



HDB Financial Services Limited

Corporate Identity Number: U65993GJ2007PLC051028

Registered Office: Radhika, 2nd Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009

Corporate Office: Ground Floor, Zenith House, Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400 034

Tel: +91 22 49116300; **Fax:** +91 22 49116666, **Website:** www.hdbfs.com, **Email:** compliance@hdbfs.com

POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014]

Dear Member(s),

Notice is hereby given pursuant to and in compliance with the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the "Rules"), read with the General Circular No. 14/2020 dated April 8, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021 and General Circular No. 20/2021 dated December 8, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") and other applicable laws and regulations, as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force, to the Members of HDB Financial Services Limited ("the Company") that it is proposed to transact the following business by the Members of the Company through Postal Ballot by remote e-voting process only ('remote e-voting').

Resolutions:

Item No. 1: Appointment of Ms. Arundhati Mech as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 any other applicable rules made thereunder, read with Schedule IV of the Companies Act, 2013 ("the Act") and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Article of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and approval of the Board of Directors of the Company, Ms. Arundhati Mech (DIN: 09177619), who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of a director of the Company, be and is hereby approved by the Members as an Independent Director of the Company to hold office for a period of 5 (Five) consecutive years with effect from February 11, 2022 up to February 10, 2027 (both days inclusive) and she shall not be liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s)/Officer(s) to give effect to the aforesaid resolution."

Item No. 2: Ratify and Approve Related Party Transactions with HDFC Bank Limited for FY 2021-22

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act read with rules made thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, including any amendments, modifications, variations or re-enactments thereof, the Members do hereby ratify and accord approval to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for carrying out and / or continuing with arrangements and transactions (whether individually or transactions taken together or series of transactions or otherwise), undertaken during FY 2021-22 with HDFC Bank Limited (“HDFC Bank”), being a related party of the Company, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise as mentioned hereunder:

- (i) To avail any loans or advances, credit facilities, or any other form of fund-based facilities, and/or guarantees, letters of credit, or any other form of non-fund based facilities, sanctioned upto an amount and on such terms and conditions (including rate of interest, security, tenure etc.) as permissible under applicable laws;
- (ii) To sell loans or loan pools, by way of assignment/securitisation of loans and servicing arrangements;
- (iii) Issuance of debt securities viz. non-convertible debentures/bonds of the Company, to HDFC Bank for which HDFC Bank may act as an arranger/ syndicate banker, including investment by HDFC Bank as permitted by applicable laws;
- (iv) To provide sales/ back-office support services and collection services and receive fees against such services;
- (v) Placing fixed deposits and receipt of interest on fixed deposits;
- (vi) Any other transactions/arrangements as provided in the explanatory statement entered in the course of business of the Company including maintaining current accounts with HDFC Bank and payment of service charges for banking transactions,

notwithstanding the fact, that all such transactions during the financial year 2021-22, whether individually and/or in the aggregate, may have exceed 10% of the annual consolidated turnover as per the Company’s last audited financial statements or ₹1,000 crore, whichever is lower, or any other materiality threshold as may be applicable under law/ regulations from time to time;

RESOLVED FURTHER THAT the Members of the Company do hereby accord approval to the Board of Directors of the Company to sign and execute all such documents, contracts/deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental to execution of such transactions and also to delegate all or any of its powers herein conferred to any Committee of Board and / or Director(s) and / or officer(s) / employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution.”

Item No. 3: Approval of Related Party Transactions with HDFC Bank Limited for FY 2022-23

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 (the “Act”) and other applicable provisions of the Act read with rules made thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, including any amendments, modifications, variations or re-enactments thereof, the Members do hereby accord

approval to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for carrying out and / or continuing with arrangements and transactions (whether individual transaction or transactions taken together or series of transactions or otherwise), for the financial year 2022-23 with HDFC Bank Limited (“HDFC Bank”), being a related party of the Company, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise as mentioned hereunder:

