

<Date>

To,
<Independent Director>

Sub: Appointment as an Independent Director of M/s HDB Financial Services Limited

Ref: Section 149 of the Companies Act, 2013

Dear <Independent Director>,

I am pleased to inform you that, the Board of Directors of HDB Financial Services Limited ("the Company"), have approved your appointment effective <Date of Board resolution> as a Non-Executive Independent Director of the Company ("Independent Director") under the Companies Act, 2013. This letter sets out the main terms of your appointment. It is agreed that this is a contract for services and is not a contract of employment.

1. Appointment

Your appointment will be for a period of five consecutive years effective from <date of board resolution>, as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). You will serve as an "Independent Director" on the Board of the Company as defined under Companies Act, 2013. Your appointment is also subject to the maximum permissible directorships that one can hold in accordance with the provisions of the Companies Act, 2013, Reserve Bank of India's guidelines, Listing Regulations and any other regulation as may be applicable from time to time.

2. Committees

2.1. As advised by the Board, during the tenure of office, you may be required to serve on one or more of the Committees of the Board constituted by the Board. Upon your appointment to any one or more Committees, you will be provided with the appropriate Committee charter which sets out the functions of that Committee.

2.2. Currently, the Board has Ten (10) committees: Audit Committee, Asset Liability Committee, Risk Management Committee, Nomination and Remuneration Committee, Share Allotment Committee, Debenture Allotment Committee, Bond Allotment Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Information Technology Strategy Committee. The Chairperson of the Board, in consultation with the Chairperson of the Committee and the Company Secretary, determines the frequency and duration of the Committee Meetings. Recommendations of the Committees are submitted to the Board for approval. The quorum for meetings is either two members of the Committee or any higher number as may be stipulated by the Companies Act, 2013, Listing Regulations and Reserve Bank of India's guidelines.

3. Time Commitment

The Company anticipates a commitment of sufficient time and attention as necessary in order to perform your duties under the appointment. This will include attendance at regular and emergency Board Meetings, any Committee meeting and the General Meetings. All the Board, Committee and General Meetings are ordinarily held in Mumbai and / or Ahmedabad and / or Chennai and / or Hyderabad and / or as decided by the Board from time to time.

4. Role

The Board as a whole is collectively responsible for the success of the Company. As an Independent Director, you shall help to provide the Board with effective guidance in relation to the Company's strategic aims, ensure that the necessary financial and human resources are in place for the company to meet its objectives and review performance and risk management. You shall apply your professional expertise for informed and balanced decision-making whilst upholding ethical standards of integrity and probity and assist the Company in implementing the best corporate governance practices.

5. Functions, Responsibilities and Duties of Directors

You will have particular regard to the general functions, duties and responsibilities of Directors as set out in the Companies Act, 2013 and the Rules there under, the RBI Regulations, Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other Regulations as may be applicable from time to time and the following Codes adopted by the Board of Directors, a copy of which have been submitted to you:

- a) Code of Conduct for Independent Directors in terms of Section 149(8) and Schedule IV of the Companies Act, 2013.
 - The Code provided in Schedule IV of the Companies Act, 2013 is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of Independent Directors.
 - The Code for Independent Directors as enshrined in Schedule IV of the Companies Act, 2013 and (copy of which has been submitted to you) describes guidelines of professional conduct, role and functions, duties, manner of appointment, re-appointment, resignation or removal, separate meetings and evaluation mechanism.
- b) Code of Conduct for Board of Directors and Senior Management Personnel in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c) The overall superintendence and control of the business of the Company is vested in the Board. The Board has reserved for its own decision a number of specific matters, which include inter-alia:
 - the establishment of the Company's overall strategic direction and strategic plans for its major business units.
 - the approval of budgets, financial objectives and policies and significant capital expenditure, the approval of the financial statements and published reports.

- the approval of the establishment and annual review of the effectiveness of the Company's systems of internal control including internal financial control and risk management, and the appointment of key senior executives.
- Compliance of all applicable laws

The charters of the various Board committees also require certain matters to be approved by the Board including, among other matters, the executive remuneration policy and the appointment of the external auditors. The Board has otherwise delegated responsibility for the day-to-day management of the Company, through the Managing Director and Executive Directors, to executive management.

As a Non-executive Director of the Company, you will contribute to ensuring that the Board has the mixture of skill and experience which it requires.

6. Fees

- You shall be paid sitting fees for attending Board and its Committee meetings, as approved by the Board of Directors from time to time, and within the limits laid down by the Companies Act, 2013. You will also be entitled to reimbursement of out-of-pocket expenses that may be incurred in travelling to the place for attending Board and its Committee meetings and General Meetings of the Company.
- You shall be entitled to annual commission based on the performance of the Company as may be approved by the Board of Directors and Members of the Company from time to time.
- On termination of the appointment you shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date.

7. Independence and other interests

- Based on the declaration of your independence submitted by you and on an assessment of all relevant and available information, the Board regards you as an Independent Director. By signing this letter, you confirm that you agree to this. If your circumstances change in any way that may affect your status as an Independent Director, you must immediately disclose this to the Board. You agree to provide the Board with all information it may require at any time to confirm your independence.
- You have already disclosed to the Board the significant commitments you have outside this role. You must inform me in advance of any changes to these commitments. In certain circumstances the agreement of the Board may have to be sought before accepting further commitments which either might give rise to a conflict of interest or a conflict of any of your duties to the Company, or which might impact on the time that you are able to devote to your role at the Company.
- It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. In the event that you become aware of any further potential or actual conflicts of interest, these should be

disclosed to me and the Company Secretary as soon as they become apparent and, again, the agreement of the Board may have to be sought.

8. Memberships of other Boards

It is expected that you will not serve on the boards of competing companies. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

9. Confidentiality

- You acknowledge that all information acquired during your appointment is confidential to the Company and should not be released, communicated, nor disclosed either during your appointment or following termination (by whatever means), to third parties without my prior clearance. This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.
- You acknowledge the need to hold and retain company information (in whatever format you may receive it) under appropriately secure conditions.

10. Review Process

The performance of individual Directors and the whole Board and its committees is evaluated annually.

11. Training

On an ongoing basis, and further to the annual evaluation process, we will make arrangements for you to develop and refresh your skills and knowledge in areas which we mutually identify as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should endeavour to make yourself available for any relevant training sessions which may be organized for the Board.

12. Insurance

The Company has a "Directors and Officers" liability insurance and it is intended that the Company will assume and maintain such cover for the full term of your appointment.

13. Disclosure of Interest

The Company must include in its Annual Accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board meeting so that the minutes may record your interest appropriately and our records are updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

14. Termination

- The appointment may be terminated at any time by the Company in accordance with the Company's Articles of Association or the Companies Act, 2013 or in case you submit your resignation by written notice. It would be desirable that you give the Chairman reasonable notice of your intention to resign or to not seek re-election where that is possible so that the Company can plan for succession of skills and experience on the Board.
- Upon such termination or resignation for any reason, you shall not be entitled to any damages for loss of office and no severance fee will be payable to you in respect of any unexpired portion of the term of the Appointment.

It is a pleasure to have you on board. I am confident that your association, expertise and advice will immensely benefit the Company and the Board.

Thanking you,
Yours sincerely,

For **HDB Financial Services Limited**

(Chairman)

Acknowledgement

I confirm and agree to the terms of my appointment as an Independent Director (Non-Executive) of HDB Financial Services Limited as set out in this letter.

Signature:

Name of the Director:

Designation: Independent Director

DIN:

Date:

Place: