

Report on Corporate Governance

CORPORATE GOVERNANCE PHILOSOPHY

The Company's philosophy on Corporate Governance is aimed at assisting the management in conducting business efficiently and meeting its obligations to stakeholders. This philosophy is guided by a strong emphasis on transparency, accountability and integrity. The Company's governance practices and processes ensure that the interests of all stakeholders are addressed in a transparent manner and are deeply embedded into the organisation's culture.

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

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

BOARD OF DIRECTORS

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

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

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

In compliance with the provisions of the Companies Act, 2013 ("**Act**"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), and the Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Master Directions, 2023, No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 ("**RBI Master Directions**"), the Board of the Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is fully compliant with the requirements of Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2025, the Board comprised nine members consisting of one Executive Director, one Part-Time Non-Executive Chairman & Independent Director, one Non-Executive Director and six Non-Executive Independent Directors, including two Women Directors.

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The composition of the Board of Directors as on March 31, 2025, along with the attendance of Directors at the Board Meetings held during the FY 2024-25 and at the last virtual Annual General Meeting held on June 27, 2024, is provided below:

Sr. No.	Name of the Director, Category & DIN	Director Since	No. of Board meetings		Whether attended last AGM	No. of other Director ships	Remuneration (₹ In Lakhs)			No. of shares held in and convertible instrument held in the Company
			Held	Attended			Salary and other compensation	Sitting Fee	Commission	
1.	Mr. Arijit Basu, Part-Time Non-Executive Chairman & Independent Director (DIN: 06907779)	June 01, 2021	8	8	Yes	1	30.00	12.25	Nil	Nil
2.	*Mr. Venkatraman Srinivasan, Independent Director (DIN: 00246012)	March 12, 2015	8	8	Yes	6	Nil	15.50	15.00	Nil
3.	*Ms. Smita Affinwalla, Independent Director (DIN: 07106628)	March 12, 2015	8	8	Yes	1	Nil	13.25	15.00	Nil
4.	***Dr. Amla Samanta, Independent Director (DIN: 00758883)	May 01, 2019	8	7	Yes	2	Nil	11.25	15.00	Nil
5.	**Mr. Adayapalam Viswanathan, Independent Director (DIN: 08518003)	July 24, 2019	8	8	Yes	Nil	Nil	17.25	15.00	Nil
6.	Ms. Arundhati Mech, Independent Director (DIN: 09177619)	February 11, 2022	8	8	Yes	2	Nil	16.00	15.00	Nil
7.	Mr. Jayesh Chakravarthi, Independent Director (DIN: 08345495)	January 25, 2024	8	8	Yes	1	Nil	11.50	15.00	Nil
8.	#Mr. Bhaskar Sharma Independent Director (DIN: 02871367)	September 16, 2024	4	4	NA	1	Nil	4.50	6.00	Nil
9.	#Mr. Jayant Gokhale Independent Director (DIN: 00190075)	September 16, 2024	4	4	NA	1	Nil	7.25	11.00	Nil
10.	Mr. Jimmy Tata, Non-Executive Director (DIN: 06888364)	July 15, 2023	8	7	Yes	1	Nil	Nil	Nil	3,21,021
11.	Mr. Ramesh G., Managing Director & Chief Executive Officer (DIN: 05291597)	July 01, 2012	8	8	Yes	Nil	654.48	Nil	Nil	8,53,000

#Mr. Bhaskar Sharma and Mr. Jayant Gokhale were appointed as Independent Directors of the Company with effect from September 16, 2024.

*Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla ceased to be Independent Directors of the Company with effect from March 11, 2025, upon completion of their respective terms.

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****Mr. Adayapalam Viswanathan** was re-appointed as a Non-Executive and Independent Director of the Company with effect from July 24, 2024.

*****Dr. Amla Samanta** was re-appointed as a Non-Executive and Independent Director of the Company with effect from May 1, 2024.

The details of directorship and committee chairmanship/membership as on March 31, 2025, are provided below:

Name of the Director	Directorships			Number of Committee positions held*	
	In Equity listed companies	In unlisted public companies	In private limited companies	Chairman	Member
Mr. Arijit Basu	Nil	1	Nil	Nil	1
Dr. Amla Samanta	Nil	Nil	2	1	1
Mr. Adayapalam Viswanathan	Nil	Nil	Nil	Nil	1
Ms. Arundhati Mech	Afcom Holdings Limited	1	Nil	Nil	1
Mr. Jayesh Chakravarthi	Nil	Nil	1	Nil	Nil
Mr. Bhaskar Sharma	Polycab India Limited	Nil	Nil	Nil	2
Mr. Jayant Gokhale	Nil	Nil	1	1	1
Mr. Jimmy Tata	Nil	Nil	1	Nil	1
Mr. Ramesh G.	Nil	Nil	Nil	Nil	1

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

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

The details of changes in the composition of the Board during the current FY 2024-25 and previous FY 2023-24 are provided below:

S.N.	Name of the Director	Capacity	Nature of change	Effective Date
1	Mr. Arijit Basu	Chairman and Non-Executive Director (Non-Independent Director)	Resignation	May 31, 2023
2	Mr. Arijit Basu	Part-Time Non-Executive Chairman and Independent Director	Appointment	May 31, 2023
3	Mr. Jimmy Tata	Non-Executive Director	Appointment	July 15, 2023
4	Mr. Jayesh Chakravarthi	Independent Director	Appointment	January 25, 2024
5	Dr. Amla Samanta	Independent Director	Re-appointment	May 01, 2024
6	Mr. A K Viswanathan	Independent Director	Re-appointment	July 24, 2024
7	Mr. Bhaskar Sharma	Independent Director	Appointment	September 16, 2024
8	Mr. Jayant Gokhale	Independent Director	Appointment	September 16, 2024
9	Mr. Venkatraman Srinivasan	Independent Director	Cessation	March 11, 2025
10	Ms. Smita Affinwalla	Independent Director	Cessation	March 11, 2025

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

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BOARD MEETINGS AND DELIBERATIONS

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

The Board meets at least once in every quarter to review the quarterly results and other key matters. Additional meetings are convened to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are obtained through circular resolutions, which are placed before the Board in the subsequent meeting for noting. The quorum of the Board meeting is maintained in accordance with the statutory requirement of three directors or one-third of the total strength, whichever is higher.

To facilitate participation of Directors who are unable to attend the meeting in person, video-conferencing facility are made available. Such participation is conducted in compliance with the applicable provisions of the Companies Act, 2013 and relevant regulations. The Senior Management personnel, Business Heads and other executives are invited to Board Meetings as and when required, to provide insights and updates on operational and strategic matters.

During the Board Meetings, presentations were made to the Board covering key areas including, annual action plans and business strategies, financial statements and performance reviews, information technology and security risk management, customer grievances and service frameworks, compliance update and risk assessment, regulatory developments under the scale based regulation (SBR), etc.

During the FY 2024-25, your Board of Directors met eight (8) times, the Meetings were held on April 16, 2024; May 17, 2024; July 13, 2024; September 16, 2024; September 20, 2024 (adjourned meeting); October 16, 2024; October 28, 2024; January 14, 2025; and March 10, 2025. The requisite quorum was present at all Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days, in compliance with regulatory requirements.

DECLARATION OF INDEPENDENCE

The Company has received necessary declaration and confirmation from all of its Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI Listing Regulations. All Independent

Directors have further confirmed that they have registered their names in the Independent Directors' Databank as mandated. In the opinion of the Board, all Independent Directors continue to fulfil the conditions prescribed for an independent director as stipulated in Regulation 16(1)(b) & 62D(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act and are independent of the management of the Company.

MEETINGS OF INDEPENDENT DIRECTORS

In accordance with the requirements of the Code for Independent Directors under the Act, and Rules made thereunder and the SEBI Listing Regulations (as amended from time to time), one meeting of Independent Directors was held during the year. The meeting was conducted to enable Independent Directors to discuss matters relating to Company's affairs and put forth their perspectives and evaluate the Board's functioning, without the presence of Non-Independent Directors and members of the Management.

At this Meeting, the Independent Directors reviewed the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the Company, while also assessing the quality, quantity and timeliness of information received from the Company's Management.

