

Corporate Governance Report



Corporate Governance disclosures as per Section 134 of the Companies Act, 2013 and Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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/policies>.

Board of Directors

The 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 (the "Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "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, 2022, 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. Three of the Non-Executive Independent Directors are Women.

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The composition of the Board of Directors as at March 31, 2022, including other details are given below:

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. Arijit Basu (DIN: 06907779)	Chairman and Non-Executive Director	0	2	0	0	0
Mr. Venkatraman Srinivasan (DIN: 00246012)	Independent Director	3	1	0	4	6
Ms. Smita Affinwalla (DIN: 07106628)	Independent Director	1	2	2	1	4
Dr. Amla Samanta (DIN: 00758883)	Independent Director	0	2	3	1	2
Mr. Adayapalam Viswanathan (DIN: 08518003)	Independent Director	0	2	0	1	3
Ms. Arundhati Mech (DIN: 09177619)	Independent Director	0	2	0	0	1
Mr. G. Ramesh (DIN: 05291597)	Managing Director & Chief Executive Officer	0	1	0	0	1

* 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 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 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.

Details of the Directorships in other listed entities:

Name of Director	Name of listed entity	Category
Mr. Arijit Basu	Nil	Not applicable
	Fairchem Organics Limited	Independent Director
Mr. Venkatraman Srinivasan	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. G. Ramesh	Nil	Not applicable

In terms of Regulation 26 of 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) listed entities;

There is no inter-se relationship between the Directors.

Board meetings and deliberations

The Board / Committee Meetings are convened by giving appropriate notice well in advance of 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 made available to facilitate Director(s) travelling or present at other locations, in case they wish to participate 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.

During the FY 2021-22, the Board of Directors met 8 (Eight) times on April 17, 2021, May 25, 2021, June 18, 2021, July 16, 2021, October 16, 2021, January 15, 2022, February 11, 2022 and March 10, 2022. 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 Annual General Meeting held on June 25, 2021 and number of shares held by each Directors:

Name of Director	Number of Board Meetings		Whether attended last AGM	No. of shares held in the Company
	Held during their tenure	Meetings attended		
Mr. Arijit Basu	6	6	Yes	Nil
Mr. Venkatraman Srinivasan	8	8	Yes	Nil
Ms. Smita Affinwalla	8	7	Yes	Nil
Dr. Amla Samanta	8	8	Yes	Nil
Mr. Adayapalam Viswanathan	8	8	Yes	Nil
Ms. Arundhati Mech	1	1	Not Applicable	Nil
Mr. G. Ramesh	8	8	Yes	7,50,500

Changes in Board Composition

The change in the Board composition during the year financial year 2021-22 is as under:

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

Appointment of Mr. Arijit Basu was approved by the shareholders in the 14th 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.

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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 16, 2021, during the year under review.

The details of the Separate Meeting of Independent Directors held during FY 2021-22 and attendance of the members at the meeting is given below:

Name of Director	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	Nil	Not Applicable	Not Applicable

Familiarisation programme for Independent Directors

The Company conducts orientation programs / 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 the Financial Year 2021-22, 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/policies>.

Chart setting out the competencies 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.

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

Committees of the Board

Your Company has six Board level Committees - 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, 2022 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairman of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Ms. Smita Affinwalla	Member, Independent Director

Note: Dr. Amla Samanta ceased to be a Member of the Committee consequent to reconstitution of the Committee with effect from August 16, 2021.

Brief Description of Terms of Reference:

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

- (i) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- (ii) Recommending the appointment, remuneration and terms of appointment of the auditors of the Company;
- (iii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (iv) Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- (v) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval;
- (vi) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (vii) Approval or any subsequent modifications of transactions of the Company with related parties;
- (viii) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances.

