age in years	Expe-rience in years	Quali-fication	Last employment held before joining
1	Mr. Ashish Ghatnekar	Head-HR & Operations	79,43,657	01-Dec-08	45	22	MBA	Centurion Bank of Punjab
2	Mr. Deep Jaggi	Business Head	65,81,146	28-Oct-10	46	21	MBA	Cholamandalam DBS Finance
3	Mr. Dhaval Oza	Business Head	74,42,496	16-Jun-08	47	21	BE	Yes Bank
4	Mr. Haren D Parekh	Chief Financial Officer	92,13,791	10-Oct-07	53	30	A.C.A.	CIBIL
5	Mr. Ramesh G.	Managing Director	1,55,84,094	03-Sep-07	45	23	MBA	ENAM AMC Pvt. Ltd.
6	Mr. Rohit S Patwardhan	Head - Risk	1,08,25,140	10-Dec-07	40	18	MBA	Citi Bank
7	Mr. Sarabjeet Singh	Business Head	95,03,940	22-Feb-08	42	19	MBA	GE Money
8	Mr. Venkata Swamy	Business Head	80,63,741	01-Aug-08	41	19	MBA	ICICI Bank

Note:

1. There were no employees for part of the year drawing remuneration of more than ₹ 500,000 per month
2. Gross remuneration comprises salary, medical reimbursement, leave travel concession, housing, Company's contribution to provident fund, pension and gratuity fund, monetary value of other perquisites computed on the basis of the Income Tax Act and Rules, leave encashment and performance bonus.
3. All appointments were made in accordance with the terms and conditions as per Company rules.
4. None of the above employee is a relative of any Director of the Company.

Annexure F

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

1. The ratio of the remuneration of each director to the median remuneration of employees of the Company for the financial year is 72:1.
2. During the year under review there was 14% increase in remuneration of Managing Director and Chief Financial Officer of your Company.
3. During the year under review there was 14% increase in the median remuneration of the employees of your Company.
4. As on March 31, 2015 there were 10476 permanent employees on the rolls of your Company.
5. During the year under review your Company grew more than 50% and the hike was in consonance with the wage hike given by the Industry. Further, in comparison to the growth of the Company, the hike in remuneration paid to Key Managerial personnel was in the range of 12-14% and the average increase in remuneration for rest of the employees was in the range of 8-18% depending on individual and business unit performance.
6. The key parameters for variable compensation for directors are growth in volume of the Business of the Company, profit growth, portfolio quality, and enhancement of customer base over the previous year.

Annexure G

Related Party Transaction Disclosure as per Section 188 of the Companies Act, 2013

Form No. AOC - 2

(Pursuant to clause (h) of sub - section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub - section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	1. HDFC Bank Ltd. (Holding Company) 2. HDFC Securities Ltd. (Enterprise under common control of the Holding Company) 3. HBL Global Pvt. Ltd. (related party as per Companies Act, 2013)
(b)	Nature of contracts/arrangements/transactions	Banking and other normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 34)
(c)	Duration of the contracts/arrangements/transactions	Usually annual, however, depends on the nature of transaction
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no. 34
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive Pricing and Value of services rendered.
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.

Note: No advance are payable in respect of any of the above transactions.

Sd/-
Chairperson

Details of Nomination and Remuneration Policy as per Section 178 of the Companies Act, 2013

- A. **Policy for appointment and removal of Director, KMP and Senior Management**
- a. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 - b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- B. **Term / Tenure**
- a) **Managing Director/Whole-time Director:**
 - The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
 - b) **Independent Director:**
 - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
 - No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.
- C. **Evaluation**
- The Committee shall carry out evaluation of annual performance of every Director, KMP and Senior Management Personnel.
- D. **Removal**
- Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.
- E. **Retirement**
- The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.
- F. **Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel**
- a. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Board and/or shareholders of the Company and Central Government, if required.

- b. Increments to the existing remuneration/ compensation structure will be determined by the Committee, and if required shall be recommended for further Board and/or shareholder approval.
 - c. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.
- G. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**
- a) Fixed pay:
 - The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
 - b) Minimum Remuneration:
 - If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- H. Remuneration to Non- Executive / Independent Director:**
- a) Remuneration / Commission:
 - The remuneration / commission shall be fixed as per statutory provisions, if any and approval of the Board and/or Shareholders be taken, wherever required.
 - b) Sitting Fees:
 - The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be approved by the Board and prescribed by the Central Government from time to time.

CORPORATE GOVERNANCE REPORT

1. Company's philosophy on Corporate Governance

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity.

2. Board of Directors

During the year the Board met at regular intervals to discuss and decide on various business and policy matters of the Company. The meetings of the Board of Directors during the FY 2014 - 15 were held on April 15, July 11, August 25, October 16, November 14, January 23 and March 12. The Board of Directors, at its meeting held on March 12, 2015, had appointed Ms. Smita Affinwalla (DIN: 07106628) and Mr. Venkatraman Srinivasan (DIN: 00246012) as Independent Directors on the Board of the Company, based on the declaration received from them u/s 149(6) of the Companies Act, 2013.

The present strength of Board of Directors is six (6) Directors. The Board comprises of one (1) Executive and five (5) Non-Executive Directors including two (2) Independent Directors. One of the Independent Directors is a Woman. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

The Directors of the Company have wide experience in the field of finance, banking and information technology.

The details of the Directors as at March 31, 2015, including the details of their other directorship and their shareholding are given below:

Name of the Director	Executive/Non-Executive/ Independent /Promoter	No. of other Directorships	No. of shares held in the Company
Mr. G. Subramanian	Non-Executive	3	1,95,000
Mr. Kaizad Bharucha	Non-Executive	2	2,99,555
Mr. Anil Jaggia	Non-Executive	Nil	95,170
Mr. Ramesh G	Executive	Nil	3,81,500
Mr. Venkatraman Srinivasan*	Independent	3	Nil
Ms. Smita Affinwalla*	Independent	Nil	Nil

*Inducted as Additional Directors effective March 12, 2015 to hold office upto the conclusion of the ensuing Annual General Meeting.

3. Related Party Transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company. There were no materially significant related party transactions made by the Company, which may have a potential conflict with the interest of the Company.

All related party transactions are placed before the Audit Committee as also the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed to the notes to accounts annexed to the financial statements.

All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

4. Committees of the Board

▪ Audit committee

During the year under review the Audit Committee was reconstituted in terms of the provisions of Section 177 of the Companies Act, 2013 by the Board, as detailed under:

- i. Mr. Venkatraman Srinivasan, Chairperson (Independent Director)

- ii. Ms. Smita Affinwalla, Member (Independent Director)
- iii. Mr. G Subramanian, Member (Non Executive Director)

Note: Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla were inducted to the Audit Committee effective March 12, 2015. Mr. Anil Jaggia and Mr. Kaizad Bharucha, Non Executive Directors, ceased to be members of the Audit Committee effective March 12, 2015.

The Audit Committee has discussions with the auditors on periodical basis pertaining to the scope of audit including the observations of the auditors, reviews the audited / unaudited quarterly and annual financial statements before submission to the Board and also oversees compliance of internal control systems. Committee's responsibilities include:

- i. the recommendation for appointment, remuneration and terms of appointment of auditors
- ii. review and monitor the auditor's independence and performance, and effectiveness of audit process
- iii. examination of the financial statement and the auditors' report thereon

▪ **Nomination and Remuneration Committee**

The Board of Directors at its meeting held on March 12, 2015 had constituted the Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013, as detailed below:

- i. Ms. Smita Affinwalla, Chairperson (Independent Director)
- ii. Mr. Venkatraman Srinivasan, Member (Independent Director)
- iii. Mr. Mr. G Subramanian, Member (Non Executive Director)
- iv. Mr. Anil Jaggia, Member (Non Executive Director)

During the year under review, your Company has adopted a Nomination and Remuneration Policy in terms of the provisions of Section 178 of the Companies Act, 2013. The remuneration paid by the Company to its employees and directors is as per this Nomination and Remuneration Policy, the details of which is annexed.

▪ **Risk Committee**

The Board of Directors of your Company monitors the risk management strategy of the Company through the Risk Committee consisting of the following members:

- i. Mr. G Subramanian, Chairperson (Non Executive Director)
- ii. Mr. Kaizad Bharucha, Member (Non Executive Director)
- iii. Mr. Ramesh G, Member (Managing Director)

In addition to the above, the Company has in place exclusive risk function having dedicated team to monitor and mitigate the risks of the Company. This function is headed by an experienced and qualified person holding Head - Risk position who reports to the Managing Director of the Company. Head - Risk is also the permanent invitee to the Risk Committee.

Moreover, in order to ensure best governance practices the Company has established risk management process for each line of its business and operations. These processes have been implemented through the specific policies adopted by the Board of Directors of the Company from time to time. Nevertheless, entire processes are subjected to robust independent internal audit review to arrest any potential risks and take corrective actions.

The Risk Committee of the Board has been in place since the commencement of business of the Company, meets on a quarterly basis and reports to the Board of Directors. The minutes of such meetings are tabled before the Board of Directors. The key responsibilities of the Risk Committee are:

- a) approve and monitor the Company's risk management policies and procedures;
- b) review portfolio and its delinquency at a product level
- c) review the NPA Management policy
- d) reporting to the Board of Directors of the Company on periodical basis on the above matters.

▪ **Asset Liability Committee (ALCO)**

The Board of Directors of your Company carries out asset liability management of the Company through the ALCO consisting of the following members:

- i. Mr. G Subramanian, Chairperson (Non Executive Director)
- ii. Mr. Kaizad Bharucha, Member (Non Executive Director)
- iii. Mr. Ramesh G, Member (Managing Director)

The key responsibilities of the Committee are:

- i. Review and management of liquidity gaps and structural liquidity of the Company
- ii. Review and management of interest rate sensitivity of the Company
- iii. Develop a view on future direction on interest rate movements and decide on funding mixes

▪ **Corporate Social Responsibility (CSR) Committee**

During the year under review your Company formed a Corporate Social Responsibility ('CSR') Committee in terms of Section 135 of the Companies Act, as detailed below:

- i. Mr. G. Subramanian, Chairperson (Non Executive Director)
- ii. Ms. Smita Affinwalla, Member (Independent Director)
- iii. Mr. Anil Jaggia, Member (Non Executive Director)
- iv. Mr. Ramesh G, Member (Managing Director)

The key responsibilities of the CSR Committee are:

- i. Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- ii. Recommend the amount of expenditure to be incurred on the activities;
- iii. Institute a transparent monitoring mechanism for implementation of the CSR activities.

5. Attendance of the Board and its Committees

Type of meeting	No. of meetings held	Mr. G. Subramanian	Mr. Kaizad Bharucha	Mr. Anil Jaggia	Mr. Ramesh G	Mr. Venkatraman Srinivasan*	Ms. Smita Affinwalla*
Board of Directors	7	7	7	7	7	1	1
Audit Committee	4	4	4	4	NA	Nil	Nil
Asset-Liability Committee	4	4	4	NA	4	NA	NA
Risk Committee	4	4	4	NA	4	NA	NA
Nomination and Remuneration Committee**	3	3	NA	3	NA	Nil	Nil
Corporate Social Responsibility Committee***	2	2	NA	2	1	NA	2
Bond Allotment Committee	3	3	1	NA	3	NA	NA
Compensation Committee**	1	1	NA	1	NA	NA	NA
Debenture Allotment Committee	17	10	13	NA	16	NA	NA
Share Allotment Committee	2	1	Nil	NA	2	NA	NA
Attendance at last AGM	1	Yes	No	No	Yes	NA	NA

* Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla were inducted as Additional Independent (Non – Executive) Directors of the Company effective March 12, 2015.

** The nomenclature and terms of reference of the Nomination Committee changed as 'Nomination and Remuneration Committee' effective March 12, 2015 in compliance with the provisions of Companies Act, 2013. The Compensation Committee of the committee stands dissolved and merged with the Nomination and Remuneration Committee effective March 12, 2015.

*** The Corporate Social Responsibility Committee was constituted effective March 12, 2015.

Directors' Report



Sitting fees of ₹ 20,000/- per meeting was paid to all the Non Executive Directors of the Company for attending each of the meetings of Board of Directors, Audit Committee, Risk Committee and Asset Liability Committee of the Company during the FY 2014 - 15.

6. Annual evaluation by the Board

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance of Board Meetings and Board Committee Meetings
- ii. Quality of contribution to Board deliberations
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance

The evaluation will involve self evaluation by the Board member and subsequently assessed by the Nomination and Remuneration Committee based on the above criteria and lastly reviewed by the Board of Directors. A member of the Board will not participate in the discussion of his / her evaluation.

7. General Body meetings (FY 2014-15)

Meeting	Date and Time	Venue	Resolutions passed
AGM	12 noon June 17, 2014	HDFC Bank House, Final Plot No.287, Ellis bridge Township Scheme No.3, Navrangpura, Ahmedabad - 380009	<ul style="list-style-type: none"> • Adoption of audited Balance Sheet as at March 31, 2014 and Statement of Profit and Loss for the year ended on that date and reports of the directors and auditors. • Declaration of dividend for the year ended March 31, 2014. • Re-appointment of Mr. Kaizad Bharucha as a Director. • Appointment of M/s. B S R & Co., Chartered Accountants, as Statutory Auditors of the Company for a further period of 4 (four) years i.e. upto financial year 2017-18. • Appointment of Mr. G. Subramanian as Chairman of the Company and payment of remuneration thereof. • Grant of authority to issue secured redeemable non-convertible debentures. • Grant of authority to issue unsecured redeemable non-convertible subordinated bonds.
Postal Ballot	September 11, 2014	NA	<ul style="list-style-type: none"> • Authority to borrow money upto ₹ 28,000 crore pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013 and create mortgage / charge for securing the money borrowed upto ₹ 28,000 crore pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013. • Employees Stock Option Scheme - 2014 and issue of upto 1,00,00,000 (one crore) equity shares of ₹ 10/- each thereunder.

8. Shareholding pattern as at March 31, 2015

Name of Shareholder	No. of equity shares held	%
HDFC Bank Ltd.	680000000	97.22
Others	19469876	2.78
Total (Issued & Paid-up Shares)	699469876	100.00

Independent Auditors' Report



To the members of HDB Financial Services Limited

Report on the Financial Statement

- 1 We have audited the accompanying financial statements of HDB Financial Services Limited ('the Company'), which comprises the balance sheet as at March 31, 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 3 This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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.

Auditors' Responsibility

- 4 Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 6 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- 7 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2015;
 - (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Independent Auditors' Report



Report on Other Legal and Regulatory Requirements

- 8 As required by the Companies (Auditor's Report) Order, 2015 ('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 statement on the matters specified in paragraphs 3 and 4 of the said Order.
- 9 As required by section 143(3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act; and
 - (f) with respect to 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 explanations give to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 60 to the financial statements
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 61 to the financial statements; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Mumbai
April 17, 2015

Akeel Master
Partner
Membership No: 046768

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve any purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the activities conducted/services rendered by the Company. Accordingly para 3(vii) of the Order is not applicable.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, service tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, customs duty, excise duty, cess, investor education and protection fund and employees' state insurance, to the extent applicable, as at March 31, 2015.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to its bankers, debenture holders or to any other financial institution.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, five instances of fraud on the Company were identified and reported during the year. We have been further informed that the frauds on the Company were mainly related to falsification of loan /valuation documents with respect to loan against property, gold loan and spurious contents of the gold security given by the customer amounting to ₹ 1.23 crore.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Akeel Master

Partner

Membership No: 046768

Mumbai
April 17, 2015

Balance Sheet



(₹ in Crores)

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	699.47	513.75
(b) Reserves and surplus	4	2,425.66	1,114.75
	(A)	3,125.13	1,628.50
2 Non-current liabilities			
(a) Long-term borrowings	5	10,500.06	7,845.71
(b) Other long term liabilities	6	104.56	65.70
(c) Long-term provisions	7	128.30	91.68
	(B)	10,732.92	8,003.09
3 Current liabilities			
(a) Short-term borrowings	8	350.28	405.00
(b) Trade payables	9	51.96	22.98
(c) Other current liabilities	10	5,249.28	3,458.90
(d) Short-term provisions	7	232.56	170.92
	(C)	5,884.08	4,057.81
TOTAL (A+B+C)		19,742.13	13,689.40
ASSETS			
1 Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		51.00	38.19
(ii) Intangible assets		1.40	1.22
(b) Non-current investments	12	8.43	2.34
(c) Deferred tax assets (net)	13	81.24	58.96
(d) Long - term loans and advance :			
- Receivables under financing activity	14	14,504.12	10,192.94
- Other loans and advances	15	8.13	5.80
	(D)	14,654.32	10,299.45
2 Current assets			
(a) Current investments	16	425.00	-
(b) Trade receivables	17	14.46	19.51
(c) Cash and bank balances	18	123.27	139.82
(d) Short-term loans and advances			
- Receivables under financing activity	14	4,485.01	3,194.54
- Other loans and advances	15	32.52	14.88
(e) Other current assets	19	7.55	21.20
	(E)	5,087.81	3,389.95
TOTAL (D+E)		19,742.13	13,689.40
Significant accounting policies and notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

For **B S R & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/W-100022

G Subramanian

Chairman

G Ramesh

Managing Director

Kaizad Bharucha

Venkatraman Srinivasan

Smita Affinwalla

Directors

Akeel Master

Partner

Membership No. 046768

Harsh Bajpai

Company Secretary

Haren Parekh

Chief Financial Officer

Place: Mumbai

Date: April 17, 2015

Statement of Profit and Loss



(₹ in Crores)

Particulars	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations	20	2,521.63	1,686.70
Other income	21	5.63	1.57
Total Revenue		2,527.26	1,688.27
Expenses			
Employee benefits expense	22	312.22	234.99
Finance costs	23	1,347.28	890.82
Depreciation and amortization	11	13.85	7.59
Other expenses	24	151.98	110.93
Provisions and write offs	25	171.65	125.87
Total expenses		1,996.98	1,370.20
Profit before tax		530.28	318.07
Tax expense:			
a. Current tax		202.63	134.50
b. Deferred tax (credit)		(22.28)	(26.09)
c. Income tax for earlier year		0.48	0.42
Total tax expense		180.83	108.83
Profit for the year		349.45	209.24
Basic and diluted earnings per equity share (Face value ₹ 10 each)	26	6.63	4.32
Significant accounting policies and notes to the financial statements	2		

The notes referred to above form an integral part of the financial statements.