A separate Meeting of Independent Directors was held on April 15, 2024, during the financial year under review.

The details of the Separate Meeting of Independent Directors held during FY 2024-25 and attendance of the members at the meeting is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	Attendance (%)
Mr. Arijit Basu	1	1	100
Ms. Smita Affinwalla	1	1	100
Mr. Venkatraman Srinivasan	1	1	100
Dr. Amla Samanta	1	1	100
Mr. Adayapalam Viswanathan	1	1	100
Ms. Arundhati Mech	1	1	100
Mr. Jayesh Chakravarthi	1	1	100

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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Additionally, as a part of the regular Board and Committee meetings, presentations are made to the Independent Directors on a range of subjects including, business operations and strategies plans, risk management framework, industry trends and regulatory developments, internal control, cyber security risk and compliance updates. These sessions facilitate one-on-one interaction between Independent Directors and the senior management team and internal auditors, fostering deeper insights in the Company's functioning. The Company also organises branch visits for Independent Directors to help them gain a practical understanding of on-ground operations.

As per the requirements under the SEBI Listing Regulations, the details of the familiarisation programmes imparted to Independent Directors, including information on their roles, rights, responsibilities, the nature of the industry and the Company's business model along with the number of sessions and hours spent during the Financial Year 2024-25, are available on the Company's website and can be accessed at: https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization_Program_imparted_to_Independent_Directors_12042025.pdf

BOARD SKILLS/EXPERTISE/ COMPETENCE MATRIX

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

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

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

COMMITTEES OF THE BOARD OF DIRECTORS

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

Each Committee has been established with the formal approval of the Board and operates in accordance with the roles and responsibilities defined under the Company's Corporate Governance Code. The terms of reference of these Committees are in line with the requirements of the Companies Act, 2013, SEBI Listing Regulations and RBI Master Directions. The brief terms of reference for each Committees are aligned with their functional scope and are available in detail in the Company's Corporate Governance Code, accessible at <https://www.hdbfs.com/investors>

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

As on March 31, 2025, your Company has ten (10) Committees of the Board. These Committees enable focused and informed decisions in the best interest of the Company and its stakeholders.

The Committees of the Board are as follows:

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

During the FY 2024-25, the Board had accepted all recommendations of all the Committees of the Board. All decisions pertaining to the constitution of Committees, appointment of members and terms of reference for Committee members are taken by the Board of Directors. Details pertaining to the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

A. AUDIT COMMITTEE

Your Company has an independent Audit Committee, which acts as a link between the management, the statutory auditors, internal auditors and the Board. Its composition, quorum, powers, role and scope are in accordance with the provisions of Section 177 of the Act, Regulation 18 & 62F of the SEBI Listing Regulations and Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Master Directions, 2023, No. RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 dated October 19, 2023 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("RBI Master Directions"). All the members of the Audit Committee are financially literate and possess high expertise in the fields of Finance, Taxation, Economics, Risk and International Finance.

Composition, Meetings & Attendance:

Majority of the Committee members are Independent Directors. The Audit Committee met 6 (Six) times during the year under review on April 15, 2024; April 16, 2024 (adjourned meeting); May 15, 2024; July 11, 2024; July 13, 2024 (adjourned meeting); October 14, 2024; October 16, 2024 (adjourned meeting); October 28, 2024; January 13, 2025, January 14, 2025 (adjourned meeting). The gap between two Meetings did not exceed one hundred and twenty days. The composition of the Audit Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Jayant Gokhale**	October 16, 2024	Chairman, Independent Director	2	2	Nil
2.	Mr. Adayapalam Viswanathan	July 24, 2019	Member, Independent Director	6	6	Nil
3.	Ms. Smita Affinwalla*	March 12, 2015	Member, Independent Director	6	6	Nil
4.	Mr. Venkatraman Srinivasan*	March 12, 2015	Member, Independent Director	6	6	Nil
5.	Mr. Jimmy Tata	October 14, 2023	Member, Non-Executive Director	6	6	3,21,021

*Mr. Venkatraman Srinivasan and Ms. Smita Affinwalla ceased to be a members of the Audit Committee pursuant to the reconstitution of the Committee with effect from March 10, 2025.

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****Mr. Jayant Gokhale** was inducted as a member of the Audit Committee effective October 16, 2024 and was subsequently appointed as Chairman of the Committee with effect from March 10, 2025, following the said reconstitution.

BRIEF DESCRIPTION OF TERMS OF REFERENCE:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Audit Committee inter-alia includes:

- (i) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- (ii) Recommending the appointment, remuneration and terms of appointment of the auditors of the Company;
- (iii) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- (iv) Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- (v) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Modified opinion(s) in the draft audit report.
- (vi) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (vii) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
- (viii) Approval or any subsequent modifications of transactions of the Company with related parties;
- (ix) Scrutinising of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluating internal financial controls and risk management systems;
- (xii) Monitoring the end use of funds raised through public offers and related matters.
- (xiii) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- (xiv) Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

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- (xv) Discussing with internal auditors on any significant findings and follow up there on;
- (xvi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvii) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances
- (xviii) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xix) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xx) Reviewing the functioning of the whistle blower mechanism;
- (xxi) Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xxii) Reviewing the utilisation of loans and/or advances from/investment by the holding company in any subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments;
- (xxiii) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- (xxiv) Ensuring that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company;
- (xxv) Authority to deal with or investigate into any matter in relation to the items herein or referred to it by the Board of Directors of the Company, Reserve Bank of India, Securities Exchange Board of India and recognised Stock Exchange and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company and;
- (xxvi) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.
- (xxvii) Approving adjustments to the ECL model output (i.e. a management overlay), if any.
- (xxviii) Periodic review of the cases of wilful default and recommend steps to be taken to prevent such occurrences and their early detection should these occur. The review shall focus on identifying root causes of wilful default and addressing deficiencies, if any, in the wilful defaulter classification process adopted by the Company.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Internal Auditor, Internal Ombudsman, representative of Statutory Auditors, Directors and other senior executives who were considered necessary for providing inputs to the Committee.

B. NOMINATION & REMUNERATION COMMITTEE

Your Company has a Nomination and Remuneration Committee (NRC) in compliance with the provisions of the Section 178 of the Act, Regulation 19 & 62G of SEBI Listing Regulations and RBI Master Directions.

Composition, Meetings & Attendance:

All the members of the Nomination & Remuneration Committee are the Independent Directors. In addition to the members of the Nomination & Remuneration Committee, these meetings were attended by Managing Director & CEO, Chief Financial Officer, Chief - People & Operations and other senior executives who were considered necessary for providing inputs to the Committee. The Nomination & Remuneration Committee met 4 (Four) times during the year under review, on May 17, 2024, June 17, 2024, September 16, 2024 and December 16, 2024.

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The composition of the Nomination & Remuneration Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Designation in the Committee & Capacity	Member of Committee since	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Ms. Arundhati Mech*	Chairperson, Independent Director	April 16, 2024	4	4	Nil
2.	Mr. Arijit Basu	Member, Independent Director	August 16, 2021	4	4	Nil
3.	Dr. Amla Samanta	Member, Independent Director	July 24, 2019	4	4	Nil
4.	Mr. Venkatraman Srinivasan*	Member, Independent Director	March 12, 2015	0	0	Nil

*Ms. Arundhati Mech was inducted as a member and appointed as the Chairperson of the Nomination & Remuneration Committee with effect from April 16, 2024 and Mr. Venkatraman Srinivasan ceased to be the Chairperson and a member of the Committee pursuant to reconstitution effective from the same date.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made thereunder, SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Nomination and Remuneration Committee inter-alia includes:

- (i) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees. While formulating the policy, following to be ensured:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- (ii) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - (a) use the services of an external agencies, if required;
 - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (c) consider the time commitments of the candidates.
- (iii) Formulating criteria for evaluation of the performance of the independent directors and the Board;
- (iv) Devising a policy on Board diversity;
- (v) Ensuring 'fit and proper' status of the proposed and existing directors and scrutinizing the declarations received by the directors in this regard;
- (vi) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal;

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- (vii) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (viii) Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- (ix) To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- (x) To consider giving stock options to the employees in the form of equity shares of the Company and also consider any other compensation related issues or matters relating to the Company's employees;
- (xi) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, the RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

Performance Evaluation of Board, its Committees and Directors

As a part of its commitment to strong corporate governance and Board effectiveness, the Company has engaged an independent external agency, Excellence Enablers Private Limited, for carrying out an independent performance evaluation of the Board as a whole, individual Directors (including Independent Directors), Board Committees and the Chairperson.

The evaluation methodology adopted by the agency was comprehensive and multi-layered. It involved the use of structured questionnaires tailored to assess key parameters such as Board composition and diversity, strategic inputs and direction, risk oversight, ethical leadership, committee effectiveness and the role and performance of individual Directors. These questionnaires were complemented by one-on-one confidential interviews with Directors to gain qualitative insights into inter-personal dynamics, the quality of deliberations and areas for Board development. In addition, Excellence Enablers reviewed minutes of Board and Committee meetings, strategic documents and governance practices followed by the Company to benchmark against leading governance norms.

Following the data collection and interaction phase, the agency provided a detailed report summarizing its findings, highlighting the strengths and effectiveness of the Board and suggesting actionable recommendations for improvement. The report indicated that the Board operates cohesively, demonstrates sound judgment in decision-making and aligns well with the long-term interests of the Company. It also suggested a few developmental areas such as enhanced succession planning and deeper oversight on ESG-related initiatives. The feedback and findings were deliberated upon by the Nomination and Remuneration Committee and the Board and steps are being taken to incorporate the recommendations into future governance practices and Board engagement process.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Your Company has a Stakeholders Relationship Committee in compliance with Section 178(5) of the Act and Regulation 20 & 62H of SEBI Listing Regulations.

Report on Corporate Governance (Contd.)

Composition, Meetings & Attendance:

The Stakeholders Relationship Committee met twice during the year under review on April 15, 2024 and October 16, 2024. The composition of the Stakeholders Relationship Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	July 17, 2019	Chairperson, Independent Director	2	2	Nil
2.	Mr. Venkatraman Srinivasan*	April 16, 2024	Member, Independent Director	1	1	Nil
3.	Ms. Arundhati Mech**	April 16, 2022	Member, Independent Director	1	1	Nil
4.	Mr. Bhaskar Sharma***	March 10, 2025	Member, Independent Director	0	0	Nil
5.	Mr. Ramesh G.	April 18, 2017	Member, Managing Director & Chief Executive Officer	2	2	8,53,000

*Mr. Venkatraman Srinivasan was inducted as a Member of the Stakeholder Relationship Committee with effect from April 16, 2024 and subsequently ceased to be a Member pursuant to the reconstitution of the Committee with effect from March 10, 2025.

**Ms. Arundhati Mech ceased to be a Member of the Committee pursuant to the reconstitution effective April 16, 2024.

***Mr. Bhaskar Sharma was inducted as a Member of the Committee pursuant to its reconstitution with effect from March 10, 2025.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with Act and SEBI Listing Regulations. The role and responsibilities of the Stakeholders Relationship Committee inter-alia includes:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- To specifically look into various aspects of interest of shareholders, debenture holders and other security holders.
- Resolving grievances of debenture holders related to creation of charge, payment of interest/principal, maintenance of security cover and any other covenants
- Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.

Report on Corporate Governance (Contd.)

Stakeholders Relationship Committee - Other details:

Name, designation and address of Compliance Officer:

Ms. Dipti Khandelwal - Company Secretary & Compliance Officer

HDB House, Tukaram Sandam Marg,

A-Subhash Road, Vile Parle (E),

Mumbai- 400057, India

Telephone: +91 22 4911 6300

Details of investor complaints received and redressed during FY 2024-25 are as follows:

Opening as on April 01, 2024	Received during the year	Resolved during the year	Closing as on March 31, 2025
0	0	0	0

D. RISK MANAGEMENT COMMITTEE

Your Company has Risk Management Committee in compliance with Regulation 21 & 62I of SEBI Listing Regulations and RBI Master Directions, which monitors the risk management strategy of the Company.

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

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

Composition, Meetings & Attendance:

The Risk Management Committee met 4 (Four) times during the year under review on June 17, 2024, September 25, 2024, December 16, 2024 and March 21, 2025. In addition to the members of the Risk Management Committee, these meetings were attended by Chief Risk Officer, Chief Financial Officer, Chief Technology Officer, Chief Information Security Officer, Chief Credit Officer and other senior executives who were considered necessary for providing inputs to the Committee.

The composition of the Risk Management Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Adayapalam Viswanathan	July 24, 2019	Chairman, Independent Director	4	4	Nil
2.	Mr. Venkatraman Srinivasan*	July 24, 2019	Member, Independent Director	3	2	Nil
3.	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
4.	Mr. Jayant Gokhale**	March 10, 2025	Member, Independent Director	1	1	Nil
5.	Mr. Jimmy Tata	July 17, 2012	Member, Non-Executive Director	4	4	3,21,021
6.	Mr. Ramesh G.	October 14, 2023	Member, Managing Director & Chief Executive Officer	4	4	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the Risk Management Committee pursuant to the reconstitution of the Committee with effect from March 10, 2025.

**Mr. Jayant Gokhale was inducted as a member of the Committee with effect from March 10, 2025, following the said reconstitution.

Report on Corporate Governance (Contd.)

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with SEBI Listing Regulations and RBI Master Directions as amended from time to time. The role and responsibilities of the Risk Management Committee inter-alia includes:

- (i) Approving and monitoring the Company's risk management policies and procedures;
- (ii) Framing, implementing, reviewing and monitoring the risk management plan including cyber security for the Company.
- (iii) Evaluating the overall risks faced by the Company including liquidity risk.
- (iv) Formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (v) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (vi) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (vii) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (viii) Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (ix) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (x) Approving and reviewing the Assets Classification & Expected Credit Loss policy,
- (xi) Review IT Risk assessment of IT systems
- (xii) Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- (xiii) Laying down appropriate approval authorities for outsourcing depending on risks and materiality;
- (xiv) Setting up suitable administrative framework of senior management for the purpose of the Master Directions;
- (xv) Undertaking regular review of outsourcing strategies and arrangements for their continued relevance and safety and soundness;
- (xvi) Deciding on business activities of a material nature to be outsourced and approving such arrangements.
- (xvii) Reporting to the Board of Directors of the Company on periodical basis on the status of review of Risk Governance and
- (xviii) Performing such other activities as may be delegated by the Board and/or prescribed under the Companies Act, the Listing Regulations, the RBI Master Directions and any other applicable rules, regulations, guidelines, clarifications, circulars and notifications issued by the Government of India including Securities and Exchange Board of India, Reserve Bank of India any other regulatory authority.
- (xix) Prepare enterprise-wide Risk Matrix, review & monitoring risk migration, if any.

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E. CORPORATE SOCIAL RESPONSIBILITY AND ESG COMMITTEE

Your Company has Corporate Social Responsibility and ESG (CSR & ESG) Committee in compliance with the provisions of Section 135 of the Act.

Composition, Meetings & Attendance:

The CSR & ESG Committee met 3 (Three) times during the year under review on April 15, 2024, September 23, 2024 and March 17, 2025. The composition of the Corporate Social Responsibility and ESG Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Dr. Amla Samanta	July 17, 2019	Chairperson, Independent Director	3	3	Nil
2.	Mr. Venkatraman Srinivasan*	October 14, 2023	Member, Independent Director	1	0	Nil
3.	Mr. Jayesh Chakravarthi*	April 16, 2024	Member, Independent Director	2	1	Nil
4.	Ms. Smita Affinwalla**	March 12, 2015	Member, Independent Director	2	2	Nil
5.	Mr. Bhaskar Sharma**	March 10, 2025	Member, Independent Director	1	1	Nil
6.	Mr. Ramesh G	March 12, 2015	Member, Managing Director & Chief Executive Officer	3	3	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the CSR & ESG Committee pursuant to its reconstitution with effect from April 16, 2024.

*Mr. Jayesh Chakravarthi was inducted as a Member of the Committee pursuant to the reconstitution with effect from April 16, 2024.

*Ms. Smita Affinwalla ceased to be a Member of the Committee pursuant to the reconstitution with effect from March 10, 2025.

**Mr. Bhaskar Sharma was inducted as a Member of the Committee pursuant to the reconstitution with effect from March 10, 2025.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the CSR & ESG Committee inter-alia includes:

- To formulate and recommend to the Board the Company's ESG and CSR strategy, policy which shall include the activities to be undertaken by the Company in areas and subject as specified in Schedule VII of the Companies Act, 2013 and to review and update them from time to time as the Company's activities evolve further.
- To monitor the Company's CSR & ESG policy and performance. The CSR & ESG Committee shall institute a transparent monitoring mechanism for implementation of the all activities including CSR projects & programs, undertaken by the Company.
- Approve the CSR budget for the year.
- To review the CSR project/initiatives from time to time.
- To ensure legal and regulatory compliance for all ESG related requirements as applicable to the Company including CSR.
- To ensure reporting and communication to stakeholders on the Company's ESG projects/initiatives (including CSR).
- To formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy.

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(viii) Perform all such actions as may be required under the relevant laws as prescribed by the Companies Act, 2013 and rules/regulations as prescribed by various regulators.

(ix) To monitor the Company's ESG Framework, strategy, goals and disclosures.

F. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Your Company has Information Technology (IT) Strategy Committee in compliance with the provisions of RBI Master Direction No. RBI/DNBS/2016-17/53 DNBS.PPD.No.04/66.15.001/2016-17 dated June 08, 2017 pertaining to "Information Technology Framework for the NBFC Sector". The Company has also considered the provisions of RBI Master Direction No. RBI/DoS/2023-24/107 DoS.CO.CSITG/SEC.7/31.01.015/2023-24 dated November 07, 2023 on Information Technology Governance, Risk, Controls and Assurance Practices, which shall be effective from April 01, 2024.

Composition, Meetings & Attendance:

The Information Technology Strategy Committee comprise of five members, the Committee met 4 (Four) times during the year under review on June 17, 2024, September 23, 2024, December 16, 2024 and March 27, 2025.

The composition of the Information Technology Strategy Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Jayesh Chakravarthi*	April 16, 2024	Chairman, Independent Director	4	4	Nil
2.	Mr. Adayapalam Viswanathan**	July 24, 2019	Member, Independent Director	4	4	Nil
3	Ms. Arundhati Mech	April 16, 2022	Member, Independent Director	4	4	Nil
4.	Ms. Smita Affinwalla***	August 16, 2021	Member, Independent Director	0	0	Nil
5.	Mr. Ramesh G.	January 18, 2018	Member, Managing Director & Chief Executive Officer	4	4	8,53,000
6.	Mr. Mathew Panat	April 16, 2022	Member, Chief Technology Officer	4	4	14,000

*Mr. Jayesh Chakravarthi was inducted as the Chairman of the Information Technology Strategy Committee pursuant to the reconstitution of the Committee with effect from April 16, 2024.

**Mr. Adayapalam Viswanathan ceased to be the Chairman of the Committee and continued as a Member with effect from April 16, 2024.

***Ms. Smita Affinwalla ceased to be a Member of the Committee pursuant to its reconstitution of the Committee with effect from April 16, 2024.

In addition to the members of the Information Technology Strategy Committee, these meetings were attended by Chief Information Security Officer, Chief Risk Officer, Head Infrastructure & Security Operations and other senior executives who were considered necessary for providing inputs to the Committee.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the Information Technology Strategy Committee inter-alia includes:

- Ensure that the RE has put an effective IT strategic planning process in place.
- Shall guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the RE towards accomplishment of its business objectives.

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- (iii) ITSC shall satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation.
- (iv) ITSC to ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks.
- (v) The Committee to ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives; and
- (vi) The Committee to review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

G. CUSTOMER SERVICE REVIEW COMMITTEE

Your Company has constituted Customer Service Review Committee at its Board Meeting held on April 16, 2024, to oversee the functioning of the executive Committee on Customer Service and also to monitor and bring out continuous improvement in the quality of services rendered to the customers and thereby enhancing the customer satisfaction level across all categories.

Composition, Meetings & Attendance:

The Customer Service Review Committee met 3 (Three) times during the year under review on July 12, 2024, October 15, 2024 and January 13, 2025. The composition of the Customer Service Review Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Ms. Smita Affinwalla*	April 16, 2024	Chairperson, Independent Director	3	3	Nil
2.	Mr. Jayesh Chakravarthi	April 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Bhaskar Sharma**	October 16, 2024	Member, Independent Director	1	1	Nil
4.	Mr. Ramesh G.	April 16, 2024	Member, Managing Director & Chief Executive Officer	3	3	8,53,000

*Ms. Smita Affinwalla ceased to be a Member of the Customer Service Review Committee pursuant to its reconstitution with effect from March 10, 2025

**Mr. Bhaskar Sharma was inducted as the Member of the Committee pursuant to reconstitution of the Committee with effect from October 16, 2024

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the Customer Service Review Committee inter-alia includes:

- i. To review and monitor policies on customer rights, customer communication, etc.
- ii. To review activities of executive committee of Customer Service (CSRC-E), in accordance with the guidelines laid down by RBI
- iii. To review complaints based on categories and complaints received from RBI
- iv. To review the status of settlement of claims

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- v. To review ongoing function, processes and process improvements
- vi. To review & monitor ombudsman awards passed and obtain working of ombudsman
- vii. To review & monitor the steps and remedial actions taken by the Company to reduce the customer complaints as well as review the reporting in regard to customer liability
- viii. To carry out detailed review of the customer services/customer care and initiate prompt corrective actions wherever service quality/skill gaps are noticed

H. STRATEGIC TRANSACTION COMMITTEE

Your Company has constituted Strategic Transaction Committee at its Board Meeting held on April 16, 2024, to explore various opportunities and transactions in the best interest of the Company, its shareholders and potential financial/strategic opportunities. These transactions/opportunities would be initiated depending upon the external environment across various parameters.

Composition, Meetings & Attendance:

The Strategic Transaction Committee met 5 (Five) times during the year under review on September 4, 2024, October 04, 2024, October 28, 2024, October 30, 2024 and December 30, 2024. The composition of the Strategic Transaction Committee as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Arijit Basu	April 16, 2024	Chairman, Independent Director	5	5	Nil
2.	Mr. Jayant Gokhale**	October 16, 2024	Member, Independent Director	3	3	Nil
3.	Mr. Venkatraman Srinivasan*	April 16, 2024	Member, Independent Director	5	5	Nil
4.	Mr. Ramesh G	April 16, 2024	Member, Managing Director & Chief Executive Officer	5	5	8,53,000

*Mr. Venkatraman Srinivasan ceased to be a Member of the Strategic Transaction Committee pursuant to its reconstitution with effect from March 10, 2025.

**Mr. Jayant Gokhale was inducted as the Member of the Committee pursuant to its reconstitution with effect from October 16, 2024.

Brief Description of Terms of Reference:

- i. To decide, in consultation with the BRLMs, the size, timing (including opening and closing dates), pricing and all other terms and conditions of the issue and transfer of the Equity Shares for the Offer, including the number of Equity Shares to be offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of oversubscription) price and any discount allowed under applicable laws that may be fixed and determined in accordance with the applicable laws and to accept any amendments, modifications, variations, or alterations thereto;
- ii. To undertake as appropriate such communication with the existing shareholders of the Company as required under applicable law, including inviting them to participate in the Offer by making an offer for sale in relation to such number of Equity Shares held by them as may be deemed appropriate and which are eligible for the offer for sale in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), and taking all actions as may be necessary or authorised in connection with any offer for sale;

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- iii. To make applications, seek clarifications, obtain approvals and seek exemptions from, where necessary, the Reserve Bank of India ("RBI"), SEBI, the relevant registrar of companies, the stock exchanges where the Equity Shares are proposed to be listed ("Stock Exchanges") and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary, incorporate such modifications/amendments as may be required in the draft red herring prospectus, the red herring prospectus and the prospectus as applicable;
- iv. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the draft red herring prospectus, the red herring prospectus the prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with applicable laws;
- v. To decide in consultation with the BRLMs on the actual Offer size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band (including offer price for anchor investors), bid period, offer price and to do all such acts and things as may be necessary and expedient for and incidental and ancillary to the Offer including to make any amendments, modifications, variations or alterations in relation to the Offer;
- vi. To appoint and enter into and terminate arrangements with the BRLMs and in consultation with BRLM(s), appoint and enter into agreements with the underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, sponsor banks to the Offer, registrars, legal advisors, auditors, advertising agency, monitoring agency, syndicate member and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate or fee/engagement letter with the BRLMs and negotiation, finalisation, execution and, if required, amendment of the offer agreement with the BRLMs for such purpose, including to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc.;
- vii. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, monitoring agency agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
- viii. To seek, if required, the consent and/or waiver of the lenders of the Company and its subsidiary, customers, parties with whom the Company or its subsidiary has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;
- ix. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- x. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- xi. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

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- xii. To determine the utilisation and accept and appropriate the proceeds of the Offer in accordance with the applicable laws;
- xiii. To approve code of conduct as may be considered necessary by the Strategic Transaction Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- xiv. To approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the Strategic Transaction Committee or as may be required under the applicable laws or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and listing agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;
- xv. To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;
- xvi. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- xvii. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLMs;
- xviii. To open with the bankers to the Offer, such accounts as may be required by the regulations issued by SEBI;
- xix. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;
- xx. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
- xxi. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
- xxii. To submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies and the relevant stock exchange(s) where the Equity Shares are to be listed;
- xxiii. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the Strategic Transaction Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Strategic Transaction Committee shall be conclusive evidence of the authority of the Strategic Transaction Committee in so doing;
- xxiv. To delegate any of its powers set out under (a) to (r) hereinabove as may be deemed necessary and permissible under applicable laws, by way of authorising any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney;

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- xxv. To approve suitable policies on insider trading, whistle-blowing, risk management and any other policies as may be required under the SEBI Listing Regulations or any other applicable laws;
- xxvi. Deciding, negotiating and finalising the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;
- xxvii. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
- xxviii. all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the applicable laws;
- xxix. to authorize and empower officers of the Company (each, an "Authorized Officer(s)"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Offer, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the agreement with the registrar, the agreements with the depositories', the offer agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the cash escrow and sponsor bank agreement and any other contractual arrangements or any amendments there to require with BRLMs, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Offer, if any and confirmation of allocation notes and allotment advice and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Offer by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Offer; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing; and
- xxx. to withdraw the draft red herring prospectus or the red herring prospectus or to decide to not proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLMs.
- xxxi. To explore, consider, evaluate, negotiate, approve any financial or strategic opportunities and transactions involving the Company, its shareholders and any third party ("Transaction");

I. SPECIAL COMMITTEE OF THE BOARD FOR MONITORING AND FOLLOW-UP OF CASES OF FRAUDS

Your Company, at its Board Meeting held on October 16, 2024, has constituted Special Committee of the Board for Monitoring and Follow-up of Cases of Frauds in compliance with the provisions of RBI Master Direction NO. RBI/DOS/2024-25/120, DOS.CO.FMG.SEC.No.7/23.04.001/2024-25, dated July 15, 2024, Master Directions on Fraud Risk Management in Non- Banking Financial Companies (NBFCs) (including Housing Finance Companies).

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Composition, Meetings & Attendance:

The Special Committee of the Board for Monitoring and Follow-up (SCBMF) of Cases of Frauds met once during the year under review on March 27, 2025. The composition of the SCBMF as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Arijit Basu	October 16, 2024	Chairman, Independent Director	1	1	Nil
2.	Mr. Jayant Gokhale	October 16, 2024	Member, Independent Director	1	1	Nil
3.	Mr. Ramesh G.	October 16, 2024	Member, Managing Director & Chief Executive Officer	1	1	8,53,000

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The role and responsibilities of the special committee of the board for monitoring and follow-up of cases of frauds inter-alia includes:

- To oversee the effectiveness of the fraud risk management in the Company.
- To review and monitor cases of frauds, including root cause analysis and suggest mitigating measures for strengthening the internal controls, risk management framework and minimising the incidence of frauds. The coverage and the periodicity of such reviews to be as per the Fraud Risk Management Policy of the Company. The coverage of such review may include, among others, categories/trends of frauds, industry/sectoral/geographical concentration of frauds, delay in detection/classification of frauds and delay in examination/conclusion of staff accountability, etc.
- To carry out any other role and responsibilities as mandated by the Board and/or any regulatory authority from time to time.

J. REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS

Your Company, at its Board Meeting held on October 16, 2024, has constituted Review Committee for Identification of Wilful Defaulters in compliance with the RBI's Master directions on Treatment of Wilful Defaulters and Large Defaulters having reference no. RBI/DoR/2024-25/122 DoR.FIN.REC.No.31/20.16.003/2024-25 dated July 30, 2024 on wilful defaulters.

Composition, Meetings & Attendance:

The Review Committee for Identification of Wilful Defaulters met once during the year under review on March 27, 2025. The composition of the Review Committee for Identification of Wilful Defaulters as on March 31, 2025 and the details of attendance for the FY 2024-25 is as under:

Sr. No.	Name of the Member	Member of Committee since	Designation in the Committee & Capacity	Number of meetings held during their tenure	Number of meetings Attended	No. of shares held in the Company
1.	Mr. Ramesh G.	October 16, 2024	Chairman, Managing Director & Chief Executive Officer	1	1	8,53,000
2.	Ms. Arundhati Mech	October 16, 2024	Member, Independent Director	1	1	Nil
3.	Mr. Adayapalam Viswanathan	October 16, 2024	Member, Independent Director	1	1	Nil

Report on Corporate Governance (Contd.)

Brief Description of Terms of Reference:

- To classify 'Wilful Defaulters' as proposed by Committee for Identification of Wilful Defaulters and pass a reasoned order.
- To review the cases of wilful default periodically.
- To carry out such other role and responsibilities as may be mandated by the Board and/or regulatory authorities from time to time

GENERAL BODY MEETINGS

Following are the information on General Body meetings and details of special resolution(s) passed.

a. Details of last three Annual General Meetings and Special Resolutions passed thereat:

Details of AGM	Date and Time	Venue	Special resolutions passed
17th AGM	June 27, 2024 at 12 noon	Held through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> Approve the Re-appointment of Mr. Adayapalam Kumaraswamy (AK) Viswanathan as an Independent Director of the Company. Approve selling, assignment, securitisation of receivables/book debts of the Company upto ` 9,000 Crore. Authority to issue redeemable non-convertible debentures and/or other debt instruments on private placement basis.
16th AGM	June 30, 2023 at 12 noon	Held through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> Appointment of Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Independent Director of the Company Approve Selling, Assignment, Securitisation of Receivables/Book Debts of the Company up to ` 7,500 Crore. Authority to issue Redeemable Non-Convertible Debentures and/or other Instruments on Private Placement basis. Alteration of Articles of Association of the Company
15th AGM	June 23, 2022 at 12 noon	Held through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> Re-appointment of Mr. Ramesh G. as a Managing Director and Chief Executive Officer of the Company. Approve Selling, Assignment, Securitisation of Receivables/Book Debts of the Company up to ` 7,500 Crore. Authority to issue Redeemable Non-Convertible Debentures and/or other Instruments on Private Placement basis.

b. Details of Extra-Ordinary General Meeting held in last three financial years and special resolutions passed thereat:

During the FY 2022-23; FY 2023-24 and FY 2024-25 the Company did not hold any Extra-Ordinary General Meeting.

c. Details of business transacted through Postal Ballot during the FY 2024-25:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs (the "MCA"), Government of India, for holding general meetings/conducting postal ballot process through electronic voting (remote e-voting) and any other applicable laws and regulations, the approval of the Members of the Company for below mentioned special resolutions was obtained through Postal Ballot Notice dated September 20, 2024.

Report on Corporate Governance (Contd.)

For matters which are urgent and require shareholders' approval in the period between the AGMs, the Company seeks the approval of shareholders through postal ballot.

During the FY 2024-25, the Company had sought approval of the members through two postal ballot notices, the details of the postal ballots through which special resolutions were passed are given below:

Date of Notice	Date of Scrutinizer's report	Date of passing the resolution	Special Resolution(s) passed
September 20, 2024	October 21, 2024	October 21, 2024	<ol style="list-style-type: none"> Adoption of updated Articles of Association of the Company Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2014 Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2017 Amendment of the HDB Financial Services Limited - Employees Stock Option Scheme – 2022 Initial Public Offer of Equity Shares of the Company To approve appointment of Mr. Bhaskar Sharma (DIN: 02871367) as an Independent (Non-Executive) Director of the Company To approve appointment of Mr. Jayant Gokhale (DIN: 00190075) as an Independent (Non-Executive) Director of the Company

Voting results of Special resolution passed through Postal Ballot Notice dated September 20, 2024:

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9998	00.0002	-
Resolution No. 2	99.9973	00.0027	-
Resolution No. 3	99.9973	00.0027	-
Resolution No. 4	99.9974	00.0026	-
Resolution No. 5	99.9998	0.0002	-
Resolution No. 6	99.9997	0.0003	-
Resolution No. 7	99.9997	0.0003	-

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of the Act read applicable rules and in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA), the Company conducted the voting on proposed resolutions exclusively through remote e-voting, eliminating the need for physical postal ballot forms. In line with the MCA Circulars, the Postal Ballot notice was dispatched electronically via e-mail to shareholders who had registered their e-mail addresses with the Company or with their depository participants. The Company also facilitated the registration of e-mail address by shareholders who had not registered previously, to ensure they could receive the notice and participate in e-voting.

The Company published a public notice in leading newspapers providing information about the Postal Ballot and the process

for e-voting. Voting rights were determined on the basis of equity shares held by the members as on the cut-off date specified in the notice.

As per the provisions of the Act, the Company appointed Mr. Mitesh Shah, Proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, as the Scrutinizer to conduct the postal ballot process in a fair and transparent manner. Upon completion of voting, the Scrutinizer submitted a consolidated report to the Chairman of the Company. The results were declared by the Chairman and published on the Company's website and communicated to the stock exchanges. If approved by the requisite majority, the resolution is deemed to have been passed on the last date of e-voting, as specified in the postal ballot notice.

There is no immediate proposal for passing any special resolution through postal ballot as on date.

Report on Corporate Governance (Contd.)

SENIOR MANAGEMENT

The particulars of Senior Management of the Company as at March 31, 2025:

Sr. No.	Name of the Senior Management	Designation
1	Mr. Ramesh G.	Managing Director & CEO
2	Mr. Karthik Srinivasan	Chief Business Officer
3	Mr. Sarabjeet Singh	Chief Business Officer
4	Mr. Manish Tiwari	Head – Commercial Equipment and Micro Lending
5	Mr. Venkata Swamy	Chief Digital and Marketing Officer
6	Mr. Jaykumar Shah	Chief Financial Officer
7	Mr. Rohit Patwardhan	Chief Credit Officer
8	Mr. Ashish Ghatnekar	Chief – People & Operations
9	Mr. Mathew Panat	Chief Technology Officer
10	Mr. Harish Venugopal	Chief Risk Officer
11	Mr. Arjun Dutta	Chief Compliance Officer
12	Mr. Premal Brahmhatt	Head – Internal Audit
13	Mr. Vishal Patel*	Head – Investor Relations
14	Ms. Dipti Khandelwal	Company Secretary and Head Legal

*Mr. Vishal Patel, was inducted into the Senior Management Team as Head - Investor Relations with effect from October 16, 2024.

DETAILS OF REMUNERATION TO DIRECTORS

a. Pecuniary Relationship/Transaction with Non-Executive Directors

During the FY 2024-25, there were no pecuniary relationship or transactions between the Company and any of its Non-Executive Directors, other than the receipt of sitting fees, profit-related commission and remuneration (as applicable) for their role as Directors. The Company has not advanced any loans to its Directors or to any firms/companies in which Directors may be interested.

b. Remuneration Paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director & CEO, during the financial year 2024-25 are as follows:

Particulars of Remuneration	Amount in `
Gross salary	5,13,64,536
a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	-

Particulars of Remuneration	Amount in `
b) Value of perquisites under section 17(2) Income-tax Act, 1961	25,192
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	-
Bonus	1,40,58,100
Sweat Equity	-
Commission	-
Company Car	-
Total	6,54,47,828
Number of Stock Options granted	2,61,300

The employee stock options have not been issued at discount and the same have been granted at the fair market value of the equity shares of the Company as certified by the practicing chartered accountant or Category 1 Merchant Bank registered with SEBI. The vesting schedule for the stock options is as follows:

- 30% of options after expiry of twelve months from date of grant;
- 30% options after expiry of twenty-four months from the date of grant; and
- 40% of options after expiry of thirty-six months from the date of grant.

The exercise period for vested options is 7 years from the respective dates of vesting

The criteria for evaluation of the performance of the Managing Director & CEO include Leadership and Strategic Direction, Strategy formulation and execution, Financial Planning and Performance, Board Relations and Governance effectiveness, Stakeholder and External Relations, Human Resource Management and Team Development, Succession Planning and Product/Service and Industry Knowledge.

The Company provides for gratuity in the form of lump-sum payment, without any upper limit, equivalent to 15 (fifteen) days basic salary payable for each completed year of service on resignation, retirement, death while in employment or on termination of employment.

The Company makes contributions to a recognised Gratuity Trust administered by trustees and whose funds are managed by insurance companies. The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually.

Report on Corporate Governance (Contd.)

Perquisites (evaluated as per Income Tax Rules, 1962 wherever applicable and at actual cost to the Company otherwise) such as insurance policies, use of car and telephone at residence, medical reimbursement, leave and leave travel concession and other benefits like Provident Fund and Gratuity are provided in accordance with the rules of the Company in this regard.

The service contracts, including notice period, are as per the terms of agreement executed by the Company with Managing Director & CEO. No severance fee is payable by the Company upon termination of the agreement.

No sitting fees are paid to Mr. Ramesh G. for attending meetings of the Board or its Committees.

c. Criteria for Sitting Fees/Commission and Remuneration paid to Non-Executive Directors

All the Directors of the Company, except for Mr. Jimmy Tata and Mr. Ramesh G., are entitled to sitting fees for attending meetings of the Board and its various Committees. Commission is paid to all Non-Executive Directors, except Mr. Jimmy Tata, Mr. Arijit Basu and Mr. Ramesh G., in accordance with the provisions approved by the shareholders and subject to the limits prescribed under the Act. Reimbursement of out-of-pocket expenses incurred for attending meetings of the Board and Committees is provided to all Directors, regardless of whether they receive sitting fees or commission. No stock options were granted to any Non-Executive Director during the financial year.

SITTING FEES

Sitting fees was paid to all the Independent Directors of the Company. The sitting fees for attending meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Risk Management Committee, Corporate Social Responsibility & ESG Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 75,000 per meeting.

For meetings of the Strategic Transaction Committee, Special Committee of the Board for Monitoring and Follow-up of cases of Frauds and the Review Committee for Identification of Wilful Defaulters, the sitting fee is ₹ 50,000 per meeting.

PROFIT RELATED COMMISSION

The shareholders, through Postal Ballot notice dated January 14, 2023, approved a revision in the payment of profit related commission to Independent Directors with effect from April 01, 2022 at the rate of ₹ 1,00,000/- per meeting of the Board and/or Committee attended subject to maximum of ₹ 15,00,000/- per Independent Director per Financial Year, not exceeding 1% of the net profit of the Company of the relevant financial year in aggregate.