Meetings and Attendance during the year:

The Audit Committee met 7 (Seven) times during the year under review on April 17, 2021, July 16, 2021, August 13, 2021, October 15, 2021, January 14, 2022, January 15, 2022 (adjourned meeting), February 11, 2022 and March 07, 2022. 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:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	7	7	100
Mr. Adayapalam Viswanathan	7	7	100
Ms. Smita Affinwalla	7	7	100
Dr. Amla Samanta	3	3	100

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 2021-22, 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 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”).

Composition:

More than 50% members of the Nomination and Remuneration Committee are Independent Directors. The Composition of the Nomination and Remuneration Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. Venkatraman Srinivasan	Chairperson of the Committee, Independent Director
Mr. Arijit Basu	Member, Non-Executive Director
Dr. Amla Samanta	Member, Independent Director

Note:

- Ms. Smita Affinwalla and Mr. Adayapalam Viswanathan ceased to be a Member of the Nomination and Remuneration Committee consequent to reconstitution of the Committee with effect from August 16, 2021.
- Mr. Venkatraman Srinivasan was appointed as the Chairman and Mr. Arijit Basu was appointed as a Member of the Nomination and Remuneration Committee with effect from August 16, 2021.

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:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- 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;
- Formulating criteria for evaluation of the performance of the independent directors and the Board;
- Devising a policy on Board diversity;
- Ensuring ‘fit and proper’ status of the proposed and existing directors and scrutinizing the declarations received by the directors in this regard;

- (vi) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal;
- (vii) Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- (viii) 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.

Meetings and Attendance during the year:

The Nomination and Remuneration Committee met 5 (Five) times during the year under review, on May 24, 2021, August 31, 2021, October 14, 2021, October 27, 2021 and March 7, 2022. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Venkatraman Srinivasan	5	5	100
Ms. Smita Affinwalla	1	0	0
Dr. Amla Samanta	5	5	100
Mr. Adayapalam Viswanathan	1	1	100
Mr. Arijit Basu	4	4	100

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

During the FY 2021-22, the Board had accepted all recommendations of the Nomination and Remuneration Committee.

Ms. Smita Affinwalla, former Chairperson of the Committee, was present at the 14th AGM which was held through video conferencing (VC) on June 25, 2021 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:

- a. NRC would approve framework of performance evaluation of the Company;
- b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;
- c. 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;
- d. 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 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

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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.

The Directors have expressed their satisfaction with the evaluation process.

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, 2022 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Mr. Adayapalam Viswanathan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

Brief Description of Terms of Reference:

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

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Details of the investor complaints received during the FY 2021-22 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 16, 2021 and October 8, 2021.

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

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	2	2	100
Mr. Adayapalam Viswanathan	2	2	100
Mr. G. Ramesh	2	2	100

The Company Secretary acts as the Secretary to the Stakeholder Relationship Committee.

During the FY 2021- 22, the Board accepted all recommendations of the Committee.

Ms. Dipti Khandelwal, Company Secretary of the Company is the Compliance Officer for the purpose of the SEBI Listing Regulations.

Dr. Amla Samanta, Chairperson of the Committee, was present at the 14th AGM which was held through video conferencing on June 25, 2021 to answer stakeholders' queries.

d) Risk Management Committee

Your Company has Risk Management Committee in compliance with Regulation 21 of 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") 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, 2022 is as follows:

Name of the Member	Category
Mr. Adayapalam Viswanathan	Chairman of the Committee, Independent Director
Mr. Venkatraman Srinivasan	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

Brief Description of Terms of Reference:

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

- (i) Approving and monitoring the Company's risk management policies and procedures;
- (ii) Framing, implementing, reviewing and monitoring the risk management plan including cyber security for the Company;
- (iii) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iv) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (v) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (vi) Approving and reviewing the Assets Classification & Expected Credit Loss policy, Review IT Risk assessment of IT systems;
- (vii) Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements.

Meetings and Attendance during the year:

The Risk Management Committee met 5 (Five) times during the year under review on April 16, 2021, July 15, 2021, October 14, 2021, December 21, 2021 and March 17, 2022. The details of attendance of the Members of the Committee at meeting, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	5	4	80
Mr. Venkatraman Srinivasan	5	5	100
Mr. G. Ramesh	5	5	100

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

During the FY 2021-22, 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.