- (i) To avail any loans or advances, credit facilities, or any other form of fund-based facilities, and/or guarantees, letters of credit, or any other form of non-fund based facilities, sanctioned upto an amount and on such terms and conditions (including rate of interest, security, tenure etc.) as permissible under applicable laws;
- (ii) To sell loans or loan pools by way of assignment/securitisation of loans and servicing arrangements;
- (iii) Issuance of debt securities viz. non-convertible debentures/bonds of the Company, to HDFC Bank for which HDFC Bank may act as an arranger/ syndicate banker, including investment by HDFC Bank as permitted by applicable laws;
- (iv) To provide sales/ back-office support services and collection services and receive fees against such services
- (v) Placing fixed deposits and receipt of interest on fixed deposits;
- (vi) Any other transactions/arrangements as provided in the explanatory statement entered in the course of business of the Company including maintaining current accounts with HDFC Bank and payment of service charges for banking transactions,

notwithstanding the fact, that all such transactions during the financial year 2022-23, whether individually and/or in the aggregate, may exceed 10% of the annual consolidated turnover as per the Company's last audited financial statements or ₹1,000 crore, whichever is lower, or any other materiality threshold as may be applicable under law/ regulations from time to time;

RESOLVED FURTHER THAT the Members of the Company do hereby accord approval to the Board of Directors of the Company to sign and execute all such documents, contracts/deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental to execution of such transactions and also to delegate all or any of its powers herein conferred to any Committee of Board and / or Director(s) and / or officer(s) / employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution.”

**By Order of the Board
For HDB Financial Services Limited**

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad -380009

**Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340**

**Mumbai
February 11, 2022**

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts and reasons in respect of the special business under the Resolution as set out above, are annexed hereto and forms part of this Notice.
2. The Board of Directors of the Company has appointed Mr. Mitesh Shah of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary, Mumbai, to act as the Scrutinizer for the Postal Ballot to be conducted through e-voting in a fair and transparent manner.
3. In compliance with the MCA Circulars, the Notice of the Postal Ballot is being sent by electronic mode only to those Members whose names appears in the Register of Members / List of Beneficial Owners maintained by the Company/ Depositories i.e. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") respectively as at close of business hours on Friday, February 18, 2022, (the 'Cut-off date') and whose e-mail addresses are registered with the Company / Depositories.

For Members who have not registered their e-mail addresses, please follow the instructions given under Note no. 10.

Members whose names appears in the Register of Members/ List of Beneficial Owners as on the Cut-off date are entitled to vote on the Resolution set forth in this Notice. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

Members may please note that, the Postal Ballot Notice will also be available on the Company's website at www.hdbfs.com and on the website of NSDL <https://www.evoting.nsdl.com>.

4. As per the MCA Circulars on account of the COVID-19 pandemic, physical copies of the Notice, are not being sent to Members for this Postal Ballot. Members are requested to provide their assent or dissent through remote e-voting only.
5. In compliance with the MCA Circulars, Sections 108 and 110 of the Act and the Rules made thereunder, the Company is offering remote e-voting facility to seek approval of the Members of the Company for the resolutions contained in this Notice. For this purpose, the Company has entered into an agreement with NSDL for facilitating remote e-voting to enable the Members to cast their votes electronically.
6. The voting period begins from 10:00 a.m. on Saturday, February 26, 2022 and ends at 05:00 p.m. on Sunday, March 27, 2022. During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of February 18, 2022 may cast their vote electronically. Please note that once the vote on a resolution has been cast, Members cannot change it subsequently. The e-voting module shall be disabled by NSDL for voting thereafter.
7. Voting rights of the Members shall be reckoned in proportion to the paid-up equity shares registered in the name of the member / beneficial owner as on the Cut-off date.
8. Voting rights in the Postal Ballot Form cannot be exercised by a proxy.
9. All documents referred to in this Postal Ballot Notice and Explanatory Statement setting out material facts and other statutory registers shall be available for inspection through electronic mode, basis the request being sent to compliance@hdbfs.com.