The details of sitting fees, commission and remuneration paid/payable to non-executive directors during the financial year 2024-25 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	12,25,000	Nil	30,00,000
Mr. Venkatraman Srinivasan	15,50,000	15,00,000	Nil
Ms. Smita Affinwalla	13,25,000	15,00,000	Nil
Mr. Adayapalam Viswanathan	17,25,000	15,00,000	Nil
Dr. Amla Samanta	11,25,000	15,00,000	Nil
Ms. Arundhati Mech	16,00,000	15,00,000	Nil
Mr. Jayesh Chakravarthi	11,50,000	15,00,000	Nil
Mr. Bhaskar Sharma	4,50,000	6,00,000	Nil
Mr. Jayant Gokhale	7,25,000	11,00,000	Nil

Note: The shareholders at the Annual General Meeting held on June 30, 2023, approved a remuneration of ₹ 30,00,000 per annum, payable on monthly basis, to Mr. Arijit Basu, in his capacity as Part-Time Non-Executive Chairman & Independent Director.

DISCLOSURES

SUCCESSION PLANNING

Succession planning is a structured process aimed at identifying and preparing individuals to fill key position at the Board and Senior Management levels. It involves recognising talent, assessing potential and developing the next generation of leaders to ensure leadership continuity and organisational sustainability.

Report on Corporate Governance (Contd.)

The Company's succession planning process focuses on:

- Identifying high-potential employees for critical roles.
- Developing leadership capabilities through structured coaching, mentoring and targeted training.
- Ensuring continuity in leadership and smooth transitions, without disruption to current operations or performance.

The Company has implemented a Succession Planning Policy for appointments to the Board of Directors and Senior Management, in line with good governance practice.

RELATED PARTY TRANSACTIONS

During the financial year, there were no materially significant related party transactions or pecuniary relationships between the Company and its Directors that could potential conflict with the interest of the Company. Pursuant to the provisions of the Act and SEBI Listing Regulations, the Board has, on recommendation of its Audit Committee, adopted a policy for dealing with related party transactions and the said policy is available on the website of the Company at <https://www.hdbfs.com/investors>

All related party transactions are placed before the Audit Committee and the Board for their approvals on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS and Regulation 53(1)(f) of SEBI Listing Regulations, are disclosed in, note no. 37 and 78 forming part of the notes to accounts annexed to the financial statements. All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

The Shareholders of the Company have approved the material related party transactions to be entered into by the Company in the F.Y. 2025-26 with HDFC Bank Limited and HDFC Life Insurance Company Limited, being a related party of the Company through Postal Ballot on Friday, March 14, 2025 as per SEBI Listing Regulations.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed to the Director's Report.

In addition, as per the SEBI Listing Regulations, your Company has also submitted along with its standalone and consolidated financial results for the half year, disclosures of related party

transactions with stock exchange and also published it on the website of the Company.

STRICTURES AND PENALTIES

During the last three financial years, no penalties or strictures were imposed on the Company by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Further, during FY 2024-25, no penalties or strictures were imposed on the Company by the Reserve Bank of India or any other statutory authority.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The details of establishment of whistle blower policy/vigil mechanism are furnished in the Directors' Report forming part of the Annual Report. None of the Company's personnel have been denied access to the Audit Committee.

SUBSIDIARY COMPANY

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

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

The Company has received a certificate from M/s. Mehta & Mehta, Company Secretaries, to the effect that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of the Company by SEBI/Ministry of Corporate Affairs or such other statutory authority. The said certificate has been enclosed as **Annexure - I**.

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

During the year under review, the Board of your Company has accepted all the recommendations made by its Committee(s), from time to time.

Report on Corporate Governance (Contd.)

FEES PAID TO STATUTORY AUDITORS

In accordance with the requirements of the SEBI Listing Regulations, the total fees paid by the Company during the FY 2024-25 to the Statutory Auditors, including their network firms/entities, is as under:

Sr. No.	Particulars	Amount (₹ in Crore)
	M/s. Kalyaniwalla & Mistry LLP & its firms/entities	
1	Fees as Statutory Auditors	0.73
2	Fees for other services (IPO related)	0.28
	M/s. G. D. Apte & Co. & its firms/entities	
1	Fees as Statutory Auditors	0.73
2	Fees for other services (IPO related)	0.28

COMPLAINTS PERTAINING TO SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to maintain a safe and respectful workplace for all employees. The details of complaints filed, disposed of and pending during the year under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, have been disclosed the Directors' Report, which forms part of this Annual Report.

CEO/CFO CERTIFICATION

As required under the SEBI Listing Regulations, a certificate confirming accuracy of the financial statements and the adequacy of internal controls relating to financial reporting for the year ended March 31, 2025, has been provided by the Managing Directors & CEO and the Chief Financial Officer of the Company.

The said CEO/CFO Certificate is annexed to this Report as **Annexure - II**.

REPORT ON CORPORATE GOVERNANCE

The Company is categorised as High Value Debt Listed Entity ("HVDLE") in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In line with the applicable regulatory framework, the Company submits the quarterly corporate governance compliance report to the stock exchange, as mandated under Regulation 27(2) & 62Q(2)(a) of the SEBI Listing Regulations.

The Company has obtained a certificate from Mehta & Mehta, Company Secretaries, confirming compliance with the provisions relating to corporate governance as specified under the SEBI Listing Regulations. This certificate forms part of the Directors' Report and is annexed accordingly.

CODE OF CONDUCT

As per the requirements of the SEBI Listing Regulations, the Company has adopted a Board approved code of conduct applicable to all Directors and Senior Management Personnel, which incorporates the duties of directors as prescribed under the Companies Act, 2013. The Code of Conduct is available on the Company's website and can be accessed at <https://www.hdbfs.com/investors>

All the Board members and Senior Management Personnel have affirmed compliance with the Code for the financial year ended March 31, 2025. A declaration to this effect, signed by the Managing Director & CEO is included in the Annual Report as **Annexure – III**.

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

During the financial year 2024-25, none of the Independent Directors have resigned prior to the completion of their respective tenure. Accordingly, no detailed reasons for resignation are required to be disclosed.

COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

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

The Company has also adopted and complied with the following discretionary requirements, as outlined in Part E of schedule II of the SEBI Listing Regulations:

a) The Board

An office has been made available for the Non-Executive Chairman. The Chairman is entitled to reimbursement of expenses incurred while discharging his duties.

b) Modified opinion(s) in Audit Report

The financial statements of the Company carry an unmodified audit opinion from the Statutory Auditors.

Report on Corporate Governance (Contd.)

c) Separation of Roles - Chairman and Managing Director or the Chief Executive Officer

The role of the Chairman and the Managing Director & Chief Executive Officer are distinct and separate, in line with best governance practices.

Mr. Arijit Basu serves as the Part-Time Non-Executive Chairman & Independent Director.

Mr. Ramesh G. is the Managing Director & Chief Executive Officer, responsible for executing the Company's strategic and operational objectives in consultation with the Board.

d) Reporting of Internal Auditor

The Internal Auditor of the Company reports directly to the Audit Committee, thereby ensuring independence and effective oversight.

ADHERENCE TO ACCOUNTING STANDARDS

The financial statements of the Company have been prepared in compliance with the applicable Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013, and are in accordance with Schedule III to the Companies Act, 2013.

RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

The Company has a comprehensive Risk Management Framework in place. Risk assessment and mitigation plans are periodically reviewed and placed before the Audit Committee, Risk Management Committee and the Board, for consideration and guidance.

SECRETARIAL STANDARDS

The Company has adhered to the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI), as mandated under the Companies Act, 2013.

GENERAL SHAREHOLDER INFORMATION

A. Corporate Information

HDB Financial Services Limited was incorporated as a public limited company on June 04, 2007 under the Companies Act, 1956. The Company is registered with the Reserve Bank of India (RBI) and is carrying on the business of Non-Banking Financial Company (NBFC), not accepting public deposit.

The key corporate details of the Company are as follows:

1.	Date of Incorporation	June 04, 2007
2.	Corporate Identification No. (CIN)	U65993GJ2007PLC051028
3.	RBI Registration No.	N.01.00477
4.	Financial Year	April 01 to March 31
5.	Plant Locations/ Branches:	1,771 branches across 1,170 cities in India
6.	Registered Office Address	Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad, Gujarat, India, 380 009
7.	Corporate Office Address	HDB House, Tukaram Sandam Marg, A-Subhash Road, Vile Parle (E), Mumbai, 400 057
8.	Company Secretary	Ms. Dipti Khandelwal Email: compliance@hdbfs.com Tel: +91 22 49116368 Fax: +91 22 49116666

B. Listing on Stock Exchanges:

The Non-Convertible Securities of the Company are listed on the Debt Market Segment of BSE Limited, while the Commercial Papers are listed on the Debt Market Segment of National Stock Exchanges of India Limited.

