

# Corporate Governance Report

## Report on Corporate Governance pursuant to the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming a part of the report of the Board of Directors

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organisation.

The Company has fair, transparent and ethical governance practices, essential for augmenting long-term shareholder value and retaining investor trust. This has been possible through continued efforts and commitment to the highest standards of corporate conduct.

The Company has a dynamic, experienced and well-informed Board. The Board along with its Committees, with the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. The Company has adopted a Board approved Corporate Governance Code which will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement and regulatory disclosure. The said Corporate Governance Code has been uploaded on the Company's website and can be accessed at <https://www.hdbfs.com/investors>.

### BOARD OF DIRECTORS

The Board of Directors ("**Board**") is at the core of the corporate governance system of the Company. The Board is committed

towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Company strives to maintain an appropriate balance of skills and experience within the organisation and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

Committees of the Board handling specific responsibilities mentioned under the applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee etc. empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters.

In compliance with the provisions of the Companies Act, 2013 ("**Act**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in compliance with the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2023, the Board comprised of seven members, out of which one is Executive Director, one is Non-Executive Chairman and five are Non-Executive Independent Directors of which, three of the Non-Executive Independent Directors are Women.

The composition of the Board of Directors as at March 31, 2023:

Sr. no.	Category	Name of the Director	Director since
1	Executive Director	Mr. Ramesh G. (Managing Director & Chief Executive Officer)	July 01, 2012
2	Non-Executive Director	Mr. Arijit Basu (Chairman and Non-Executive Director)	June 01, 2021
3	Independent Directors	Mr. Venkatraman Srinivasan	March 12, 2015
		Ms. Smita Affinwalla	March 12, 2015
		Dr. Amla Samanta	May 01, 2019
		Mr. Adayapalam Viswanathan	July 24, 2019
		Ms. Arundhati Mech	February 11, 2022

#### Note:

1. Mr. Ramesh G. was re-appointed as a Managing Director & Chief Executive Officer of the Company for the period of 5 (Five) years with effect from July 1, 2022 up to June 30, 2027 not liable to retire by rotation and the same was approved by the Members of the Company at the 15th Annual General Meeting held on June 23, 2022.

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2. The Board of Directors based on the recommendation of Nomination and Remuneration Committee and declaration of independence received from Mr. Arijit Basu, has appointed Mr. Arijit Basu as a Part-Time Non-Executive Chairman and Additional Independent Director of the Company with effect from May 31, 2023 till the conclusion of the ensuing Annual General Meeting of the Company. Accordingly, Mr. Arijit Basu has tendered his resignation from the position of Chairman & Non-Executive Director (Non-Independent) of the Company with effect from May 31, 2023.

All the Directors have made necessary disclosures regarding their directorship and committee positions occupied by them in other companies. None of the directors are related to each other.

Details of directorships, memberships and chairpersonships of the committees of other companies for the Directors of the as on March 31, 2023 Company are as follows:

Name of the Director & DIN	Category	Directorships			Number of Committee positions held**	
		In equity listed companies	In unlisted public companies*	In private limited companies	Chairperson	Member
Mr. Ramesh G. (DIN: 05291597)	Managing Director & Chief Executive Officer	0	1	0	0	1
Mr. Arijit Basu (DIN: 06907779)	Chairman and Non-Executive Director	0	2	0	0	1
Mr. Venkatraman Srinivasan (DIN: 00246012)	Independent Director	3	1	1	3	6
Ms. Smita Affinwalla (DIN: 07106628)	Independent Director	1	2	2	1	4
Dr. Amla Samanta (DIN: 00758883)	Independent Director	0	2	2	1	2
Mr. Adayapalam Viswanathan (DIN: 08518003)	Independent Director	0	1	0	0	1
Ms. Arundhati Mech (DIN: 09177619)	Independent Director	0	2	0	0	2

\* Including Directorship in HDB Financial Services Limited.

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

The number of Memberships of the Directors in the Committee includes the number of posts of Chairman of the said Committee held in public companies including HDB Financial Services Limited as on March 31, 2023.

## DETAILS OF THE DIRECTORSHIPS IN OTHER LISTED ENTITIES:

Name of the Director	Name of listed entity	Category
Mr. Arijit Basu	Nil	Not applicable
Mr. Venkatraman Srinivasan	Fairchem Organics Limited	Independent Director
	Tata Coffee Limited	Independent Director
	Mahanagar Gas Limited	Independent Director
Ms. Smita Affinwalla	Prime Securities Limited	Independent Director
Dr. Amla Samanta	Nil	Not applicable
Mr. Adayapalam Viswanathan	Nil	Not applicable
Ms. Arundhati Mech	Nil	Not applicable
Mr. Ramesh G.	Nil	Not applicable

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In terms of Regulation 26 of SEBI Listing Regulations, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all listed companies in India, in which they are a Director. Basis the disclosures received from the Directors, it is confirmed that none of the Directors is on the Board of more than:

- i. 20 (twenty) companies
- ii. 10 (ten) public limited companies
- iii. 7 (seven) equity listed entities

### BOARD MEETINGS AND DELIBERATIONS

The Board / Committee 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 appropriate directions to the Management. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of your Company. In case of business exigencies, the Board's approvals are taken through circular resolutions and the same are noted at the subsequent meeting of the Board and/or Committees.

Video-conferencing facility is also provided at the Board / Committee meetings in case any director is unable to attend the meeting physically but wishes to participate through electronic mode in the meetings. The same is conducted in compliance with the applicable laws. The Business Heads and other executives attend the Board and Committee meetings upon invitation on need basis.

During the year under review, recommendations given by the various committees of the Board were considered and accepted as appropriate by the Board of Directors.

At the Board / Committee Meetings, presentations covering important areas of the Company such as annual action plans and business strategies, financial statements and performance updates, information technology and information security risks, customer grievances and customer services framework, compliance and risk assessment, Scale Based Regulation (SBR) regulatory framework, etc. were made.

During the FY 2022-23, your Board of Directors met 8 (Eight) times, the meetings were held on April 16, 2022, May 18, 2022, July 16, 2022, October 15, 2022, December 16, 2022, January 14, 2023, March 06, 2023, March 07, 2023 (adjourned meeting) and March 27, 2023. The requisite quorum was present for all the 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.

The below gives the number of Board meetings held and attended by each Director, attendance record of the last virtual Annual General Meeting held on June 23, 2022 and number of shares held by each Directors:

Name of the Director	Number of Board Meetings		Whether attended last AGM	No. of shares held in the Company
	Held during their tenure (in FY 2022-23)	Meetings attended		
Mr. Arijit Basu	8	8	Yes	Nil
Mr. Venkatraman Srinivasan	8	8	Yes	Nil
Ms. Smita Affinwalla	8	8	Yes	Nil
Dr. Amla Samanta	8	6	Yes	Nil
Mr. Adayapalam Viswanathan	8	7	Yes	Nil
Ms. Arundhati Mech	8	8	Yes	Nil
Mr. Ramesh G.	8	8	Yes	7,70,500

### CHANGES IN BOARD COMPOSITION

During the FY 2022-23 there was no change in the Board Composition of the Company. However, Mr. Ramesh G. was re-appointed as a Managing Director and Chief Executive Officer of the Company for the period of 5 (Five) years with effect from July 01, 2022 up to June 30, 2027 and the same was approved by the Members of the Company at the 15<sup>th</sup> Annual General Meeting held on June 23, 2022.

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Details of change in the Board composition during FY 2021-22 is as under:

#	Name of Director	Nature of change	Effective Date
1	Mr. Arijit Basu	Appointed as Chairman and Non-Executive Director	June 01, 2021
2	Ms. Arundhati Mech	Appointed as Independent Director	February 11, 2022

Appointment of Mr. Arijit Basu was approved by the shareholders in the 14<sup>th</sup> AGM held on June 25, 2021 and the appointment of Ms. Arundhati Mech was approved by the shareholders through Postal Ballot passed on March 27, 2022.

#### DECLARATION OF INDEPENDENCE

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

#### MEETINGS OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Act and Rules made thereunder and 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, discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

In this meeting, the Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole.

A separate meeting of Independent Directors was held on April 15, 2022, during the year under review.

The details of the separate meeting of Independent Directors held during FY 2022-23 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	% of attendance
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

#### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company conducts orientation programmes / presentations / training sessions, periodically at regular intervals, to familiarise the Independent Directors with the strategies, operations and functions of the Company.

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

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during FY 2022-23, in terms of the requirements of SEBI Listing Regulations are available on the website of the Company and can be accessed at [https://www.hdbfs.com/sites/default/files/grp\\_pdf/Familiarization-Program-for-Independent-Directors2023.pdf](https://www.hdbfs.com/sites/default/files/grp_pdf/Familiarization-Program-for-Independent-Directors2023.pdf).

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### A CHART OR A MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the existing composition of the Board.

Name of the Director	Skill Areas
Mr. Arijit Basu	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Mr. Venkatraman Srinivasan	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Ms. Smita Affinwalla	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Risk management
Mr. Adayapalam Viswanathan	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Dr. Amla Samanta	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Risk management
Ms. Arundhati Mech	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management
Mr. Ramesh G.	Leadership qualities, Business and Strategic planning, Industry knowledge and experience, Engagement, Governance, Compliance and Audit purview, Information Technology, Risk management

### COMMITTEES OF THE BOARD

Your Company has 6 (Six) Board level Committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Information Technology Strategy Committee. 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 and 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 of the SEBI Listing Regulations and Reserve Bank of India Master Direction No. RBI/DNBR/2016-17/45 DNBR. PD.008/03.10.119/2016-17 dated September 01, 2016 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:

All the members of the Audit Committee are Independent Directors. The Composition of the Audit Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Venkatraman Srinivasan	Chairman, Independent Director	March 12, 2015
Mr. Adayapalam Viswanathan	Member, Independent Director	July 24, 2019
Ms. Smita Affinwalla	Member, Independent Director	March 12, 2015

#### 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:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending the appointment, remuneration and terms of appointment of the auditors of the Company;

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- (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) Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- (xiii) 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;
- (xiv) Discussing with internal auditors on any significant findings and follow up there on;
- (xv) 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;
- (xvi) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- (xvii) 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;
- (xviii) 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;
- (xix) Reviewing the functioning of the whistle blower mechanism;
- (xx) Approving the appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xxi) 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;
- (xxii) Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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- (xxiii) 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;
- (xxiv) 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
- (xxv) 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.

### Meetings and Attendance during the year:

The Audit Committee met 4 (Four) times during the year under review on April 15, 2022, April 16, 2022 (adjourned meeting), July 15, 2022, July 16, 2022 (adjourned meeting), October 14, 2022, October 15, 2022 (adjourned meeting) and January 13, 2023, January 14, 2023 (adjourned meeting). The gap between two meetings did not exceed one hundred and twenty days.

The details of attendance of the Members of the Committee at meeting are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	4	4	100
Mr. Adayapalam Viswanathan	4	4*	100
Ms. Smita Affinwalla	4	4	100

\*Mr. Adayapalam Viswanathan was present at the 65<sup>th</sup> Audit Committee meeting held on October 14, 2022.

However, he was absent in the 65<sup>th</sup> adjourned Audit Committee meeting held on October 15, 2022.

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

The Company Secretary acts as the Secretary to the Audit Committee.

During the FY 2022-23, the Board had accepted all recommendations of the Audit Committee.

### b) Nomination and Remuneration Committee

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

#### Composition:

Two-third members of the Nomination and Remuneration Committee are Independent Directors. The Composition of the Nomination and Remuneration Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Venkatraman Srinivasan	Chairman, Independent Director	March 12, 2015
Mr. Arijit Basu	Member, Non-Executive Director	August 16, 2021
Dr. Amla Samanta	Member, Independent Director	July 24, 2019

#### 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

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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 scrutinising 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;

- (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; and
- (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.

#### Meetings and Attendance during the year:

The Nomination and Remuneration Committee met 3 (Three) times during the year under review, on May 18, 2022, October 31, 2022 and January 04, 2023. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	3	3	100
Dr. Amla Samanta	3	3	100
Mr. Arijit Basu	3	3	100

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

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During the FY 2022-23, the Board had accepted all recommendations of the Nomination and Remuneration Committee.

Mr. Venkatraman Srinivasan, Chairman of the Committee, was present at the 15<sup>th</sup> AGM which was held through video conferencing (VC) on June 23, 2022 to answer members' queries.

### Performance Evaluation of Board, its Committees and Directors

The Nomination and Remuneration Committee had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members.

Pursuant to the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually (including Independent Directors). Feedback was sought by well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

### Performance evaluation framework of the Company is as follows:

- NRC would approve framework of performance evaluation of the Company;
- Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;
- Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole and Non-Independent Directors; and
- Self-evaluation of individual Directors.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Independent Directors. A member of the Board will not participate in the discussion of his/her evaluation.

The performance evaluation of the Non-Independent Directors, Chairman and the Board as a whole was carried out by the Independent Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding

the Director being evaluated. Performance evaluation of the Board and of its Committees was carried out by the Board. Qualitative comments and suggestions of Directors were taken into consideration by the Chairman of the Board and the Chairman of the Nomination and Remuneration Committee.

### c) Stakeholders Relationship Committee

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

#### Composition:

The composition of Stakeholders Relationship Committee of the Company as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Dr. Amla Samanta	Chairperson, Independent Director	July 17, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2022
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	April 18, 2017

#### Note:

- Ms. Arundhati Mech was appointed as a Member of the Stakeholder Relationship Committee consequent to reconstitution of the Committee with effect from April 16, 2022.
- Mr. Adayapalam Viswanathan ceased to be a Member of the Stakeholder Relationship Committee consequent to reconstitution of the Committee with effect from April 16, 2022.

#### 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;

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- (iii) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- (iv) 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; and
- (v) 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.

Details of the investor complaints received during the FY 2022-23 are given as below:

No. of complaints received	No. of complaints not solved to the satisfaction of the shareholders	No. of pending complaints at the end of the year
Nil	Nil	Nil

**Meetings and Attendance during the year:**

The Stakeholders Relationship Committee met twice during the year under review on April 15, 2022 and October 15, 2022.

The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Mr. Adayapalam Viswanathan	1	1	100
Mr. Ramesh G.	2	2	100
Ms. Arundhati Mech	1	1	100

The Company Secretary acts as the Secretary to the Stakeholder Relationship Committee. Dr. Amla Samanta, Chairperson of the Committee, was present at the 15<sup>th</sup> AGM which was held through video conferencing (VC) on June 23, 2022 to answer stakeholders' queries.

**d) Risk Management Committee**

Your Company has Risk Management Committee in compliance with Regulation 21 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:**

The composition of the Risk Management Committee as on March 31, 2023 is as follows:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Adayapalam Viswanathan	Chairman, Independent Director	July 24, 2019
Mr. Venkatraman Srinivasan	Member, Independent Director	July 24, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2012
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	July 17, 2012

**Note:** Ms. Arundhati Mech was appointed as a Member of the Risk Management Committee consequent to reconstitution of the Committee with effect from April 16, 2022.

**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;

## Corporate Governance Report (Contd.)

- (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, Review IT Risk assessment of IT systems;
- (xi) Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- (xii) Laying down appropriate approval authorities for outsourcing depending on risks and materiality;
- (xiii) Setting up suitable administrative framework of senior management for the purpose of the Master Directions;

- (xiv) Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness;
- (xv) Deciding on business activities of a material nature to be outsourced, and approving such arrangements;
- (xvi) Reporting to the Board of Directors of the Company on periodical basis on the above matters; and
- (xvii) 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.

### Meetings and Attendance during the year:

The Risk Management Committee met 4 (Four) times during the year under review on June 15, 2022, September 19, 2022, December 15, 2022 and March 10, 2023. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	4	4	100
Mr. Venkatraman Srinivasan	4	4	100
Ms. Arundhati Mech	4	4	100
Mr. Ramesh G.	4	4	100

The Company Secretary acts as the Secretary to the Risk Management Committee.

During the FY 2022-23, the Board accepted all recommendations of the Risk Management Committee.

### e) Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee was formed as per the provisions of Section 135 of the Act.

## Corporate Governance Report (Contd.)

**Composition:**

The composition of the CSR Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Dr. Amla Samanta	Chairperson, Independent Director	July 17, 2019
Ms. Smita Affinwalla	Member, Independent Director	March 12, 2015
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	March 12, 2015

**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 Corporate Social Responsibility Committee inter-alia includes:

- To formulate the Company's CSR strategy, policy and goals and to review and update them from time to time as the Company's activities evolve further;
- To monitor the Company's CSR policy and performance;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- To review the CSR project/initiatives from time to time;
- To ensure legal and regulatory compliance from a CSR view point;
- To ensure reporting and communication to stakeholders on the Company's CSR projects/initiatives;
- To formulate and recommend to the Board, an annual action plan; and
- Perform all such actions as may be required under the CSR Laws.

**Meetings and Attendance during the year:**

The Corporate Social Responsibility Committee met 2 (Two) times during the year under review on April 11, 2022 and September 15, 2022. The details of attendance

of the Members of the Committee at meeting are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Ms. Smita Affinwalla	2	2	100
Mr. Ramesh G.	2	2	100

The Company Secretary acts as the Secretary to the CSR Committee.

During the FY 2022-23, the Board accepted all recommendations of the CSR Committee.

**f) Information Technology Strategy Committee**

Information Technology ("IT") Strategy Committee was formed as per 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".

**Composition:**

The composition of Information Technology Strategy Committee as on March 31, 2023 is as under:

Name of the Member	Designation in the Committee & Category	Member of Committee since
Mr. Adayapalam Viswanathan	Chairman, Independent Director	July 24, 2019
Ms. Arundhati Mech	Member, Independent Director	April 16, 2022
Ms. Smita Affinwalla	Member, Independent Director	August 16, 2021
Mr. Ramesh G.	Member, Managing Director & Chief Executive Officer	January 18, 2018
*Mr. Mathew Panat	Member, Head - Information Technology	April 16, 2022

*\*Member of Executive Management and holds 3,000 equity shares in the Company as on March 31, 2023.*

**Note:**

- Ms. Arundhati Mech was appointed as a Member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.

## Corporate Governance Report (Contd.)

2. Mr. Mathew Panat was appointed as a member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
3. Mr. Arijit Basu ceased to be member of the Information Technology Strategy Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
4. Mr. Sanjay Belsare ceased to be a member of the Information Technology Strategy Committee with effect from July 31, 2022 consequent to superannuation.

### 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:

#### A. GENERAL

- (i) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- (ii) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- (iii) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- (iv) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and
- (v) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

#### B. FOR OUTSOURCED OPERATIONS

- (i) Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- (ii) Defining approval authorities for outsourcing depending on nature of risks and materiality

of outsourcing;

- (iii) Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
- (iv) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- (v) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
- (vi) Periodically reviewing the effectiveness of policies and procedures;
- (vii) Communicating significant risks in outsourcing to the Company's Board on a periodic basis;
- (viii) Ensuring an independent review and audit in accordance with approved policies and procedures;
- (ix) Ensuring that contingency plans have been developed and tested adequately; and
- (x) Company should ensure that their business continuity preparedness is not adversely compromised on account of outsourcing. To adopt sound business continuity management practices as issued by RBI and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

### Meetings and Attendance during the year:

The Information Technology Strategy Committee met 3 (Three) times during the year under review i.e. July 22, 2022, December 15, 2022 and March 27, 2023. The details of attendance of the Members of the Committee, are provided herein below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	3	3	100
Ms. Arundhati Mech	3	3	100
Ms. Smita Affinwalla	3	3	100

## Corporate Governance Report (Contd.)

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	3	3	100
Mr. Mathew Panat	3	3	100
Mr. Sanjay Belsare	1	1	100

The Company Secretary acts as the Secretary to the Information Technology Strategy Committee.

During the FY 2022-23, the Board accepted all recommendations of the Information Technology Strategy Committee.

**g) Other Committees**

The Board has also constituted Asset Liability Committee, Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee. These Committees are not Board Level Committees. However, Mr. Ramesh G., Managing Director and Chief Executive Officer is a member of these Committees along with other senior executives of the Company.

**i. Asset - Liability Committee**

As per the RBI Master Directions, the Asset - Liability Committee was formed to oversee the risk management policy/ strategy of the Company relating to liquidity, interest rate and asset liability gap and to formulate and review Asset - Liability Management Policy of the Company.

**Composition:**

The Composition of Asset - Liability Committee as on March 31, 2023 is as under:

Name of the Member	Category
Mr. Ramesh G.	Chairman
*Mr. Jaykumar P. Shah	Member
*Mr. Mathew Panat	Member
*Mr. Harish Venugopal	Member

\*Member of Executive Management

**Note:**

- Mr. Mathew Panat was appointed as a member of the Asset - Liability Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
- Mr. Haren Parekh ceased to be a member of the Asset - Liability Committee with effect from April

16, 2022 consequent to reconstitution of the Committee.

- Mr. Sanjay Belsare ceased to be a member of the Asset - Liability Committee with effect from July 31, 2022 consequent to superannuation.

**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 Asset - Liability Committee inter-alia includes:

- Review and management of liquidity gaps and structural liquidity of the Company;
- Review and management of interest rate sensitivity of the Company;
- To review Floating Reference Rate (FRR) statements;
- Develop a view on future direction on interest rate movements and decide on funding mixes; and
- Reporting to the Board of Directors of the Company on periodical basis on the above matters.

**Meetings and Attendance during the year:**

During the FY 2022-23, the Asset - Liability Committee met 12 (Twelve) times on April 12, 2022, May 16, 2022, June 14, 2022, July 13, 2022, August 11, 2022, September 13, 2022, October 11, 2022, November 10, 2022, December 12, 2022, January 11, 2023, February 10, 2023 and March 13, 2023.

The details of the attendance of the members of the Asset - Liability Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	12	12	100
Mr. Haren Parekh	1	0	0
Mr. Mathew Panat	11	11	100
Mr. Sanjay Belsare	4	4	100
Mr. Jaykumar P. Shah	12	12	100
Mr. Harish Venugopal	12	12	100

The Company Secretary acts as the Secretary to the Asset - Liability Committee.

## Corporate Governance Report (Contd.)

### ii. Debenture Allotment Committee

During the FY 2022-23, the Debenture Allotment Committee met 15 (Fifteen) times. The details of the meetings held during the FY 2022-23 and attendance of the members of the Debenture Allotment Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	15	14	93
*Mr. Rohit Patwardhan	15	13	87
*Mr. Jaykumar P. Shah	15	11	73
*Mr. Ashish Ghatnekar	15	13	87

\*Member of Executive Management

### iii. Share Allotment Committee

During the FY 2022-23, the Share Allotment Committee met 5 (Five) times. The details of the meetings held during the FY 2022-23 and attendance of the members of the Share Allotment Committee is given below:

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Ramesh G.	5	5	100
*Mr. Rohit Patwardhan	5	4	80

Name of the Member	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
*Mr. Jaykumar P. Shah	5	5	100
*Mr. Ashish Ghatnekar	5	4	80

\*Member of Executive Management

### iv. Bond Allotment Committee

No meeting of the Bond Allotment Committee was held during the FY 2022-23. As on March 31, 2023, Mr. Ramesh G., Mr. Jaykumar P. Shah, Mr. Rohit Patwardhan and Mr. Ashish Ghatnekar were members of the Bond Allotment Committee.

#### Note:

1. Mr. Rohit Patwardhan was appointed as a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.
2. Mr. Haren Parekh was ceased to be a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from April 16, 2022 consequent to reconstitution of the Committee.

## GENERAL BODY MEETINGS

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

### a. Annual General Meeting:

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

Details of AGM	Date and Time	Venue	Special resolutions passed
15 <sup>th</sup> AGM	June 23, 2022 at 12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> <li>• Re-appointment of Mr. Ramesh G. as a Managing Director and Chief Executive Officer of the Company.</li> <li>• Approve Selling, Assignment, Securitisation of Receivables / Book Debts of the Company up to ₹ 7,500 Crore.</li> <li>• Authority to issue Redeemable Non-Convertible Debentures and/or other Instruments on Private Placement basis.</li> </ul>
14 <sup>th</sup> AGM	June 25, 2021 at 12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> <li>• To approve Selling, Assignment of its receivables/book debts up to ₹ 7,500 Crore.</li> <li>• Authority to issue redeemable non-convertible debentures and/or other hybrid instruments on private placement basis.</li> </ul>

## Corporate Governance Report (Contd.)

Details of AGM	Date and Time	Venue	Special resolutions passed
13 <sup>th</sup> AGM	June 30, 2020 at 12 noon	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> <li>• Reappointment of Mr. Venkatraman Srinivasan as an Independent Director of the Company.</li> <li>• Reappointment of Ms. Smita Affinwalla as an Independent Director of the Company.</li> <li>• To approve increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 Crore.</li> <li>• To approve increase in limits for creation of charge on the assets of the Company up to an amount of ₹ 80,000 Crore to secure its borrowings.</li> <li>• Authority to issue Redeemable Non-Convertible Debentures and/ or other Hybrid Instruments on private placement basis.</li> <li>• Authority to issue Foreign Currency/ Rupee Denominated Bonds.</li> </ul>

**EXTRA-ORDINARY GENERAL MEETING:**

During FY 2022-23, no Extra-Ordinary General meeting of the Company was held.

**Postal Ballot:**

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 2022-23, the Company had sought approval of the members through postal ballot, the details of the same are given below:

Date of Notice	Date of Scrutiniser's report	Date of passing the resolution	Special Resolution(s) passed
January 14, 2023	March 27, 2023	March 26, 2023	<ol style="list-style-type: none"> <li>1. Authority to issue redeemable non-convertible debentures on private placement basis</li> <li>2. To approve Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited</li> <li>3. To revise profit related commission payable to Independent Directors</li> </ol>

**VOTING RESULTS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT NOTICE DATED JANUARY 14, 2023:**

Special Resolution(s)	% of Votes in favour of the Resolution	% of Votes against the Resolution	% of Invalid Votes
Resolution No. 1	99.9981	0.0019	-
Resolution No. 2	99.9976	0.0024	-
Resolution No. 3	99.9958	0.0042	-

Mr. Mitesh Shah, proprietor of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, was appointed as the Scrutiniser for scrutinising the Postal Ballot process, in a fair and transparent manner.

There is no immediate proposal for passing any special resolution through Postal Ballot.

**PROCEDURE FOR POSTAL BALLOT:**

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company also provides electronic voting (e-voting) facility to all its members.

The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on

the equity shares held by the members as on the cut-off date. Pursuant to the provisions of the Act, the Company appoints a scrutiniser for scrutinising the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman and the voting results are announced by the Chairman by placing the same along with the scrutiniser's report on the Company's website,

## Corporate Governance Report (Contd.)

besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed remote e-voting.

Pursuant to the provisions of Sections 108 and 110 of the Act read with the rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolutions is restricted only to remote e-voting i.e., by casting votes electronically instead of submitting postal ballot forms. In compliance with the MCA Circulars, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/Depositories. Arrangements were also made for other members to register their e-mail id to receive the postal ballot notice and cast their vote online.

### DETAILS OF REMUNERATION TO DIRECTORS

#### a. Pecuniary relationship/ transaction with Non-Executive Directors

During the FY 2022-23, there were no pecuniary relationship/ transactions of any non-executive directors with the Company, apart from receiving remuneration as directors. During the FY 2022-23, the Company did not advance any loans to any of its directors and to firms / companies in which Directors are interested.

#### b. Remuneration paid to Executive Director

The details of the remuneration paid and stock options granted to Mr. Ramesh G., Managing Director and CEO during the FY 2022-23 is as under:

Particulars of Remuneration	Amount in ₹
Gross salary	4,06,53,320
a) Salary as per provisions of section 17(1) of the Income-tax Act, 1961	-
b) Value of perquisites under section 17(2) Income-tax Act, 1961	14,613
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
Perquisite value of stock options exercised	36,60,000
Bonus	1,29,85,000
Sweat Equity	-
Commission	-
Company Car	-
<b>Total</b>	<b>5,73,12,933</b>
Number of Stock Options granted	2,43,300

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 practising chartered accountant or Category 1 Merchant Bank registered with SEBI. The vesting schedule for the stock options is:

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

The options so vested are to be exercised within 4 years from the respective dates of vesting.

The criteria for evaluation of performance of Managing Director include Business Performance, Stakeholder Relationship, Audit and Compliance, Digital Transformation and Organization Excellence.

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.

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.

Service Contracts and the notice period are as per the terms of agreement entered into by the Company with Managing Director & Chief Executive Director. No severance fee is payable by the Company on termination of these contracts.

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

## Corporate Governance Report (Contd.)

**c. Criteria for sitting fees / commission / remuneration paid to Non-Executive Directors**

All the non-executive directors including the independent directors and the Chairman receive sitting fees and reimbursement of out of pocket expenses for attending each meeting of the Board and its various Committees. No stock options are granted to any of the non-executive directors.

**SITTING FEES**

Sitting fees was paid to all the Independent Directors and Non-Executive Directors of the Company.

The sitting fees for attending meetings of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Information Technology Strategy Committee and Risk Management Committee is ₹ 75,000 per meeting. Sitting fees for attending meetings of the Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Separate meeting of Independent Directors meetings is ₹ 25,000/- per meeting.

**PROFIT RELATED COMMISSION**

The Shareholders in its 12<sup>th</sup> Annual General Meeting held on June 21, 2019 had approved payment of profit related commission to Independent Directors at the rate of ₹ 60,000 per meeting of the Board and/ or Committee attended subject to maximum of ₹ 7,50,000 per Independent Director. Further, the Shareholders via Postal Ballot notice dated January 14, 2023 had approved revision in 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 in a Financial Year, not exceeding in aggregate 1% of the net profit of the Company of the relevant financial year.

The details of sitting fees, commission and remuneration paid to non-executive directors during FY 2022-23 is as under:

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	8,25,000	NIL	30,00,000
Mr. Venkatraman Srinivasan	14,50,000	7,50,000	NIL
Ms. Smita Affinwalla	12,00,000	7,50,000	NIL
Mr. Adayapalam Viswanathan	14,00,000	7,50,000	NIL

(Amount in ₹)

Name of Director	Sitting Fees	Commission	Remuneration
Dr. Amla Samanta	8,00,000	7,50,000	NIL
Ms. Arundhati Mech	11,75,000	60,000	NIL

**Note:** The Shareholders in its Annual General Meeting held on June 25, 2021 had approved remuneration of ₹ 30,00,000 per annum drawn on monthly basis payable to Mr. Arijit Basu, Chairman and Non-Executive Director.

**DISCLOSURES****SUCCESSION PLANNING**

Succession planning is a process of ascertaining the need for filling position at the Board and Senior Management positions. It involves identification for the said roles, assessment of their potential and developing next generation of leaders as potential successors for key leadership roles in an organisation. The process of development primarily concentrates on coaching, mentoring and training the identified employees to assume higher responsibilities when the need arises. The Company has always endeavoured to nurture, train and increase the skill sets of employees at all levels, with the key objective of ensuring smooth succession without impacting the performance in current role.

The Company has in place Succession Planning Policy for appointments to the Board and to the Senior Management.

**RELATED PARTY TRANSACTIONS**

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interest of the Company. 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 93 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.

## Corporate Governance Report (Contd.)

The Shareholders of the Company have approved the material related party transactions to be entered into by the Company in the FY 2023-24 with HDFC Bank Limited and HDFC Life Insurance Company Limited, being a related party of the Company through Postal Ballot on March 26, 2023 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 Directors' 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 2022-23, 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.

### COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. In the past, the Company has entered into derivative transactions with various counter parties to hedge its foreign exchange risks and interest rate risks associated with External Commercial Borrowings (ECBs). The ECBs are fully hedged and possess no foreign exchange risk.

### 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.

### FEES PAID TO STATUTORY AUDITORS

Total fees paid by the Company during the FY 2022-23 to the Statutory Auditors including all entities in their network firm/ entity of which they are a part, is given below:

Sr. No.	Particulars	Amount (₹ in Crore)
	M/s. KKC & Associates LLP (formerly Khimji Kunverji & Co. LLP) & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.71
2	Fees for other services	-
	M/s. B. K. Khare & Co. & their network firm/entity of which they are a part	
1	Fees as Statutory Auditors	0.71
2	Fees for other services	-

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

The details of complaints filed, disposed of and pending during every quarter pertaining to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are reported to the Board and are included in the Directors' Report forming part of this Annual Report.

### CEO/CFO CERTIFICATION

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board with regard to the financial statements and internal controls relating

## Corporate Governance Report (Contd.)

to financial reporting for the year ended March 31, 2023 as required under the SEBI Listing Regulations. The said Certificate is attached as **Annexure - II** and forms part of this Report.

### REPORT ON CORPORATE GOVERNANCE

The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 07, 2021. Accordingly, the Company has been submitting the quarterly corporate governance compliance report to the stock exchange as required under regulation 27(2) of the SEBI Listing Regulations.

The Company has obtained a certificate from Mehta & Mehta, Company Secretaries regarding compliance with the provisions relating to corporate governance laid down under the SEBI Listing Regulations. This certificate is annexed to the Directors' Report.

### CODE OF CONDUCT

The SEBI Listing Regulations requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors prescribed in the Act. Accordingly, the Company has a Board approved code of conduct for Board members and senior management of the Company. This code has been placed 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 year ended March 31, 2023. A declaration to this effect signed by the Managing Director and CEO forms part of Annual Report as **Annexure - III**.

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

None of the Independent Director of the Company has resigned before the expiry of his/her respective tenure(s) during the FY 2022-23.

### COMPLIANCE OF MANDATORY AND DISCRETIONARY REQUIREMENTS

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

The Company has also complied with the discretionary requirements as under:

#### a) The Board

A Chairman's office has been made available for the non-executive Chairman. He is allowed reimbursement of expenses incurred in performance of his duties.

#### b) Modified opinion(s) in audit report

The Company confirms that its financial statements have unmodified audit opinion.

#### c) Separate posts of Chairperson and Managing Director or the Chief Executive Officer

Mr. Arijit Basu is the Non-Executive Chairman and Mr. Ramesh G. is the Managing Director & Chief Executive Officer of the Company.

#### d) Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

### ADHERENCE TO ACCOUNTING STANDARDS

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

### RISK MANAGEMENT AND INTERNAL CONTROL POLICIES ADOPTED BY THE COMPANY

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

### SECRETARIAL STANDARDS

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

### MEANS OF COMMUNICATION

A separate dedicated section 'Investors' is maintained on the website of the Company for ease of the shareholders. The information/documents required to be disseminated by the Company pursuant to the Act and SEBI Listing Regulations are uploaded on the website of the Company.

## Corporate Governance Report (Contd.)

The quarterly, half-yearly and annual financial results are submitted to the BSE Limited and National Stock Exchanges of India Limited and published in Free Press Journal (Mumbai edition).

The Annual Report of the Company, the quarterly, half-yearly and annual financial results are displayed on the Company's website at <https://www.hdbfs.com/investors>, BSE Limited's website at [www.bseindia.com](http://www.bseindia.com) and on National Stock Exchanges of India Limited's website at [www.nseindia.com](http://www.nseindia.com).

### GENERAL SHAREHOLDER INFORMATION

#### 16<sup>th</sup> Annual General Meeting

<b>Day and Date</b>	: Friday, June 30, 2023
<b>Time</b>	: 12 noon
<b>Venue/Mode of AGM</b>	: Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
<b>Financial Year</b>	: April 01, 2022 to March 31, 2023
<b>Dividend Payment date</b>	: on or after July 04, 2023

### LISTING ON STOCK EXCHANGES

The non-convertible securities of the Company are listed on the debt market segment of BSE Limited. Commercial Papers of the Company are listed on the debt market segment of National Stock Exchanges of India Limited, however as on March 31, 2023 there are no outstanding Commercial Papers of the Company.

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

Annual listing fees, as prescribed, have been paid to the said stock exchange up to March 31, 2023.

### STOCK CODE

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

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

Not Applicable, as the Equity shares of the Company are not listed.

### SUSPENSION OF SECURITIES FROM TRADING

During the FY 2022-23, none of the securities of the Company were suspended from trading.

### REGISTRAR AND SHARE TRANSFER AGENT AND SHARE TRANSFER SYSTEM

In terms of Regulation 7 of the SEBI Listing Regulations, Link Intime India Private Limited continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialised form, hence there are no physical transfer of securities.

### DISTRIBUTION OF SHAREHOLDING

Shareholding pattern of the Company as at March 31, 2023:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.84
Others	4,08,02,413	5.16
<b>Total (Issued &amp; Paid-up Shares)</b>	<b>79,13,99,083</b>	<b>100.00</b>

### DEMATERIALISATION OF SHARES AND LIQUIDITY

As on March 31, 2023, the total equity capital of the Company was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. As the equity shares of the Company are not listed on the Stock Exchange, the shares were not traded on the Stock Exchange.

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

As on March 31, 2023, the Company did not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.

### ADDRESS FOR CORRESPONDENCE

Investors and shareholders can correspond with the share transfer agent of the Company or the Company at the following addresses:

### REGISTRAR AND SHARE TRANSFER AGENT

**Link Intime India Private Limited**

**Address:** C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400083

**Website:** <https://linkintime.co.in/>

## Corporate Governance Report (Contd.)

**Contact person for Equity Shares:**

Ms. Sayali Borchate

Tel.: 91 8108116767

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Contact person for Commercial Papers & Non-Convertible Securities:**

Mr. Rohan Jadhav

Tel.: 91 022 4918 6000 / 2463

Email: [rohan.jadhav@linkintime.co.in](mailto:rohan.jadhav@linkintime.co.in),  
[team.bonds@linkintime.co.in](mailto:team.bonds@linkintime.co.in)

**COMPANY'S CORRESPONDENCE DETAILS:**

HDB Financial Services Limited

Ms. Dipti Khandelwal,

Company Secretary & Head - Legal

Address: Ground Floor, Zenith House, Keshavrao Khadye  
Marg, Mahalaxmi, Mumbai - 400034.

Email : [compliance@hdbfs.com](mailto:compliance@hdbfs.com)

Tel : +91 22 49116368

Fax : +91 22 49116666

**PLANT LOCATIONS/BRANCHES:**

As of March 31, 2023, the Company has 1,492 branches in 1,054 cities in India.

**CREDIT RATINGS**

The credit rating details are disclosed in the Directors' Report forming part of this Annual Report.

**UNCLAIMED DIVIDEND**

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The list of the unclaimed dividend along with the name of the shareholders, dividend amount and proposed date of transfer to IEPF account has been uploaded on the website of the Company at <https://www.hdbfs.com/investors>.

**COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**

The Company has complied with all the applicable mandatory requirements of the Corporate Governance as prescribed under the SEBI Listing Regulations

Regulation	Particulars	Status of compliance
17	Requirements pertaining to the Board of Directors	Compliant
17A	Maximum number of Directorships	Compliant
18	Requirements pertaining to the Audit Committee	Compliant
19	Requirements pertaining to Nomination and Remuneration Committee	Compliant
20	Requirements pertaining to Stakeholders Relationship Committee	Compliant
21	Requirements pertaining to Risk Management Committee	Compliant
22	Requirements pertaining to Vigil Mechanism	Compliant
23	Requirements pertaining to Related Party Transactions	Compliant
24	Corporate governance requirements with respect to subsidiary of listed entity	Not Applicable
24A	Requirements pertaining to Secretarial Audit and Secretarial Compliance Report	Compliant
25	Obligations with respect to Independent Directors	Compliant
26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters	Compliant
27	Other corporate governance requirements	Compliant
46	Requirements pertaining to the dissemination of certain information under a separate section on the website	Not Applicable

### 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 GJ 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 GJ 380009 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities 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](http://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 ending on March 31, 2023 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	Mr. Venkatraman Srinivasan	00246012	March 12, 2015
3	Ms. Smita Cawas Affinwalla	07106628	March 12, 2015
4	Dr. Amla Ashim Samanta	00758883	May 01, 2019
5	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
6	Ms. Arundhati Mech	09177619	February 11, 2022
7	Mr. Ramesh Ganesan	05291597	July 01, 2012

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)

Sd/-

**Dipti Mehta**

**Partner**

**FCS No: 3667**

**CP No: 23905**

**Place: Mumbai**

**Date: April 15, 2023**

**UDIN: F003667E000103668**

**COMPLIANCE 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 of  
**HDB Financial Services Limited**

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of the Company, to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year ended March 31, 2023 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that:
  - (i) there have been no significant changes in internal control over financial reporting during this year;
  - (ii) there have been no significant changes in accounting policies during this year; and
  - (iii) there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
**Ramesh G.**  
**Managing Director & Chief Executive Officer**

Sd/-  
**Jaykumar P. Shah**  
**Chief Financial Officer**

Place: Mumbai  
Date: April 15, 2023

**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, 2023.

Sd/-  
**Ramesh G.**  
**Managing Director & Chief Executive Officer**

Place: Mumbai  
Date: April 15, 2023