10. Procedure for registration of email address:

The Members who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

- (i) Pursuant to the MCA Circulars, the Members who have not registered their email address and in consequence the Postal Ballot Notice could not be serviced to them may temporarily get their email address registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, by clicking the link: https://linkintime.co.in/emailreg/email_register.html and follow the registration process as guided thereafter. Post successful registration of the email, the Members would get soft copy of the Postal Ballot Notice and the procedure for e-voting along with the User ID and Password to enable e-voting for this Postal Ballot. In case of any queries, the Members may write to rnt.helpdesk@linkintime.co.in.
- (ii) It is clarified that for permanent registration of email address, the Members are however requested to register their email address, in respect of demat holdings with the Depository through the concerned Depository Participants.

11. Instructions for Voting through electronic means ('e-voting'):

The details of the process and manner for remote e-voting are explained herein below:





Step 1: Access to NSDL e-voting system

Step 2: Cast your vote electronically on NSDL e-voting system.

Details on Step 1 are mentioned below:

A. Login method for remote e-voting for Individual Members holding securities in demat mode.

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL	<p>A. NSDL IDEAS facility</p> <p>If you are already registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDEAS" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. 4. Click on "Access to e-voting" appearing on the left hand side under e-voting services and you will be able to see e-voting page. 5. Click on options available against Company name or e-voting service provider - NSDL and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period.

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL (continued)	<p>If you are not registered, follow the below steps:</p> <ol style="list-style-type: none"> Option to register is available at https://eservices.nsdl.com Select “Register Online for IDEAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Please follow steps given in points 1-5. <p>B. E-voting website of NSDL</p> <ol style="list-style-type: none"> Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL website wherein you can see e-voting page. Click on options available against company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div>
Individual Members holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their User ID and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi / Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the e-voting Menu. The Menu will have links of ESP i.e. NSDL portal. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-voting is in progress.

Type of Members	Login Method
Individual Members(holding securities in demat mode) logging through their depository participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-voting facility. 2. Once logged-in, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on options available against Company name or e-voting service provider - NSDL and you will be redirected to e-voting website of NSDL for casting your vote during the remote e-voting period.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID / Forgot Password option available at respective websites.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Members holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Members holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B. Login method for Members other than Individual Members holding securities in demat mode

How to Log-in to NSDL e-voting website?

- 1) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
- 2) Once the home page of e-voting system is launched, click on the icon “Login” which is available under “Shareholders / Member” section.
- 3) A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.
- 4) Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically
- 5) Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL)	Your User ID is:
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A) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
B) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your User ID is 12*****

6) Your password details are given below:

- a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c. How to retrieve your 'initial password'?
 - i. If your email address is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email address. Trace the email sent to you from NSDL in your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned above in this notice.

7) If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) If you are still unable to get the password by aforesaid option, you can send a request at evoting@nsdl.co.in mentioning your demat account number, your PAN, your name and your registered address.
- c) Members can also use the one-time password (OTP) based login for casting the votes on the e-voting system of NSDL.

8) After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.

9) Now, you will have to click on "Login" button.

10) After you click on the "Login" button, Home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select the EVEN for the Company which is 119432

3. Now you are ready for e-voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed and you will receive a confirmation by way of a SMS on your registered mobile number from depository.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those Members whose email address are not registered with the depositories for procuring User ID and password and registration of email address for e-voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to compliance@hdbfs.com. If you are an Individual Members holding securities in demat mode, you are requested to refer to the login method explained at step 1 i.e. Login method for e-voting for Individual Members holding securities in demat mode.
2. Alternatively Members may send a request to evoting@nsdl.co.in for procuring User ID and password for e-voting by providing above mentioned documents.