As per our report of even date
For **B S R & Co. LLP**

Chartered Accountants
Firms' Registration No: 101248W/W-100022

Akeel Master
Partner
Membership No. 046768

For and on behalf of the Board

G Subramanian Chairman
G Ramesh Managing Director

Harsh Bajpai Company Secretary
Haren Parekh Chief Financial Officer

Kaizad Bharucha
Venkatraman Srinivasan
Smita Affinwalla
Directors

Place: Mumbai
Date: April 17, 2015

Cash flow statement



(₹ in Crores)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A Cash flow from operating activities		
Profit before tax	530.28	318.07
Adjustments for		
(Profit)/loss on sale of asset	0.00	0.01
Discount on commercial paper	53.01	21.00
Provision and write offs	171.65	125.87
Provision for compensated absence & gratuity	1.28	1.49
Depreciation and amortisation	13.85	7.59
Operating cash flow before working capital changes	770.07	474.03
Adjustments for working capital changes:		
(Increase)/ decrease in trade receivables	5.05	(7.56)
(Increase)/decrease in advances	(65.40)	110.82
(Increase)/decrease in other current assets	(39.36)	(48.39)
Increase/(decrease) in other liabilities and provisions	91.80	412.12
Increase/(decrease) in trade payables	28.98	5.17
Cash generated from operations	791.14	946.19
Direct taxes paid (net of refunds)	(173.00)	(119.00)
Net cash generated from operating activities	618.14	827.19
(Increase)/Decrease in Receivables under financing activity (Net)	(5601.66)	(5183.81)
Increase/(Decrease) in Borrowings (Net)	4202.97	3921.49
Net cash flow generated from/(used in) operating activities (A)	(780.55)	(435.13)

Cash flow statement



(₹ in Crores)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
B Cash flow from investing activities		
Purchase of fixed assets	(27.00)	(27.24)
Proceeds from sale of fixed assets	0.02	0.01
(Increase)/Decrease in long term investments	(6.09)	0.22
(Increase)/Decrease in short term investments	(425.00)	0.00
Net cash generated from/(used in) investing activities (B)	(458.07)	(27.01)
C Cash flow from financing activities		
Increase in equity share capital and securities premium	1206.13	575.79
Net cash generated from financing activities (C)	1206.13	575.79
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(32.50)	113.65
Add : Cash and cash equivalents as at the beginning of the year	118.41	4.75
Cash and cash equivalents as at the end of the year*	85.91	118.41

* Note - Closing Cash & Cash Equivalents pertains to Cash and Bank balances excluding fixed deposit of ₹ 37.36 Cr (Previous year ₹21.41 cr), earmarked for assignment/Securitisation transaction. (Refer Note 18.3)

As per our report of even date

For **B S R & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Akeel Master

Partner

Membership No. 046768

For and on behalf of the Board

G Subramanian

Chairman

Harsh Bajpai

Company Secretary

G Ramesh

Managing Director

Haren Parekh

Chief Financial Officer

Kaizad Bharucha

Venkatraman Srinivasan

Smita Affinwalla

Directors

Place: Mumbai

Date: April 17, 2015

1 Overview

HDB Financial Services Ltd. (“the Company”), incorporated in Ahmedabad, India is a non deposit taking Non Banking Financial Company (“NBFC”) as defined under section 45-IA of the Reserve Bank of India (“RBI”) Act, 1934 and is engaged in the business of financing, collection and insurance services.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India (“Indian GAAP”) and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material respects with the Accounting Standards (“AS”) notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

2.3 Advances

Advances are classified as standard, sub - standard and doubtful assets as per the Company policy approved by the Board. The rates applied for making provisions on non-performing advances are higher than those required by the relevant RBI guidelines. Interest on non-performing advances is transferred to an interest suspense account and not recognized in the Statement of profit and loss until received. Loan assets are recognised on disbursement of loan and in case of new asset financing on the transfer of ownership.

2.4 Fixed assets and depreciation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets.

The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

Depreciation is charged over the estimated useful life of the fixed assets on a straight line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except for assets as under :-

Assets	Estimated useful life as assessed by the company	Estimated useful life under sch II of Companies act, 2013
Motor cars	5 years	8 years

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Items costing less than Rs 5,000/- are fully depreciated in the year of purchase.

- The company has estimated Nil residual value at the end of the useful life for all block of assets
- For assets purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

Intangible fixed assets

Software and System development expenditure are capitalised at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 3 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit ("CGU"). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

2.6 Investments

Investments expected to mature after twelve months are taken as non current/ long term investment and stated at cost. Provision is recognised only in case of diminution, which is other than temporary in nature. Investments maturing within three months from the date of acquisition are classified as cash equivalents if they are readily convertible into cash. All other investment are recognised as current investments/short term and are valued at lower of cost and net realizable value.

2.7 Employee benefits

Long term employee benefits

a) Gratuity

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, or death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to fund administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The defined benefit plan are valued by an independent external actuary as at the balance sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognized in the statement of profit and loss.

b) Provident fund

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 (currently 12% of employee's basic salary) to the Pension Scheme administered by the Regional Provident Fund Commissioner (RPFC) and the Company has no liability for future provident fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

c) Compensated absences

The Company does not have a policy of encashment of unavailed leaves for its employees but are permitted to carry forward subject to a prescribed maximum days. The Company provides for

compensated absences in accordance with AS 15 (revised 2005) Employee Benefits issued by Institute of Chartered Accountants of India. The provision is based on an independent external actuarial valuation at the balance sheet date.

2.8 Operating Lease accounting

Lease payments for assets taken on operating lease are recognized in the statement of profit and loss over the lease term in accordance with AS 19, Leases, issued by the Institute of Chartered Accountants of India.

2.9 Revenue recognition

Interest income is recognized in the statement of profit and loss on an accrual basis. In case of Non Performing Assets (NPA) interest income is recognised upon realisation as per the RBI Guidelines. Interest accrued and not realised before the classification of the asset as an NPA is reversed and credited to the interest suspense account.

Income from BPO services and other financial charges are recognized on an accrual basis, except in case of cheque bouncing charges, late payment charges, foreclosure charges and application money, which are accounted as and when received.

Upfront /processing fees are recovered and recognised at the time of disbursement of loan.

Income from dividend is recognized in the statement of profit and loss when the right to receive is established.

2.10 Taxation

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the year.

a) Current tax

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

b) Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date. Deferred Tax Asset and Liability are netted off and disclosed in the balance sheet under the Head "Deferred Tax Asset / Liability".

2.11 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings Per Share issued, by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti dilutive.

2.12 Provisions and contingences

The Company recognizes provision when there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In cases where the available information indicates that

the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

2.13 Borrowing costs

Interest on borrowings is recognized in statement of profit and loss on an accrual basis. Costs associated with borrowings are grouped under financial charges along with the interest costs.

2.14 Cheques on hand

The Company has been following the policy of crediting the customer's account only on receipt of amount in bank and as such no cheques in hand are taken into consideration.

2.15 Income from Securitisation / Assignments

- I) Prior to Issuance of RBI Circular dated August 21, 2012
 - a) On receivables being assigned / securitized, the assets are de-recognised as all the rights, title, future receivables & interest thereof are assigned to the purchaser
 - b) Gains arising on assignment of receivables will be recognised at the end of the tenure of assignment contract as per the RBI guidelines, while loss, if any is recognised upfront.
- II) Post Issuance of RBI Circular dated August 21, 2012
 - a) Securitised receivables are de-recognised in the balance sheet when they are sold i.e they meet true sale criteria
 - b) Gains arising out of securitisation of assets are recognised over the tenure of the securities issued by Special Purpose Vehicle Trust (SPV) .
 - c) The excess interest spread on the securitisation transactions are recognised in the statement of Profit & Loss only when it is redeemed in cash by the SPV after adjusting for overdue receivable. Losses if any, are recognised upfront

2.16 Loan origination costs

Brokerage, commission, incentive to employee, etc. paid at the time of acquisition of loans are charged to revenue.

2.17 Provisioning on receivables from financing activity

The Company assesses all receivables for their recoverability and accordingly recognises provision for non performing and doubtful assets as per approved Company policies and guidelines. The Company ensures provisions made are not lower than as stipulated by RBI guidelines.

The Company provides 0.25% on standard assets as stipulated by Circular No. DNBS.PD.CC.No.207/03.02.002 /2010-11 dated January 17, 2011 issued by RBI under the head "Contingent Provision against Standard Assets". The Company has also made additional provision on standard assets under the head "General provisions". The rate of General provision is based on management estimate of future expected losses in loan portfolio. The rate of General provision is calculated using "probability of default" (PD) and "Loss given default" (LGD) on the portfolio.