Composition:

The composition of the CSR Committee as on March 31, 2022 is as under:

Name of the Member	Category
Dr. Amla Samanta	Chairperson of the Committee, Independent Director
Ms. Smita Affinwalla	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer

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:

- (i) 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;
- (ii) To monitor the Company's CSR policy and performance;
- (iii) Recommend the amount of expenditure to be incurred on the CSR activities;
- (iv) To review the CSR project/initiatives from time to time;
- (v) To ensure reporting and communication to stakeholders on the Company's CSR projects/initiatives;
- (vi) To formulate and recommend to the Board, an annual action plan.

Meetings and Attendance during the year:

The Corporate Social Responsibility Committee met 4 (Four) times during the year under review on April 16, 2021, July 15, 2021, October 8, 2021 and December 16, 2021. The details of attendance of the Members of the Committee at meeting are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Dr. Amla Samanta	4	4	100
Ms. Smita Affinwalla	4	4	100
Mr. G. Ramesh	4	4	100

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

During the FY 2021-22, 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 IT Strategy Committee as on March 31, 2022 is as under:

Name of the Member	Category
Mr. Adayapalam Viswanathan	Chairperson of the Committee, Independent Director
Mr. Arijit Basu	Member, Non-Executive Director
Ms. Smita Affinwalla	Member, Independent Director
Mr. G. Ramesh	Member, Managing Director & Chief Executive Officer
Mr. Sanjay Belsare ¹	Member, Chief Information Officer and Chief Technology Officer

¹Member of Executive Management

Note:

- Mr. Venkatraman Srinivasan ceased to be a Member of the Committee consequent to reconstitution of the Committee with effect from August 16, 2021.
- Mr. Arijit Basu was appointed as a Member of the Committee with effect from August 16, 2021, consequent to his appointment as the Director.
- Mr. Adayapalam Viswanathan was appointed as the Chairman and Ms. Smita Affinwalla was appointed as a Member of the Information Technology Strategy Committee with effect from August 16, 2021.

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:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- Ensuring proper balance of IT investments for sustaining Company’s growth and becoming aware about exposure towards IT risks and controls.

Meetings and Attendance during the year:

The Information Technology Strategy Committee met 4 (Four) times during the year under review i.e. April 16, 2021, July 15, 2021, October 8, 2021 and January 27, 2022. The details of attendance of the Members of the Committee, are provided herein below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. Adayapalam Viswanathan	4	3	75
Mr. Venkatraman Srinivasan	2	2	100
Mr. Arijit Basu	2	2	100
Ms. Smita Affinwalla	2	2	100
Mr. G. Ramesh	4	4	100
Mr. Sanjay Belsare ¹	4	4	100

¹Member of Executive Management

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

During the FY 2021-22, 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. G. Ramesh, 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 Reserve Bank of India Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, 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, 2022 is as under:

Name of the Member	Category
Mr. G. Ramesh	Chairperson
Mr. Jaykumar Shah ¹	Member
Mr. Haren Parekh ¹	Member
Mr. Sanjay Belsare ¹	Member
Mr. Harish Venugopal ¹	Member

¹Member of Executive Management

Note:

- Mr. Rohit Patwardhan ceased to be a Member of the Committee with effect from November 25, 2021 consequent to appointment of Mr. Harish Venugopal as Chief Risk Officer of the Company.
- Mr. Harish Venugopal and Mr. Jaykumar Shah were appointed as a Member of the Committee with effect from November 25, 2021.

Brief Description of Terms of Reference:

The terms of reference of this Committee are in line with the regulatory requirements. The key responsibilities of the Committee include review & management of liquidity gaps and structural liquidity of the Company, review & 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 & decide on funding mixes and reporting to the Board of Directors on periodical basis on the above matters.