Name of Stock Exchange	Address
BSE Limited (BSE)	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
National Stock Exchanges of India Limited (NSE)	Exchange Plaza, Plot No. C/1, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

Pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, the Company shall be mandatorily listed within 3 years of being classified as an Upper Layer NBFC. During the year, the Company filed its Draft Red Herring Prospectus (DRHP) dated October 30, 2024, for an Initial Public Offering (IPO) aggregating up to ` 12,500 Crore, comprising of a fresh issue aggregating up to ` 2,500 Crore and an offer for sale aggregating up to ` 10,000 Crore.

Report on Corporate Governance (Contd.)

As of now, the equity shares of the Company are not listed on the Stock Exchange; hence the stock exchange code/Symbol is not applicable. The annual listing fees for listed debt securities, as prescribed, have been paid to the said stock exchanges up to March 31, 2025.

C. Dematerialisation of Shares and Liquidity

As on March 31, 2025, the entire equity share capital of the Company was held in dematerialised form with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Since the equity shares are not listed, they are not traded on any Stock Exchange.

Mode of holding	Number of Equity Shares	% to paid-up capital
Central Depository Services (India) Limited (CDSL)	77,32,264	0.97%
National Securities Depository Limited (NSDL)	78,80,44,081	99.03%
Total	79,57,76,345	100%

D. Registrar and Share Transfer Agent and Share Transfer System

In compliance with Regulation 7 of the SEBI Listing Regulations, M/s. MUFG Intime India Private Limited continues to serve as the Registrar and Share Transfer Agent (RTA) of the Company, providing comprehensive

share registry services. Since all the securities of the Company are in dematerialised form, there is no physical transfer of securities.

M/s. MUFG Intime India Private Limited

Address: C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083

Website: <https://in.mpms.mufig.com>

Contact person for Equity Shares:

Mr. Pradeep Mokale

Tel.: 022 4918 6000

Fax: 022 4918 6060

Email: mumbai@in.mpms.mufig.com

Contact person for Commercial Papers & Non-Convertible Securities:

Mr. Ganesh Jadhav

Tel.: 022 4918 6000

Fax: 022 4918 6060

Email: mumbai@in.mpms.mufig.com

E. Details of forthcoming 18th Annual General Meeting (AGM)

Details of AGM	Date and Time	Venue
18th AGM	June 12, 2025 at 11:00 a.m.	through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")

F. Dividend History

Sr. No.	Financial Year	Interim/Final	Rate of Dividend	Date of Declaration	Date of Payment	Due date of transfer to IEPF
1	2019-20			No dividend declared by the Company		
2	2020-21			No dividend declared by the Company		
3	2021-22	Final	` 1/-	June 23, 2022	June 27, 2022	July 30, 2029
4	2022-23	Interim	` 0.9/-	December 16, 2022	December 31, 2022	January 16, 2030
		Final	` 1.1/-	June 30, 2023	July 14, 2023	August 02, 2030
5	2023-24	Interim	` 2/-	October 14, 2023	November 03, 2023	November 16, 2030
		Final	` 1/-	June 27, 2024	June 28, 2024	July 28, 2031
6	2024-25	Interim	` 2/-	October 16, 2024	October 25, 2024	November 17, 2031

G. Shareholding Pattern of the Company as at March 31, 2025:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.32
Others	4,51,79,675	5.68
Total	79,57,76,345	100

Report on Corporate Governance (Contd.)

H. Means of communication

The Company maintains a dedicated 'Investors' section on its official website to facilitate easy access to information for shareholders. All relevant information and documents required to be disclosed in accordance with the provisions of the Act and SEBI Listing Regulations are regularly updated and made available at: <https://www.hdbfs.com/investors>

The quarterly, half-yearly and annual financial results are submitted to both BSE Limited (BSE) and National Stock Exchanges of India Limited (NSE). These financial results are also published in widely circulated newspapers, including the Free Press Journal (Mumbai edition), to ensure wider public dissemination.

In addition, the Annual Report, along with the quarterly, half-yearly and annual financial results, is made available on the Company's website at www.hdbfs.com, BSE Limited at www.bseindia.com and National Stock Exchanges of India Limited at www.nseindia.com. This multi-channel approach ensures timely, transparent and effective communication with shareholders and various stakeholders.

I. Outstanding Global Depository Receipts ("GDRs")/ American Depository Receipts ("ADRs")/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants, or any Convertible Instruments. Therefore, there is no impact on equity on account of such instruments.

J. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company does not engage in trading or dealing in commodities and hence is not exposed to commodity price risk.

However, during the financial year, the Company entered into derivative transactions with various counterparties to hedge its foreign exchange and interest rate risks arising out of External Commercial Borrowings (ECBs). These ECBs are fully hedged, thereby eliminating exposure to foreign exchange fluctuations.

K. Credit Ratings

The credit rating details of the Company are disclosed in the Directors' Report, which forms part of this Annual Report.

L. Unclaimed Dividend

In accordance with the provisions of Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including any amendment thereto:

- Dividends not claimed within seven years from the date of transfer to the Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund ("IEPF").
- The list of unclaimed dividends, including the name of the shareholders, dividend amount and the proposed date of transfer to IEPF, has been uploaded on the Company's website and can be accessed at: <https://www.hdbfs.com/investors>

Report on Corporate Governance (Contd.)

Annexure I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to BSE Limited's Notice dated January 07, 2022 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

HDB FINANCIAL SERVICES LIMITED

Radhika, 2nd Floor, Law Garden Road,
Navrangpura, Ahmedabad Gujarat 380009.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HDB Financial Services Limited having CIN U65993GJ2007PLC051028 and having registered office at Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad Gujarat 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of Appointment in the Company
1	Mr. Arijit Basu	06907779	June 01, 2021
2	Dr. Amla Ashim Samanta	00758883	May 01, 2019
3	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
4	Ms. Arundhati Mech	09177619	February 11, 2022
5	Mr. Ramesh Ganesan	05291597	July 01, 2012
6	Mr. Jimmy Minocher Tata	06888364	July 15, 2023
7	Mr. Jayesh Rajagopalan Chakravarthi	08345495	January 25, 2024
8	Mr. Bhaskar Sharma	02871367	September 16, 2024
9	Mr. Jayant Purushottam Gokhale	00190075	September 16, 2024

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

For **Mehta & Mehta,**

Company Secretaries

(ICSI Unique Code P1996MH007500)

Ashwini Inamdar

Partner

FCS No: 9409

CP No.: 11226

PR No.: 3686/2023

Place: Mumbai

Date: April 16, 2025

UDIN: F009409G000129309

Report on Corporate Governance (Contd.)

Annexure II

CEO & CFO CERTIFICATE

(Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors,
HDB Financial Services Limited

In compliance with Regulation 17 (8) read with Schedule II Part B of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Ramesh G., Managing Director & Chief Executive Officer and Jaykumar Shah, Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

- A. We have reviewed, audited financial statements and the cash flow statement of the Company for the year ended March 31, 2025 and to the best of our knowledge and belief:
 - 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2025 which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - 1. that there are no significant changes in internal control over financial reporting during the year;
 - 2. that there are no significant changes in accounting policies during the year; and
 - 3. that there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- E. We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year.

Ramesh G.
Managing Director & Chief Executive Officer
(DIN: 05291597)

Jaykumar Shah
Chief Financial Officer

Place: Mumbai
Date: April 16, 2025

Report on Corporate Governance (Contd.)

Annexure III

DECLARATION BY MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

[Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Board of Directors,
HDB Financial Services Limited

I, Mr. Ramesh G., Managing Director & Chief Executive Officer of HDB Financial Services Limited hereby declare that, all the Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct of the Company laid down for them for the year ended March 31, 2025.

Ramesh G.
Managing Director & Chief Executive Officer

Place: Mumbai
Date: April 16, 2025