3 Share capital

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Authorised 100,00,00,000 (100,00,00,000) equity shares of ₹ 10 each	1,000.00	1,000.00
Issued, Subscribed & Paid up 699,469,876 (513,750,219) equity shares of ₹ 10 each fully paid	699.47	513.75
Total	699.47	513.75

3.1 Reconciliation of the number of shares

(₹ in Crores)

Particulars	March 31, 2015		March 31, 2014	
	Number	Amount	Number	Amount
Equity shares of ₹ 10 fully paid up				
Shares outstanding at the beginning of the year	513,750,219	513.75	410,765,750	410.77
Shares issued during the year	185,719,657	185.72	102,984,469	102.98
Shares outstanding at the end of the year	699,469,876	699.47	513,750,219	513.75

3.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

3.3 Details of shareholders holding more than 5% of the aggregate shares in the Company

Particulars	March 31, 2015		March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity shares of ₹ 10 fully paid up HDFC Bank Limited (Holding Company)	680,000,000	97.22	500,000,000	97.32

3.4 Number of shares reserved for ESOS

Particulars	March 31, 2015	March 31, 2014
Equity shares of ₹ 10 fully paid up Number of Shares reserved for ESOS	1,437,250	2,151,700

4 Reserves and surplus

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Share premium account		
Opening balance	769.16	296.35
Add : Additions during the year on account of issue of shares	1,020.41	472.81
Closing balance (A)	1,789.57	769.16
Statutory Reserve u/s 45 IC(1) of Reserve Bank of India Act, 1934		
Opening balance	77.91	36.05
Add : Additions during the year	69.89	41.86
Closing balance (B)	147.80	77.91
Surplus in statement of profit and loss		
Opening balance	267.71	130.36
Add : Profit for the year	349.45	209.24
Less : Transfer to Statutory Reserves u/s 45 IC of RBI Act 1934	69.89	41.86
Less : Proposed dividend	48.96	25.69
Less : Provision for dividend tax on dividend	10.02	4.37
Closing balance (C)	488.29	267.67
Total (A+B+C)	2,425.66	1,114.75

5 Long term borrowings

(₹ in Crores)

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Secured				
(a) Privately placed redeemable non convertible debentures (Refer note 5.3) secured by pari passu charge by mortgage of Company's office no.130, 3 rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and exclusive charge by hypothecation of receivables under financing activity.	4,238.00	3,008.00	1,157.00	339.00
Less : shown under other current liabilities. (Refer note 10)	-	-	1,157.00	339.00
Total (A)	4,238.00	3,008.00	-	-
(b) Term loans from banks against hypothecation of receivables under financing activity (Refer note 5.2, 5.4)	4,932.06	4,007.71	3,270.63	2,485.29
Less : shown under other current liabilities. (Refer note 10)	-	-	3,270.63	2,485.29
Total (B)	4,932.06	4,007.71	-	-
Unsecured				
Privately placed subordinated (Tier II) redeemable bonds (Refer note 5.5)	1,330.00	830.00	-	-
Total (C)	1,330.00	830.00	-	-
Total (A+B+C)	10,500.06	7,845.71	-	-

- 5.1 No term loans, non convertible debentures, subordinate debts, commercial paper and any other borrowing is guaranteed by directors and / or others.
- 5.2 Non current portion of term loans availed from related parties is ₹ 490.01 crores (Previous year: ₹ 504.56 crores).
- 5.3 Terms of repayment of privately placed redeemable non convertible debenture. (₹ in Crores)

Previous year figures are in (brackets)

Rate of interest (%)	1-3 years	3-5 years	>5 years	Total
8.5-9.5	1,687.00	350.00	-	2,037.00
	(792.00)	(100.00)	-	(892.00)
9.5-10.5	1,566.20	489.80	-	2,056.00
	(1,125.20)	(845.80)	-	(1,971.00)
above 10.5	145.00	-	-	145.00
	(145.00)	-	-	(145.00)
	3,398.20	839.80	-	4,238.00
	(2,062.20)	(945.80)	-	(3,008.00)

All the above non convertible debentures are secured by specific charge on receivables under financing activities. Security cover of 1.1 times is always maintained.

- 5.4 Terms of repayment of term loans. (Non current portion) (₹ in Crores)

Previous year figures are in (brackets)

Rate of interest	1-3 years	3-5 years	>5 years	Total
Base Rate	1,812.67	135.43	-	1,948.10
	(356.31)	(58.33)	-	(414.64)
Base rate + (0.00% to 0.25%)	1,946.04	64.58	-	2,010.63
	(2,196.30)	(308.34)	-	(2,504.64)
Base rate + (0.26% to 1.15%)	973.34	-	-	973.33
	(999.27)	(89.16)	-	(1,088.43)
	4,732.05	200.01	-	4,932.06
	(3,551.88)	(455.83)	-	(4,007.71)

All the above term loans are secured by specific charge on receivables under financing activities. Security cover of 1.1 times is always maintained.

- 5.5 Terms of repayment of privately placed unsecured subordinated (Tier II) redeemable bonds. (₹ in Crores)

Previous year figures are in (brackets)

Rate of interest	<10 year	>10 years	Total
9.5-10.5%	1,330.00	-	1,330.00
	(830.00)	-	(830.00)

- 6 Other long term liabilities (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Deposits (not as defined in Section 2(31) of Companies Act, 2013)	9.75	9.75
Interest accrued but not due on non convertible debentures	91.10	52.65
Other payables	3.71	3.30
Total	104.56	65.70

7 Long term and short term provisions (₹ in Crores)

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(a) Provision for employee benefits				
- Gratuity (funded)	-	-	1.84	1.19
- Compensated absence (unfunded)	1.99	1.35	-	-
- Salary, bonus and reimbursements	-	-	24.80	22.43
- Contribution to provident fund	-	-	2.03	1.46
(b) Others				
- Provision for doubtful debts (Refer Note 41A)	-	-	69.83	51.63
- Provisions for tax	-	-	6.44	4.48
- Provision for expenses	-	-	30.97	32.31
- Contingent provision against standard assets (refer note 41B)	36.54	25.59	10.90	7.75
- General provisions (Refer Note 41B)	89.77	64.74	26.77	19.61
- Provision for dividend	-	-	48.96	25.69
- Provision for dividend distribution tax	-	-	10.02	4.37
Total	128.30	91.68	232.56	170.92

8 Short term borrowings (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
<u>Unsecured (Refer Note 5.1)</u>		
Commercial paper	350.00	405.00
Loans repayable on demand from banks (overdraft)	0.28	-
Total	350.28	405.00

9 Trade payables (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Trade payables	51.96	22.98
Total	51.96	22.98

9.1 Trade Payables includes ₹ Nil (Previous Year: ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The above is based on the information available with the Company which has been relied upon by the auditors.

10 Other current liabilities (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
(a) Current maturities of term loans from banks and non convertible debentures (Refer note 5.1)	4,427.63	2,824.29
(b) Other payables		
Overdrawn balances in current account with banks	529.92	445.65
Statutory liabilities	2.83	2.11
Interest accrued but not due on borrowings	283.62	183.33
Creditors for other expenses	5.28	3.52
Total	5,249.28	3,458.90

Creditors for other expenses includes ₹ Nil (Previous Year: ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The above is based on the information available with the Company which has been relied upon by the auditors.

11 Fixed assets

(₹ in Crores)

Description of Assets	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at April 1, 2014	Additions during the year	Disposal during the year	Balance as at March 31, 2015	Balance as at April 1, 2014	Depreciation charge for the year	On disposals	Balance as at March 31, 2015	Balance as at March 31, 2015	Balance as at March 31, 2014
Tangible assets										
Office equipment	10.40	2.87	0.05	13.21	3.19	2.80	0.05	5.94	7.27	7.21
Furniture and fixtures	15.02	6.64	0.02	21.65	4.66	2.64	0.01	7.29	14.36	10.36
Improvement to leasehold improvements	19.67	6.42	0.39	25.71	4.84	2.89	0.38	7.35	18.35	14.83
Computers	11.03	9.94	0.01	20.96	5.71	4.66	0.01	10.37	10.60	5.32
Immovable Property	0.15	0.00	-	0.15	0.01	0.00	-	0.01	0.14	0.14
Motor cars	0.51	0.05	-	0.56	0.17	0.11	-	0.28	0.28	0.34
Sub-total (a)	56.78	25.93	0.46	82.24	18.59	13.10	0.44	31.24	51.00	38.19
Intangible assets										
Software and system development	4.37	0.92	-	5.29	3.15	0.75	-	3.89	1.40	1.22
Sub-total (b)	4.37	0.92	-	5.29	3.15	0.75	-	3.89	1.40	1.22
Capital work in progress	-	-	-	-	-	-	-	-	-	-
Total (a+b)	61.15	26.85	0.46	87.54	21.74	13.85	0.44	35.13	52.40	39.41
Previous Year	34.33	26.88	0.06	61.15	14.18	7.59	0.04	21.73	39.42	20.14

(₹ in Crores)

Description of Assets	Gross Block			Accumulated Depreciation				Net Block		
	Balance as at April 1, 2013	Additions during the year	Disposal during the year	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation charge for the year	On disposals	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
Tangible Assets										
Office equipment	5.75	4.69	0.05	10.40	2.52	0.70	0.03	3.18	7.21	3.24
Furniture and fixtures	8.00	7.02	0.01	15.02	2.73	1.94	0.01	4.66	10.36	5.28
Improvement to leasehold improvements	11.77	7.90	0.00	19.67	2.91	1.93	0.00	4.84	14.83	8.86
Computers	4.81	6.22	0.00	11.03	3.24	2.47	0.00	5.71	5.31	1.57
Immovable Property	0.15	(0.00)	-	0.15	0.00	0.00	-	0.01	0.14	0.15
Motor cars	0.51	(0.00)	-	0.51	0.07	0.10	-	0.17	0.34	0.44
Sub-total (a)	31.00	25.84	0.06	56.78	11.47	7.16	0.04	18.58	38.19	19.52
Intangible Assets										
Software and system development	3.33	1.04	-	4.37	2.71	0.43	-	3.15	1.22	0.62
Sub-total (b)	3.33	1.04	-	4.37	2.71	0.43	-	3.15	1.22	0.62
Total (a+b)	34.33	26.88	0.06	61.15	14.18	7.59	0.04	21.73	39.42	20.14
Previous Year	21.79	12.59	0.05	34.33	9.95	4.27	0.03	14.18	20.14	11.84

12 Non current investment

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
<u>Non trade investment (valued at cost unless stated otherwise)</u>		
Pass through certificates for securitisation of loan assets (A) (Face value ₹ 6.44 crores)	6.44	0.35
Unquoted Equity shares of Vayana Private Limited 10,44,776 shares of ₹ 10 each fully paid up (previous year 10,44,776 shares of ₹ 10 each fully paid up)	3.50	3.50
Less - Provision for diminution in the value of investments in Vayana Private Limited	1.51	1.51
Net investment value in Vayana Enterprises Private Limited (B)	1.99	1.99
Total (A+B)	8.43	2.34

13 Deferred tax asset (net) (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
<u>Deferred Tax Asset</u>		
Depreciation and amortisation	0.58	0.44
Provision for Compensated Absences	0.67	0.46
Provision on standard asset	16.12	11.33
General provision	39.60	28.67
Provision on Non performing asset	23.76	17.55
Provision for diminution of investment	0.51	0.51
Gross deferred tax assets (A)	81.24	58.96
Deferred tax liability	-	-
Gross deferred tax liability (B)	-	-
Total (A+B)	81.24	58.96
Movement in Net deferred tax asset during the year	22.28	26.09

14 Receivables under financing activity (₹ in Crores)

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Secured (Refer note 14.1,14.2)	13,359.04	9,485.68	3,439.34	2,462.13
Unsecured	1,145.08	707.26	885.63	624.44
Doubtful (Refer note 14.3)	-	-	160.04	107.97
Total	14,504.12	10,192.94	4,485.01	3,194.54

14.1 Receivables under financing activity represent principal and accrued interest income at the close of the year net of amounts written off.