Meetings and Attendance during the year:

During the FY 2021-22, the Asset Liability Committee met 12 (Twelve) times on April 28, 2021, May 21, 2021, June 28, 2021, July 13, 2021, August 12, 2021, September 14, 2021, October 13, 2021, November 15, 2021, December 15, 2021, January 13, 2022, February 14, 2022 and March 14, 2022.

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

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	12	12	100
Mr. Haren Parekh ¹	12	12	100
Mr. Rohit Patwardhan ¹	8	8	100
Mr. Sanjay Belsare ¹	12	9	75
Mr. Jaykumar Shah ¹	4	4	100
Mr. Harish Venugopal ¹	4	4	100

¹Member of Executive Management

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

ii. Debenture Allotment Committee

During the FY 2021-22, the Debenture Allotment Committee met 18 (Eighteen) times. The details of the meetings held during the FY 2021-22 and attendance of the members of the Debenture Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	18	15	83
Mr. Haren Parekh ¹	18	17	94
Mr. Jaykumar Shah ¹	7	7	100
Mr. Ashish Ghatnekar ¹	18	15	83

¹Member of Executive Management

iii. Share Allotment Committee

During the FY 2021-22, the Share Allotment Committee met twice. The details of the meetings held during the FY 2021-22 and attendance of the members of the Share Allotment Committee is given below:

Members	Number of meetings held during their tenure	Number of meetings Attended	% of attendance
Mr. G. Ramesh	2	2	100
Mr. Haren Parekh ¹	2	2	100
Mr. Jaykumar Shah ¹	2	2	100
Mr. Ashish Ghatnekar ¹	2	0	0

¹Member of Executive Management

iv. Bond Allotment Committee

No meeting of the Bond Allotment Committee was held during the FY 2021-22. As on March 31, 2022, Mr. G. Ramesh, Mr. Haren Parekh, Mr. Jaykumar Shah and Mr. Ashish Ghatnekar were members of the Bond Allotment Committee.

Note: Mr. Jaykumar Shah was appointed as a member of the Debenture Allotment Committee, Bond Allotment Committee and Share Allotment Committee with effect from October 16, 2021.

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
14 th AGM	June 25, 2021 at 12 p.m.	Held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	<ul style="list-style-type: none"> To approve Selling, Assignment of its receivables/book debts upto ₹ 7,500 crore. Authority to issue redeemable non-convertible debentures and/or other hybrid instruments on private placement basis.

Details of AGM	Date and Time	Venue	Special resolutions passed
13 th AGM	June 30, 2020 at 12 p.m.	Held through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)	<ul style="list-style-type: none"> • Reappointment of Mr. Venkatraman Srinivasan as an Independent Director of the Company. • Reappointment of Ms. Smita Affinwalla as an Independent Director of the Company. • To approve increase in borrowing limits of the Company from ₹ 70,000 Crore to ₹ 80,000 crore. • To approve increase in limits for creation of charge on the assets of the Company upto an amount of ₹ 80,000 Crore to secure its borrowings. • Authority to issue Redeemable Non-Convertible Debentures and/or other Hybrid Instruments on private placement basis. • Authority to issue Foreign Currency/ Rupee Denominated Bonds.
12 th AGM	June 21, 2019 at 12 p.m.	Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Near Panjarapole Cross roads, Vastrapur, Ahmedabad - 380 015	<ul style="list-style-type: none"> • To approve increase in borrowing limits of the Company from ₹ 60,000 crore to ₹ 70,000 crore. • To approve increase in limits for creation of charge on the assets of the Company upto an amount of ₹ 70,000 crore to secure its borrowings. • To approve selling, assignment of its receivables/book debts upto ₹ 7,500 crore. • Authority to issue Redeemable Non-Convertible Debentures and/or other Hybrid Instruments on private placement basis. • Authority to issue Foreign Currency/ Rupee Denominated Bonds. • Profit related commission to Independent Directors.

Extra-Ordinary General Meeting:

During the Financial Year 2021-22, 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 2021-22, the Company had sought approval of the members through postal ballot, the details of the same are given below:

Date of Notice	Date of Scrutinizer’s report	Date of passing the resolution	Special resolutions passed
February 11, 2022	March 28, 2022	March 27, 2022	Appointment of Ms. Arundhati Mech as an Independent Director of the Company
July 16, 2021	September 20, 2021	September 18, 2021	To issue redeemable non-convertible debentures on private placement basis

Voting results of Special resolution passed through Postal Ballot Notice dated February 11, 2022:

Particulars	Number of Shareholders	Number of votes cast by them	Percentage of valid votes (%)
Votes in favour of the Resolution	200	75,25,86,059	99.9992%
Votes against the Resolution	22	5,684	0.0008%
Invalid Votes	-	-	-
Total	222	75,25,91,743	100.0000%

Voting results of Special resolution passed through Postal Ballot Notice dated July 16, 2021:

Particulars	Number of Shareholders	Number of votes cast by them	Percentage of valid votes (%)
Votes in favour of the Resolution	277	75,49,69,687	99.9963%
Votes against the Resolution	26	27,704	0.0037%
Invalid Votes	0	0	0.0000%
Total	303	75,49,97,391	100.0000%

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

There is no immediate proposal for passing any 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 conducting 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, 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.

In view of the COVID-19 pandemic and dispensation granted by MCA, 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 2021-22, there were no pecuniary relationship/ transactions of any non-executive directors with the Company, apart from receiving remuneration as directors. During the FY 2021-22, the Company did not advance any loans to any of its directors.

b. Remuneration to Executive Directors

The details of the remuneration paid and stock options granted to Mr. G. Ramesh, Managing Director and CEO during the financial year 2021-22 is as under:

Particulars of Remuneration	Amount ₹
Gross salary	4,52,91,823
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	15,028
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-

Particulars of Remuneration	Amount ₹
Perquisite value of stock options exercised	47,70,000
Sweat Equity	-
Commission	-
Company Car	12,000
Total	5,00,88,851
Number of Stock Options granted	1,43,000

c. Remuneration to 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.

Sitting fees payable to the Non-Executive Directors for attending Audit Committee, Nomination & Remuneration Committee, Information Technology & Strategy Committee and Risk Management Committee was increased from ₹ 50,000 per meeting to ₹ 75,000 per meeting with effect from May 25, 2021.

Profit Related Commission

The Shareholders in its 12th 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.

The details of sitting fees, commission and remuneration paid to non-executive directors during the financial year 2021-22 is as under:

Name of Director	Amount ₹		
	Sitting Fees	Commission	Remuneration
Mr. Arijit Basu	9,00,000	-	25,00,000
Mr. Venkatraman Srinivasan	19,50,000	7,50,000	-
Ms. Smita Affinwalla	13,00,000	7,50,000	-
Mr. Adayapalam Viswanathan	17,00,000	7,50,000	-
Dr. Amla Samanta	13,25,000	7,50,000	-
Ms. Arundhati Mech	75,000	-	-

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.

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.

DISCLOSURES

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 on related party transactions and the said policy is available on the website of the Company at <https://www.hdbfs.com/policies>.

All related party transactions are placed before the Audit Committee and the Board for their approval on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS, are disclosed to the notes to accounts annexed to the financial statements. All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business.

Pursuant to the provisions of Regulation 23(8) of the SEBI Listing Regulations all material related party arrangements and transactions (whether individually or transactions taken together or series of transactions or otherwise), undertaken during FY 2021-22 with HDFC Bank Limited, being a related party of the Company were ratified and approved by the Members through Postal Ballot dated March 27, 2022.

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

The disclosures with respect to related party as specified in Regulation 53(1)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming part of the financial statements at Note no. 36.

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 year under review, as also during the last three 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.

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.

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. Ashish Bhatt and Associates, Practicing Company Secretary, 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**.