General Guidelines for Members:

1. Institutional / Corporate Members (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser by email to mitesh@mishra.com with a copy marked to evoting@nsdl.co.in.
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/ Password?” option available on <https://www.evoting.nsdl.com> to reset the password.
 3. In case of any queries relating to e-voting you may refer to the FAQs for Members and e-voting user manual for Members available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in
 4. In case of any other queries, Members can contact: M/s. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel No: +91 22 49186000, Fax No: +91 22 49186060, Email: rnt.helpdesk@linkintime.co.in or pradeep.mokale@linkintime.co.in
12. The Scrutiniser shall submit a consolidated report of the total votes cast in favour or against, if any, on each of the resolutions set out in this Notice, not later than 48 hours from the conclusion of the Postal Ballot to the Chairman. The result of the voting will be announced within 48 (Forty Eight) hours after the conclusion of the Postal Ballot at the Company’s website at www.hdbfs.com. The resolutions, if assented by the requisite majority, shall be deemed to be passed on the last date specified for e-voting, in terms of the Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 1

On the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company in its meeting held on October 16, 2021 had proposed appointment of Ms. Arundhati Mech as an Independent Director of the Company, subject to regulatory approvals. Accordingly, the Company has obtained the regulatory approval for appointment of Ms. Arundhati Mech. Further, the Board of Directors in its meeting held on February 11, 2022 has appointed Ms. Arundhati Mech as an Additional Independent Director with effect from February 11, 2022 till the conclusion of the ensuing Annual General Meeting pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Pursuant to Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should ensure that the approval of the Members is obtained at the next general meeting or within a time period of three months from the date of appointment of Director, whichever is earlier.

The Board proposed appointment of Ms. Arundhati Mech as an Independent Director, not liable to retire by rotation, to hold office for a period of 5 years effective February 11, 2022 till February 10, 2027. The Nomination and Remuneration Committee confirms that, Ms. Arundhati Mech satisfies the fit and proper criteria as prescribed under the RBI Master Direction 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.

Brief Profile of Ms. Arundhati Mech:

Ms. Arundhati Mech is M.A. (Linguistic) from the Jawaharlal Nehru University of Delhi. She has completed Programme on Leadership Development for Corporate Excellence from Kellogg School of Management, North-Western University, Chicago, USA. She has 35 years of experience in Reserve Bank of India at the middle and senior management level. She has experience in regulatory oversight and compliance especially in areas of governance, currency management, payment systems, human resource management, logistics and disaster management amongst others. She retired as Regional Director from Reserve Bank of India in 2019. Currently, she is also on the Board of Shivalik Small Finance Bank Limited as an Independent Director.

Ms. Arundhati Mech has worked in different positions in RBI such as Deputy General Manager (IT) from August 2003 to November 2010, General Manager (HR) from November 2010 to March 2016, Chief General Manager from April 2016 to November 2016 and Regional Director from December 2016 till July 2019.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from certain Members proposing the candidature of Ms. Arundhati Mech as an Independent Director of the Company.

Ms. Arundhati Mech has also given a declaration under section 149(7) of the Companies Act, 2013 that she meets the criteria for independence as provided under section 149(6) of the Companies Act, 2013 and fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder and SEBI Listing Regulations. She has also confirmed that she satisfies the fit & proper criteria pursuant to RBI Master Direction and that she has not been disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director of the Company.

In the opinion of the Board, Ms. Arundhati Mech fulfils the conditions specified in the Act, SEBI Listing Regulations and the applicable RBI guidelines for her appointment as an Independent Director of the Company

and she is a person of integrity and possesses relevant experience and expertise to be appointed as Independent Director of the Company.

A letter of appointment issued to Ms. Arundhati Mech setting out the terms and conditions and other material documents are available for inspection through electronic mode. The Members may request a copy by writing to compliance@hdbfs.com.

Accordingly, the approval of the Members is being sought for the appointment of Ms. Arundhati Mech as an Independent Director of the Company with effect from February 11, 2022 pursuant to the provisions of Sections 149, 152 and Schedule IV of the Companies Act 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules and shall not be liable to retire by rotation.

The Board recommends the passing of the special resolution as set out at Item No. 1 of this Notice for the approval of the Members.

Except Ms. Arundhati Mech, being an appointee and her relatives, to the extent of their shareholding interest, if any, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

Item No. 2 & 3

The Members may note that SEBI, vide notification dated September 7, 2021, notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021. Pursuant to the said notification, the Company, being a High Value Debt Listed Entity, has to comply with Regulation 23 of the SEBI Listing Regulations on comply or explain basis till March 31, 2023. The provision shall be mandatory from April 01, 2023 and onwards.