14.2 Secured against the equitable mortgage of property and/or pledge of shares, units, other securities, assignment of life insurance policies and / or hypothecation of assets (including commercial vehicles and construction equipments) and / or company or personal guarantees.

14.3 Refer to note 25 for the provisions made on doubtful assets.

15 Loans and advances (₹ in Crores)

Particulars	Non Current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
a. Capital advances	-	-	0.51	0.36
b. Security deposits (Unsecured, considered good)	8.13	5.80	-	-
c. Advances recoverable in cash or in kind (Unsecured, considered good)	-	-	10.99	2.16
d. Advance tax and tax deducted at source [Net of provision for tax ₹ 403.57 crores (PY: ₹235 crores)]	-	-	21.02	12.36
Total	8.13	5.80	32.52	14.88

16 Current Investments

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Non trade investment	No of Units		Book Value	
Investments in Mutual Funds				
Prudential Money Market fund - Growth (NAV ₹193.2471 p.u.)	4,400,312.47	-	85.00	-
Cash plus fund - Growth (NAV ₹181.3536 p.u.)	4,689,458.54	-	85.00	-
Premier Liquid Fund - Regular - Growth (NAV ₹2195.7218 p.u.)	387,308.33	-	85.00	-
Liquid scheme plan A - Growth (NAV ₹ 2836.6389 p.u.)	299,892.76	-	85.00	-
Liquid fund - Treasury Plan - Growth (NAV ₹ 3405.6152 p.u.)	249,719.97	-	85.00	-
Total	10,026,692.07	-	425.00	-

Market Value of the Investments as on March 31, 2015 ₹ 425.24 crores

17 Trade receivables

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Trade receivable	14.46	19.51
Total	14.46	19.51

Nothing in trade receivable is above six months in current and previous year.

18 Cash and bank balances

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Balances with banks	65.33	106.82
Demand drafts on hand	8.75	3.94
Cash on hand	11.83	7.65
Deposits with bank (Refer note 18.1, 18.2, 18.3)	37.36	21.41
Total	123.27	139.82

18.1 Includes deposits of ₹37.36 crores (previous year ₹21.41 crores) is earmarked for assignment/securitisation transaction.

18.2 Include deposits of Rs 37.36 crores (previous year ₹ 14.60 crores) maturing in less than one year.

18.3 Of the above balance, cash and cash equivalent after excluding deposits with bank of ₹37.36 crores (previous year ₹21.41 crores) amounts to ₹ 85.91 crores (previous year 118.41 crores).

19 Other current assets

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
a. Interest accrued but not due on fixed deposits	0.64	0.20
b. Unamortised discount on commercial paper	6.91	21.00
Total	7.55	21.20

20 Revenue from operations

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Interest income	2,276.12	1,481.55
Other financial charges / income	171.21	138.79
BPO services income	74.30	66.36
Total	2,521.63	1,686.70

21 Other income (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Gain on sale of current investment (net)	5.62	1.55
Dividend on non trade investments	0.01	0.02
Total	5.63	1.57

22 Employee benefits expense (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Salaries and wages (including bonus)	287.80	217.81
Contribution to provident and other funds	18.49	14.29
Staff welfare expenses	5.93	2.89
Total	312.22	234.99

23 Finance costs (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Interest expense	1,287.43	857.02
Discount on commercial paper	53.01	30.46
Other borrowing costs	6.84	3.34
Total	1,347.28	890.82

24 Other expenses (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Rent [net of sub lease rent received ₹0.01 crores (previous year ₹ 0.03 crores)]	17.18	12.19
Rates and taxes	1.98	0.16
Telephone	6.98	4.79
Power and fuel	7.27	5.51
Repairs and maintenance- premises	0.33	0.41
Repairs and maintenance-machinery	0.46	0.56
Credit report charges	18.92	14.94
Auditor's remuneration (Refer Note 27)	0.20	0.20
Insurance	0.22	0.22
Commission and brokerage	60.54	43.35
Loss on sale of asset	0.00	0.01
Expenses towards Corporate Social Responsibility Initiative	0.20	-
Others administrative expenses	37.70	28.59
Total	151.98	110.93

25. Provisions and write offs (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
General provision on standard asset	32.20	27.67
Provisions recognised for non performing assets (Refer Note 41A)	18.21	35.92
Write offs (net of recovery ₹ 32.92 crores (previous year ₹ 12.80 crores))	107.14	49.22
Provision for dimunition of investment	-	-
Contingent provision against standard assets	14.10	13.06
Total	171.65	125.87

26 Earning per share

Particulars	March 31, 2015	March 31, 2014
Net Profit (₹ in crores)	349.45	209.24
Weighted average number of equity shares		
Basic	527,133,028	484,576,956
Diluted	527,133,028	484,576,956
Earnings per share (₹)		
Basic	6.63	4.32
Diluted	6.63	4.32
Face value per share (₹)	10.00	10.00

27 Auditor's remuneration

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
As Auditor		
Statutory audit	0.15	0.15
Tax audit	0.01	0.01
Others		
For certificates	0.02	0.02
Sub Total	0.18	0.18
Service Tax	0.02	0.02
Total	0.20	0.20

28A Disclosure pursuant to Reserve bank of India notification DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012 and DNBR (PD) CC. No.0029/03.10.001/ 2014-15 dated April 10, 2015

No. / Amount in ₹ Crore

Sr. No.	Particulars	March 31, 2015	March 31, 2014
1	No of SPVs sponsored by the NBFC for securitisation transactions	3.00	2.00
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	298.38	163.23
3	Total amount of exposures retained by the NBFC to comply with MRR as on 31st March 2014	-	-
	a) Off-balance sheet exposures		
	* First loss	32.81	16.86
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss	6.44	0.35
	* Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitisations		
	* First loss	-	-
	* loss	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Others	-	-
	ii) Exposure to third party securitisations		
	* First loss	-	-
	* Others	-	-

28 B Disclosure pursuant to Reserve bank of India notification DBOD. No.BP. 1502/21.04.048/ 2004-05 dated February 1, 2006 (₹ in Crores)

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	Total number of contracts for Loan assets securitised during the year (No.)	3,736	2,916
ii)	Book value of Loan assets securitised during the year	210.36	145.90
iii)	Sale consideration received for securitised assets during the year	210.36	145.90
iv)	Gain/ Loss (if any) on sale on securitised loan assets	Nil	Nil
v)	Quantum (Outstanding value) of service provided: Credit Enhancement (FD)	14.73	14.60

28 C Disclosure pursuant to Reserve bank of India notification DNBR (PD) CC. No.0029/03.10.001/ 2014-15 dated April 10, 2015.

a) Details of Financial assets sold to securitization / Reconstruction Company for Asset Reconstruction

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	Number of Accounts		
ii)	Aggregate value (net of provisions) of account sold to SC / RC		
iii)	Aggregate consideration		
iv)	Additional consideration realized in respect of accounts transferred in earlier years		
v)	Aggregate gain / loss over net book value		

b) Details of Assignment Transactions

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	Number of Accounts		
ii)	Aggregate value (net of provisions) of accounts sold		
iii)	Aggregate consideration		
iv)	Additional consideration realized in respect of Accounts transferred in earlier years		
v)	Aggregate gain / loss over net book value		

29 Capital adequacy ratio

The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines, is as follows:

Particulars	March 31, 2015	March 31, 2014
CRAR%	23.05%	18.40%
CRAR - Tier I Capital %	15.49%	11.43%
CRAR - Tier II Capital %	7.56%	6.97%
Amount of Subordinated Debt raised as Tier-II capital (₹ in Crores)	1330	830
Amount Raised by the issue of Perpetual Debt Instruments	-	-

30 Exposure to real estate sector *

(₹ in Crores)

Categories	March 31, 2015	March 31, 2014
A. Direct exposure		
i. Residential mortgages - (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented)	9,488.51	6,318.64
ii. Commercial real estate - (Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	2,998.35	2,112.13
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	-	-
a) Residential,	-	-
b) Commercial real estate	-	-
B. Indirect exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		

* Previous year figures are of Funded Exposure

31 Maturity pattern of certain items of assets and liabilities

(₹ in Crores)

Particulars	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets / Foreign Currency Liabilities
1 day to 30/31 days	6.81 (-)	359.81 (243.00)	425.00 (-)	169.06 (82.74)	- (-)
Over one month to 2 months	- (-)	367.24 (259.36)	- (-)	586.62 (189.91)	- (-)
Over 2 months upto 3 onths	- (-)	365.55 (261.44)	- (-)	345.56 (314.00)	- (-)
Over 3 months to 6 months	14.73 (-)	1094.30 (786.23)	- (-)	1181.71 (728.92)	- (-)
Over 6 months to 1 year	15.82 (14.64)	2138.01 (1536.53)	- (-)	2494.46 (1914.85)	- (-)
Over 1 year to 3 years	1.30 (7.01)	6450.36 (4791.33)	6.40 (0.35)	8130.75 (5614.08)	- (-)
Over 3 years to 5 years	1.37 (0.93)	3590.98 (2517.94)	0.05 (-)	1030.80 (1400.80)	- (-)
Over 5 years	5.46 (4.59)	4622.89** (2991.66)	3.50* (3.50)	1330.00 (830.00)	- (-)
Total	45.49 (27.17)	18989.14 (13387.49)	434.95 (3.85)	15277.96 (11075.30)	- (-)

* Long-Term Investment in Vayana Private Limited are shown at book value

** The figure includes ₹160.04 cr of doubtful assets.

32 Segment reporting

(₹ in Crores)

Summary of segments of the Company is given below:

Particulars		March 31, 2015	March 31, 2014
i.	Segment Revenue		
	Lending business	2,447.34	1,620.36
	BPO Services	74.30	66.36
	Unallocated	5.62	1.55
	Total	2,527.26	1,688.27
	Less: Inter Segment Revenue	-	-
	Income from Operations	2,527.26	1,688.27
ii.	Segment Results		
	Lending business	538.57	323.03
	BPO Services	9.69	8.47
	Unallocated	(17.98)	(13.43)
	Total profit before tax	530.28	318.07
	Income Tax expenses		
	Current tax	(202.63)	(134.50)
	Deferred tax asset	22.28	26.09
	Income tax for earlier year	(0.48)	(0.42)
	Net Profit	349.45	209.24
iii.	Capital Employed		
	Segment assets		
	Lending business	19,187.08	13,585.37
	BPO Services	25.53	29.60
	Unallocated	529.53	74.43
	Total Assets	19,742.13	13,689.40
	Segment Liabilities		
	Lending business	16,516.30	12,008.23
	BPO Services	11.26	16.92
	Unallocated	89.44	35.74
	Total Liabilities	16617.00	12060.90
	Net segment assets / (liabilities)	3,125.13	1628.50
	Lending business	2,670.77	1,577.14
	BPO Services	14.27	12.68
	Unallocated	440.09	38.69
iv.	Capital Expenditure (including net CWIP)		
	Lending business	21.79	17.74
	BPO Services	5.04	8.98
	Unallocated	0.02	0.16
	Total	26.85	26.88
v.	Depreciation		
	Lending business	9.11	4.98
	BPO Services	4.51	2.22
	Unallocated	0.23	0.39
	Total	13.85	7.59
vi	Other non cash expenditure		
	Lending business	171.65	125.87
	BPO Services	-	-
	Unallocated	-	0.00
	Total	171.65	125.87

A Primary Segment**a) Business Segment**

Segment identified by the Company comprises as under:

- i. Lending business
- ii. BPO services

b) Segment Revenue and Expense

Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as 'Unallocated'

c) Segment Assets and Liabilities

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as 'Unallocated'.

d) Inter Segment Transfers

Segment revenue, segment expenses and segment results include transfer between business segments, such transfers are eliminated on consolidation.

e) Accounting Policies

The accounting policies consistently used in the preparation of the financial statements are also applied to item of revenue and expenditure in individual segments.

33 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee benefits**A) Defined contribution plan**

The contribution made to various statutory funds is recognized as expense and included in 'Payments to and provision for employees' in statement of profit and loss. The detail is as follows. (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Provident Fund	10.16	7.81
Employee State Insurance Corporation (ESIC)	5.24	4.32

B) Defined benefit plan (gratuity)

(₹ in Crores)

The Company contributes to the group gratuity fund based on the actuarial valuation determined as at the year-end through the HDFC Life Insurance Company ("HDFC Life") Limited. HDFC Life has certified the fair value of the plan assets.

Details of Actuarial Valuation as at March 31, 2015 :

(₹ in Crores)

Particulars	2014-15	2013-14
Benefit Obligation as at April 1, 2014	2.63	1.35
Current Service Cost	1.33	0.90
Past service cost	-	-
Interest Cost	0.2	0.12
Actuarial Losses/ (Gains)	0.31	0.27
Benefits Paid	0.18	0.02
Benefit Obligation as at 31st March	4.29	2.63
Fair Value of Plan Assets as at 1st April	1.44	0.91
Expected Returns on Plan Assets	0.16	0.09
Employer's Contribution	1.2	0.44

(₹ in Crores)

Particulars	2014-15	2013-14
Benefits Paid	0.18	0.02
Actuarial Gains/ (Losses)	(0.16)	-
Fair Value of Plan Assets as at March 31, 2015	2.45	1.44
Balance sheet recognition		
Present value of obligation	4.29	2.63
Fair value of planned asset	(2.45)	(1.44)
Liability (Asset)	1.84	1.19
Unrecognised past service cost	-	-
Liability (Asset) recognized in the Balance Sheet	1.84	1.19
Profit and loss (expenses)		
Current Service Cost	1.33	0.90
Past Service cost	-	-
Interest on Obligation	0.2	0.12
Expected Return on Plan Assets	(0.16)	(0.09)
Net Actuarial Losses/ (Gains) Recognised in the Year	0.47	0.27
Expenses recognised in the Statement of Profit and Loss	1.84	1.19
Actual return on planned assets		
Expected return on planned assets	0.16	0.09
Actuarial gain (Loss) Plan Assets	(0.16)	0.01
Actual Return On Plan Assets	-	0.10
Movement in the net liability recognised in the balance sheet		
Opening net Liability	1.19	0.44
Expenses	1.84	1.19
Contribution	(1.20)	(0.44)
Closing Net Liability	1.84	1.19
Assumptions		
Discount Rate	7.77%	8.33%
Future Salary Increase (%)		
General Staff	5.00%	5.00%
Others	5.00%	5.00%
Expected Rate of Return on Plan Assets	8.00%	8.00%

Actuarial (gain) loss on Obligation	Mar-15	Mar-14	Mar-13	Mar-12	Mar-11
Experience Adjustment	0.15	0.35	(0.17)	(0.01)	0.31
Assumption Change	0.17	(0.08)	0.13	(-)	(0.21)
Total	0.32	0.27	(0.04)	(0.02)	0.11
Actuarial (gain) loss on Plan Assets					
Experience Adjustment	(0.16)	0.01	-	(0.01)	(0.01)
Assumption Change	-	-	-	-	-
Total	(0.16)	0.01	0.00	(0.01)	(0.01)
Estimated contribution next year	3.32	1.20	0.44	0.32	0.33

Category of Plan asset	% of Fair value to total planned assets (as at March 31, 2015)
Government securities	3.14
Debenture and Bonds	29.73
Others debt instruments	67.13
Total	100.00

34 Related party disclosures

Name of the related party and nature of relationship

Holding Company: HDFC Bank Limited**Enterprise under common control of holding company:** HDFC Securities Limited.**Enterprise over which holding company is able to exercise significant influence:** HBL Global Pvt Ltd**Key Management Person:** Ramesh G (Managing Director and CEO)**Details of Related Party Transactions for the Year:**

(₹ in Crores)

Related party	Nature of relationship	Nature of transaction	March 31, 2015	March 31, 2014		
HDFC Bank Ltd.	Holding Company	Tele Collection Charges/Field Collection Charges Received / Recoverable for Collection Services Rendered	74.30	66.36		
		Term loan availed during the year	520.00	600.00		
		Term loan paid during the year	430.91	326.43		
		Interest Paid on term loan and OD account	117.17	89.32		
		Interest Received On Fixed Deposits	1.99	0.69		
		Rent Paid for premises taken on Sub-lease	1.27	0.85		
		Fixed Deposits Placed	14.73	14.60		
		Investment Banking Fees Paid	1.59	0.29		
		IPA charges	0.02	0.01		
		Locker Rent	-	-		
		Bank Charges	0.44	0.67		
		Assignment transaction / Securitisation	210.36	145.90		
		HBL Global Pvt Ltd.	Entities under common control	Rent Received/Receivable for premises given on Sub-lease	-	0.02
				Equipment Hire Charges Paid	0.10	0.13
Deposit placed	-			0.10		
Electricity Charges Paid	0.35			-		
Rent Paid	0.52			0.37		
HDFC Securities Ltd.	Entities under common control	Expenses Recoverable	-	0.01		
		Expenses Payable	0.02	0.05		
		Rent Received/Receivable from HDFC Securities for premises given on Sub-lease	0.01	0.01		
Ramesh G	Key Management Person	Salary and allowances	1.56	1.44		
HDFC Bank Ltd.	Holding Company	Term loan outstanding	1,006.36	917.27		
		Fixed Deposit	37.36	21.41		
		Security Deposit	9.75	9.75		
		Balance in current accounts	84.54	110.73		
		Balance receivable	12.58	17.22		
		Assignment transaction / Securitisation	301.08	173.26		
HBL Global Pvt Ltd.	Entities under common control	Balance Receivable	-	(0.05)		
		Deposit	0.10	0.10		
HDFC Securities Ltd.	Entities under common control	Balance Receivable	0.01	0.02		