Further, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 ('Sixth Amendment'), effective April 1, 2022, mandates prior approval of Members by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of the business of the concerned Company and at an arm's length basis. Further, in terms of SEBI Listing Regulations, the Members are required to approve the prospective material related party transactions undertaken during FY 2021-22. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity or ₹1,000 crore, whichever is lower.

Accordingly, the Company is required to comply with Regulation 23 of the SEBI Listing Regulations with respect to material related party transactions (as defined prior to Sixth Amendment) undertaken during FY 2021-22 and material related party transactions (as defined after Sixth Amendment) proposed to be undertaken during FY 2022-23.

The Members may note that the Company has entered into the following transactions which are continuing with HDFC Bank Limited during the FY 2021-22 and it is proposed to continue and undertake the said transactions for the FY 2022-23 as well:

Funded and non-funded facilities

The Company borrows money from various banks to meet the funding requirements of the Company and/or for general corporate purpose. Funded and non-funded facilities are availed by the Company in ordinary course of business from various banks on the basis of sanctioned amount and agreement entered with various banks, including HDFC Bank in accordance with the policies of the Company uniformly applicable for all borrowing

done by the Company. Type of facility, terms, end-use and tenure of the transaction, in each case, depends on the funding requirements of the Company and the prevailing market rates. The facilities are availed by the Company on the basis of competitive rates received for similar type of loans from other banks at that point in time. The interest payment and fee payment are consequential to the transactions originating out of principal transactions in the form of loan, guarantees, cash credit etc. Therefore, the quantum of such consequential transactions depends on the value of the principal transaction. HDFC Bank is one of the largest lenders in India and it is in the interest of the Company to have HDFC Bank as one of the lenders to ensure high availability of resources. The transactions are undertaken to meet the funding requirements of the Company in accordance with the policies and procedures of the Company and are undertaken in the ordinary course of business and therefore, in the interest of the Company.

Assignment of Loan/ Securitisation

The Company may undertake to sell, assign assets including receivables / book debts of the Company in favour of banks/ financial institutions, other investing agencies and trustees for the holders of the debentures/ bonds/pass through certificates/ security receipts and other instruments in accordance with RBI regulations and policies of the Company. The Company may undertake securitisation / loan assignment transactions and other transactions with HDFC Bank. HDFC Bank is one of the largest Banks in India and exposure to HDFC Bank along with other lenders provides additional leverage to the Company to borrow from multiple sources. The Company may create fixed deposits with HDFC Bank for the purpose of securitisation/assignment transaction at the reckoner rates published by the HDFC Bank. The Company benefits from the securitisation / loan assignment transactions by raising funds at a very competitive rates and is therefore, in the interest of the Company.

Issuance of debt securities

The Company, in the ordinary course of its business, raises funds by way of issuance of debt securities depending upon the prevalent market conditions, cost of funds, tenor etc. through private placement in accordance with policies of the Company. The investment in Non-Convertible Debenture of the Company happens through Electronic Bidding Platform of Stock Exchanges as per the prescribed SEBI norms. HDFC Bank may act as an arranger/syndicate banker for such issuances, and may also invest in the debt securities issued by the Company to the extent permitted by the applicable laws and regulations. The issuance would be made at the terms uniformly applicable to all investors (including HDFC Bank). The interest payment and arranger fee are consequential to the principal transactions, as the case may be. This is in furtherance of the fund raising activities of the Company and in the interest of the Company.

Providing sales/ back-office support services and collection services and receive fees against such services

The Company provides sales/ back office support services and collection services such as forms processing, and document verification, finance, and accounting operations and processing support to HDFC Bank. The Company has a contract with the HDFC Bank for providing back office services, sales support and collection services. This is a specialised service provided by the Company to HDFC Bank based on expertise developed over many years (including hiring of skilled staff) and helps maintain its superior knowhow on the back office services, sales support service and collection services. Therefore the transaction is in the interest of the Company.

Placing Fixed Deposits and receipt of interest on Fixed Deposits

The Company invests excess funds in fixed deposits as a liquidity management tool with various banks including HDFC Bank. The fixed deposits are created as per the reckoner rates published by the HDFC Bank. Since, the Company places the excess funds for short term and long term benefit at the best rates available, this transaction is in interest of the Company.

Maintaining Current Accounts with HDFC Bank and payment of service charges for banking transactions

The Company maintains current account with various banks including HDFC Bank for regular business activities of the Company. Banking charges are levied by HDFC Bank in relation to the account maintained and banking services availed, basis standard terms and conditions as offered by HDFC Bank to its customers. These transactions are regular business transactions of Company. Therefore, the transactions are in the interest of the Company.

There are other transactions/ arrangements *inter-alia* in the nature of fees, commission, brokerage, reimbursements, cash management services, any other income/expenses, sale/purchase of government & non-government securities and other services such as depository participant, custodian services, investment banking related services etc. in furtherance towards the ordinary course of business of the Company.

All the aforesaid transactions are in furtherance of the business activities and are in accordance with the applicable laws, therefore, in the interest of the Company.

In the financial years 2021-22 and 2022-23, these transactions, in aggregate, for each such financial year, may cross the applicable materiality thresholds as per the SEBI Listing Regulations. Accordingly, as per the SEBI Listing Regulations, ratification and prior approval of the Members is sought for all these arrangements / transactions undertaken / to be undertaken (whether individual transaction or transactions taken together or series of transactions or otherwise), whether by way of continuation / extension / renewal / modification of earlier arrangements / transactions or otherwise, in the previous financial years. The above transactions are in the ordinary course of business of the Company and on an arm's length basis.

In view of the above, it is proposed to seek ratification approval for FY 2021-22 and prior approval for FY 2022-23 for related party transactions as mentioned in explanatory statement, and for grant of authority to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for carrying out / continuing with such arrangements and transactions as specified in the resolution or as mentioned above (whether individual transactions or transactions taken together or series of transactions or otherwise) with HDFC Bank, being the holding company and a related party of the Company, whether by way of continuation(s) or extension(s) or renewal(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise notwithstanding the fact that all these transactions during the financial years 2021-22 and 2022-23, as the case may be, whether individually or in aggregate, may exceed respective materiality threshold as stated above.

The Audit Committee of the Company has granted approval for the related party transactions entered / proposed to be entered into by the Company with HDFC Bank during the financial years 2021-22 and 2022-23 including as stated in the resolution and explanatory statement and has also noted that the said transactions with HDFC Bank are on an arm's length basis and in the ordinary course of business. The management has provided the Audit Committee with the description of the transactions including material terms and basis of pricing.

Accordingly, your Board of Directors recommends passing of the resolutions contained in Item No. 2 and Item No. 3 of the accompanying Notice.

Save and except for the shareholding interest, if any, held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolutions.

The Members may please note that in terms of the provisions of the SEBI Listing Regulations, the related parties as defined thereunder (whether such related party is a party to the aforesaid transactions or not), shall not vote to approve resolutions under this Item No. 2 & 3.

**By Order of the Board
For HDB Financial Services Limited**

Registered Office:
Radhika, 2nd Floor,
Law Garden Road, Navrangpura,
Ahmedabad -380009

**Sd/-
Dipti Khandelwal
Company Secretary
Membership No.: F11340**

**Mumbai
February 11, 2022**

ANNEXURE 1

Details of Director seeking appointment as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name of Director	Ms. Arundhati Mech
DIN	09177619
Age (years)	62
A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards	As mentioned in explanatory statement above
Terms and conditions of appointment or reappointment	Independent Director and not liable to retire by rotation
Details of remuneration sought to be paid	Sitting Fees and Commission
Details of the remuneration last drawn by such person (FY 2020-21)	Not applicable
Date of first appointment on the Board	February 11, 2022
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2021-22	Nil
Other Directorships (excluding HDB Financial Services Limited)	Shivalik Small Finance Bank Limited
Membership / Chairmanship of Committees of other Board	Corporate Social Responsibility Committee - Chairperson Audit Committee - Member Risk Management Committee - Member