35 Operating leases

- i. Future lease rental payments (₹ in Crores)

Period	March 31, 2015	March 31, 2014
Not later than one year	20.59	15.25
Later than one year, but less than three years	39.61	30.12
More than three years, but less than five years	35.86	26.09
More than five years	41.01	31.81

- ii. Lease payments recognized in the Statement of Profit and Loss ₹ 17.57 Crore (Previous year ₹ 12.19 Crore)
- iii. Future sub lease income receivable is ₹ 0.22 Crore (Previous year ₹ 0.07 crore)
- iv. General description of leasing arrangement
- Leased assets : premises and computers.
 - Future lease rentals are determined on the basis of agreed terms.
 - At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

36 Accounting for employee share based payments

In accordance with resolution approved by the shareholders, the company has reserved shares, for issue to employees through ESOP Scheme. On the approval of compensation committee, each ESOP scheme is issued. The compensation committee has approved stock option schemes ESOS-4 in October, 2010 and ESOS-5 in July 27, 2011 and ESOS-6 in June 11, 2012 and ESOS-7 in July 19, 2013. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Such options vest at a definitive date, save for specific incidents, prescribed in the scheme as framed/ approved by the Compensation Committee. Such options are exercisable for a period following vesting at the discretion of the Compensation Committee, subject to a maximum of two years from the date of vesting.

Method used for accounting for shared based payment plan.

The Company uses intrinsic value to account for the compensation cost of stock options to employees of the Company.

Activity in the options outstanding under the Employees Stock Option Plan as at March 31, 2015

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	2,151,700	49.17
Granted during the year	-	-
Exercised during the year	565,800	46.42
Forfeited / lapsed during the year	148,650	45.54
Options outstanding, end of year	1,437,250	50.62

Activity in the options outstanding under the Employees Stock Option Scheme as at March 31, 2014

Particulars	Options	Weighted average exercise price (₹)
Options outstanding, beginning of year	903,750	28.23
Granted during the year	1,645,000	56.00
Exercised during the year	293,000	24.66
Forfeited / lapsed during the year	104,050	44.36
Options outstanding, end of year	2,151,700	49.17

Following summarizes the information about stock options outstanding as at March 31, 2015

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average Exercise Price (₹)
ESOS - 4	17.50	6,400	0.5	17.50
ESOS - 5	25.00	7,000	1.07	25.00
ESOS - 6	31.00	290,650	2.16	31.00
ESOS - 7	56.00	1,133,200	2.28	56.00

Following summarizes the information about stock options outstanding as at March 31, 2014

Plan	Range of exercise price (₹)	Number of shares arising out of options	Weighted average remaining contractual life (in years)	Weighted average Exercise Price (₹)
ESOS - 4	17.50	22,800	1.42	17.50
ESOS - 5	25.00	50,800	2.44	25.00
ESOS - 6	31.00	490,100	2.91	31.00
ESOS - 7	56.00	1,588,000	3.10	56.00

Fair Value methodology

The fair value of options used to compute pro forma net income and earnings per equity share have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company has considered the volatility of the Company's stock price as zero, since historical volatility of similar listed enterprise was not available. The various assumptions considered in the pricing model for the stock options granted by the Company during the year ended March 31, 2015 are:

Particulars	March 31, 2015	March 31, 2014
Dividend yield *	Nil	Nil
Expected volatility	Nil	35 - 60%
Risk - free interest rate	Nil	7 - 8%
Expected life of the option	Nil	2 - 4 years

*Note - Since company has not given any grants during the year, the above information is not applicable for this year to the company

Impact of fair value method on net profit and EPS

Had compensation cost for the Company's stock option plans outstanding been determined based on the fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

Particulars	March 31, 2015	March 31, 2014
Net Profit/(Loss) (as reported) (₹ in Crores)	349.45	209.26
Stock based compensation expense determined under fair value based method: (pro forma) (₹ in Crores)	1.45	1.26
Net Profit/(Loss) (pro forma) (₹ in Crores)	348.00	208.00
Basic earnings per share (as reported) (₹)	6.63	4.32
Basic earnings per share (pro forma) (₹)	6.60	4.29
Diluted earnings per share (as reported) (₹)	6.63	4.32
Diluted earnings per share (pro forma) (₹)	6.60	4.29

37 Details of dues to Micro, Small and Medium Enterprises (₹ in Crores)

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2015	March 31, 2014
The principal amount remaining unpaid at the end of the year	-	-
The interest amount remaining unpaid at the end of the year	-	-
Balance of MSME parties at the end of the year	-	-

Note - The above is based on the information available with the Company which has been relied upon by the auditors.

38 Commitments (₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
1. Estimated amount of contracts remaining to be executed on capital account and not provided for: (Net of Advances amounting to ₹ 0.51 crore, previous year ₹ 0.36 crore)	7.42	3.73
2. Undrawn committed sanctions to borrowers	76.74	35.62

39 Loan against gold portfolio to Total portfolio is 0.61% (Previous year 0.99%)

40 Disclosure pursuant to Reserve Bank of India Notification DNBS.CC.PD.No.356 /03.10.01/2013-14 dated September 16, 2013, pertaining to gold loans

Details of Gold auctions conducted* (₹ in crores)

No. of Loan accounts	Outstanding loan amount	Sale Consideration of the gold **
437	0.82	1.11

* there is no sister concern participation in any of the above auctions.

** the excess of sales consideration over and above the outstanding amount is repaid to respective borrower.

Additional Disclosure pursuant to Reserve bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10, 2015

41 A Movement of Non-Performing Assets (NPA's)

(₹ in Crores)

	Particulars	March 31, 2015	March 31, 2014
(i)	Net NPAs to Net Advances (%)	0.48%	0.42%
(ii)	Movement of NPAs (Gross) *		
	a) Opening balance	107.97	35.77
	b) Additions during the year	150.12	104.38
	c) Reductions during the year	98.05	32.18
	d) Closing balance	160.04	107.97
(iii)	Movement of Net NPAs *		
	a) Opening balance	56.35	20.07
	b) Additions during the year	82.64	53.95
	c) Reductions during the year	48.78	17.67
	d) Closing balance	90.21	56.35
iv)	Movement of provisions for NPA's (excluding provision on standard assets) *		
	a) Opening balance	51.62	15.70
	b) Provisions made during the year	67.48	50.43
	c) Write-off / write-back of excess provisions	49.27	14.51
	d) Closing balance	69.83	51.62

* The above movement excludes NPA added and written off during the year.

41 B Movement of Contingent and general Provision

(₹ in Crores)

	Particulars	March 31, 2015	March 31, 2014
(i)	Movement of Contingent provision against standard assets		
	a) Opening balance	33.33	20.27
	b) Additions during the year	14.11	13.06
	c) Reductions during the year	-	-
	d) Closing balance	47.44	33.33
(ii)	Movement of General provisions		
	a) Opening balance	84.35	56.67
	b) Additions during the year	32.19	27.68
	c) Reductions during the year	-	-
	d) Closing balance	116.54	84.35

42 Concentration of Advances, Exposures & NPA's

a) Concentration of Advances (₹ in Crores)

	March 31, 2015	March 31, 2014
Total Advances to Twenty Largest Borrowers	181.01	69.62
Percentage of advances to twenty largest borrowers to Total Advances	0.95%	0.52%

b) Concentration of Exposures (₹ in Crores)

	March 31, 2015	March 31, 2014
Total Exposure to Twenty Largest Borrowers	181.01	69.62
Percentage of exposures to twenty largest borrowers to Total Exposures	0.95%	0.52%

c) Concentration of NPA's (₹ in Crores)

	March 31, 2015	March 31, 2014
Total Exposure of Top four NPA Accounts	13.85	10.29

d) Sector-wise distribution of NPA's

Sr. No.	Sector	Percentage of NPA's to Total Advances in that sector	
		March 31, 2015	March 31, 2014
1	Agriculture & allied activities	0.30%	1.69%
2	MSME	0.00%	0.00%
3	Corporate borrowers	1.15%	0.90%
4	Services	0.02%	0.00%
5	Unsecured personal loans	0.44%	0.37%
6	Auto loans	-	-
7	Other personal loans	-	-
8	Others	0.86%	0.85%

43 Customer Complaints

	Particulars	March 31, 2015	March 31, 2014
a)	No. of Complaints Pending at the beginning of the year	1	2
b)	No. of Complaints received during the year	96	240
c)	No. of Complaints redressed during the year	97	241
d)	No. of Complaints Pending at the end of the year	-	1

Note :- The above figure are based on complaints received from customer for identified service deficiency

44 Investments

(₹ in Crores)

	Particulars	March 31, 2015	March 31, 2014
1	Value of Investments		
	i) Gross value of Investments		
	a) In India	434.94	3.85
	b) Outside India		
	ii) Provision for Depreciation		
	a) In India	1.51	1.51
	b) Outside India		
	iii) Net Value of Investments		
	a) In India	433.43	2.34
	b) Outside India		
2	Movement of provisions held towards depreciation on investments		
	i) Opening Balance	1.51	1.51
	ii) Add : Provisions made during the year	-	-
	iii) Less : Write-off / write-back of excess provisions during the year	-	-
	iv) Closing Balance	1.51	1.51

45 Details of non- performing financial assets purchases / sold

The company has neither purchased nor sold any non- performing financial assets during the previous year.

46 Exposure to Capital Market

(₹ in Crores)

Sr. No.	Particulars	March 31, 2015	March 31, 2014
i)	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	3.5	3.5
ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPO's / ESOP's), convertible bonds, convertible debentures and units of equity oriented mutual funds	42.61	39.26

Sr. No.	Particulars	March 31, 2015	March 31, 2014
iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
v)	Secured and unsecured advances to stockbrokers and gurantees issued on behalf of stockbrokers and market makers ;	0.37	0.54
vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii)	Bridge loans to companies against expected equity flows / issues;	-	-
viii)	All exposures to Venture capital funds (both registered and unregistered)	-	-

47 Derivatives

The company has not entered into derivatives of any form during the year.

48 Registration under Other Regulators

Company is not registered under any other regulator other than Reserve bank of India.

49 Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2014-15 and FY 2013-14.

50 Details of Financing of Parent Company Products

There is no financing during the current year.

51 Details of Single Borrower Limits (SBL) / Group Borrower Limits (GBL) exceeded

Company has not exceeded the single borrower limit as set as Reserve bank of India.

52 Advances against Intangible Securities

Company has not given any loans against intangible securities.

53 Disclosure pursuant to Reserve Bank of India Notification DNBS.CO. PD. No. 367 / 03.10.01/2013-14 dated January 23, 2014

(₹ in Crores)

Sl No	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total		
		Standard	Doubtful	Loss	Standard	Doubtful	Loss	Standard	Doubtful	Loss	Standard	Doubtful	Loss
Details													
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	-	-	-	-	-	53	-	-	53	-	-
		Amount outstanding	-	-	-	-	-	6.18	-	-	6.18	-	-
		Provision thereon	-	-	-	-	-	1.69	-	-	1.69	-	-
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	3	-	-	3	-	-
		Amount outstanding	-	-	-	-	-	0.32	-	-	0.32	-	-
		Provision thereon	-	-	-	-	-	0	-	-	0	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	3	-	-	3	-	-
		Amount outstanding	-	-	-	-	-	0.26	-	-	0.26	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructures standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	(3)	-	-	(3)	-	-
		Amount outstanding	-	-	-	-	-	0.26	-	-	0.26	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructures accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	18	-	-	18	-	-
		Amount outstanding	-	-	-	-	-	3.20	-	-	3.20	-	-
		Provision thereon	-	-	-	-	-	(0)	-	-	(0)	-	-
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	-	-	-	-	-	35	-	-	35	-	-
		Amount outstanding	-	-	-	-	-	3.04	-	-	3.04	-	-
		Provision thereon	-	-	-	-	-	0	-	-	0	-	-

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)

54 Summary of total borrowings, receivables and provisions

Total borrowings

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Term-wise breakup		
Long term borrowings	10,500.06	7,845.71
Short term borrowings	350.28	405.00
Current maturities of long term borrowings	4,427.63	2,824.29
Total borrowings	15,277.97	11,075.00
Category-wise breakup		
Secured		
Term loans from bank	8,202.69	6,493.00
Non Convertible Debentures	5,395.00	3,347.00
Overdraft	0.28	-
Unsecured		
Subordinate debts	1,330.00	830.00
Commercial papers	350.00	405.00
Total borrowings	15,277.97	11,075.00

Total receivable under financing

(₹ in Crores)

Particulars	March 31, 2015	March 31, 2014
Term-wise breakup		
Long term receivables	14,504.12	10,192.94
Current maturities of loan term receivables	4,485.01	3,194.54
Total receivables	18,989.13	13,387.48
Less: Substandard and Doubtful assets	160.04	107.97
Net loan book	18,829.09	13,279.51
Category-wise Breakup		
Secured	16,949.42	12,050.83
Unsecured	2,039.71	1,336.65
Total receivables	18,989.13	13,387.48
Less: Substandard and Doubtful assets	160.04	107.97
Net loan book	18,829.09	13,279.51

Total asset provisions

(₹ in Crores)

Category-wise Breakup	March 31, 2015	March 31, 2014
Provision for doubtful debts	69.83	51.63
Contingent provision against standard assets	47.44	33.33
General provisions	116.54	84.35
Provision for diminution in the value of investments	1.51	1.51
Total	235.32	170.82

55 Disclosure pursuant to Reserve bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10, 2015.

(₹ in Crores)

Sr. No	Particulars	March 31, 2015	March 31, 2014
	Liabilities side:		
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	5,705.85	3,554.88
	- Unsecured	1,383.89	858.10
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits		
	(c) Term Loans	8,202.69	6,493.00
	(d) Inter-Corporate Loans and Borrowings	-	-
	(e) Other Loans	350.28	405.00
	(Represents Working Capital Demand Loans and Cash Credit from Banks)		
	Assets side:		
2	Break-up of Loans and Advances including Bills Receivables [other than those included in (4) below]:		
	(a) Secured	12746.11	8,732.46
	(b) Unsecured	2,039.71	1,336.65
3	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
	(i) Lease Assets including Lease Rentals Accrued and Due:		
	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	9.92	8.75
	b) Loans other than (a) above	4,193.39	3,309.62
4	Break-up of Investments (net of provision for diminution in value):		
	Current Investments:		
	I. Quoted:		
	i. Shares:		
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	425.00	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-

(₹ in Crores)

Sr. No	Particulars	March 31, 2015	March 31, 2014
	II. Unquoted:		
	i. Shares:		
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (Please specify)	-	-
	Long Term Investments:		
	I. Quoted:		
	i. Shares:		
	a) Equity	-	-
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (please specify)	-	-
	II. Unquoted:		
	i. Shares:		
	a) Equity	3.50	3.50
	b) Preference	-	-
	ii. Debentures and Bonds	-	-
	iii. Units of Mutual Funds	-	-
	iv. Government Securities	-	-
	v. Others (Please specify)	6.44	0.35
5	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above:		
	1. Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same Group	-	-
	(c) Other Related Parties	-	-
	2. Other than Related Parties	18,989.13	13,387.49
6	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)		
	1. Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the Same Group	-	-
	(c) Other Related Parties	-	-
	2. Other than Related Parties	428.50	3.50
7	Other Information		
	(i) Gross Non-Performing Assets		
	a. Related party	-	-
	b. Other than related party	160.04	107.97
	(ii) Net Non-Performing Assets		
	(a) Related party	-	-
	(b) Other than related party	90.21	56.36
	(iii) Assets Acquired in Satisfaction of Debt	-	-

56 Disclosure under clause 16 of the Listing Agreement for Debt Securities

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office no 130, 3rd Floor, Heera Panna Complex, Dr. Yagnik Road, Rajkot and further secured by way of hypothecation of receivables under financing activity with a minimum asset cover of 1.1 times always provided.

57 Disclosure under clause 28 of the Listing Agreement for Debt Securities

(₹ in Crores)

	March 31, 2015	March 31, 2014
a) Loans and advances in the nature of loans to subsidiaries	-	-
b) Loans and advances in the nature of loans to associates	-	-
c) Loans and advances in the nature of loans where there is -	-	-
(i) no repayment schedule or repayment beyond seven years	-	-
(ii) no interest or interest below section 186 of Companies Act, 2013.	-	-
d) Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-

- 58** During the year, the Company has placed additional fixed deposits of ₹ 14.60 crores with HDFC Bank pursuant to fresh securitisation transaction entered during the year. Total fixed deposits stands at ₹ 37.36 crores (previous year ₹ 21.41 crores) on account of assignment and securitisation transaction outstanding till March 31, 2015.
- 59** Effective April 1, 2014, the Company has changed the estimated useful life of certain group of assets such as Office equipments, Furniture & Fixtures, Computers, Immovable Property and Software in accordance with the recommended useful life as per Part C of Schedule II to the Companies Act, 2013. Pursuant to the aforesaid change in the estimated useful life of fixed assets, an additional charge on depreciation amounting to ₹ 0.98 crore has been debited through the Profit and Loss Account.
- 60** The Company's pending litigations comprise of claims against the Company by the clients and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.
- 61** The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account.
- 62** The Board of Directors of the company at its meeting held on November 14, 2014 had approved the merger of M/s. HBL Global Pvt Ltd and M/s. Atlas Documentary Facilitators Private Limited into M/s. HDB Financial Services Limited. The Company has made an application to the RBI for the requisite regulatory approval and the same is awaited.
- 63** Previous year figures have been regrouped/ rearranged, where necessary.

As per our report of even date

For **B S R & Co. LLP**

Chartered Accountants

Firms' Registration No: 101248W/W-100022

Akeel Master

Partner

Membership No. 046768

For and on behalf of the Board

G Subramanian

Chairman

Harsh Bajpai

Company Secretary

G Ramesh

Managing Director

Haren Parekh

Chief Financial Officer

Kaizad Bharucha**Venkatraman Srinivasan****Smita Affinwalla**

Directors

Place: Mumbai

Date: April 17, 2015

Distribution Network

India



- # Registered Office
- Branches
- Collection Centres
- ◆ CPU
- ◆ Corporate Office

Disclaimer : All efforts have been made to make this image accurate. However, HDB Financial Services Limited and its Directors do not own any responsibility for the correctness or authenticity of the same.

Car Loan

Used Car Loan

Personal Loan

Business Loan

Loan for ESOPs

Auto Refinance Loan

Loan against Shares

Loan against Property

Loan against Securities

Commercial Vehicle Loan

Enterprise Business Loan

Loan against Gold Jewellery

Construction Equipment Loan

BPO Services

Life Insurance

General Insurance

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