Corporate Governance Report



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 2021-22 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. Khimji Kunverji & Co. LLP & their network firm/entity of which they are a part		
1	Fees as Statutory Auditors	0.49
2	Fees for other services	0.00
M/s. B. K. Khare & Co. & their network firm/entity of which they are a part		
1	Fees as Statutory Auditors	0.49
2	Fees for other services	0.00
M/s. B S R & Co. LLP, Chartered Accountants & their network firm/entity of which they are a part		
1	Fees as Statutory Auditors	0.16
2	Fees for other services	0.01

Complaints pertaining to sexual harassment

The details of complaints filed, disposed of and pending during every quarter pertaining to sexual harassment 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 to financial reporting for the year ended March 31, 2022 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 7, 2021. Accordingly, the Regulation 16 to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Corporate Governance became applicable to the Company with effect from September 7, 2021. 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 from the applicable period.

The Company has obtained a certificate from M/s. Ashish Bhatt & Associates, Practicing 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/policies>.

All the Board members and senior management personnel have affirmed compliance with the code for the year ended March 31, 2022. 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 2021-22.

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. G. Ramesh 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 required to be disseminated by the Company in terms SEBI Listing Regulations are uploaded on the website of the Company.

Quarterly, half-yearly and annual financial results are intimated to the BSE Limited and National Stock Exchanges of India Limited and published in Free Press Journal (Mumbai edition). The Financial Results are also uploaded on the website of the Company.

The Annual Report of the Company, the quarterly/ half- yearly and the Annual Financial Results are displayed on the Company's website at <https://www.hdbfs.com/investors>.

Corporate Governance Report



GENERAL SHAREHOLDER INFORMATION

15th Annual General Meeting

Day and Date : Thursday, June 23, 2022

Time : 12 pm

Venue/Mode of AGM : Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

Financial Year : April 1, 2021 to March 31, 2022

Dividend Payment date: On or after June 27, 2022

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 the National Stock Exchange of India Limited, however as on March 31, 2022 there are no outstanding Commercial Papers of the Company.

Name of Stock Exchange	Address
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
National Stock Exchange of India Limited	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 exchanges up to March 31, 2022.

Stock Code

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

Market price data and performance in comparison to broad-based indices such as BSE sensx, CRISIL Index etc.

Not applicable, as the equity shares of the Company are not listed.

Suspension of Securities from trading

During the FY 2021-22, 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 Pvt. Ltd. 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, 2022:

Name of Shareholder	No. of equity shares held	Percentage
HDFC Bank Limited	75,05,96,670	94.96
Others	3,98,43,361	5.04
Total (Issued & Paid-up Shares)	79,04,40,031	100.00

Dematerialization of shares and liquidity

As on March 31, 2022, 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, 2022, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

Corporate Governance Report



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 Pvt. Ltd.

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

Website: <http://www.linkintime.co.in>

Contact person for Equity Shares:

Mr. Pradeep Mokale

Tel.: +91 022 4918 6270

Fax: +91 022 4918 6060

Email: pradeep.mokale@linkintime.co.in, rnt.helpdesk@linkintime.co.in

Contact person for Commercial Papers & Non-Convertible Securities:

Mr. Ganesh Jadhav

Tel.: +91 022 4918 6270

Fax: +91 022 4918 6060

Email: rnt.helpdesk@linkintime.co.in, bonds.helpdesk@linkintime.co.in, ganesh.jadhav@linkintime.co.in

Company's correspondence details:

HDB Financial Services Limited

Ms. Dipti Khandelwal, Company Secretary & Compliance Officer

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

Email: compliance@hdbfs.com Tel: +91 22 49116300

Fax: +91 22 49116666

Plant Locations/Offices:

As of March 31, 2022, the Company has 1,374 branches in 989 cities in India.

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>.

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,
The Members,
HDB Financial Services Limited
Radhika, 2nd Floor, Navrangpura,
Ahmedabad, 380009, Gujarat.

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, Navrangpura, Ahmedabad, 380009, Gujarat (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with BSE Limited's Notice no. 20220107-16 dated January 07, 2022 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 as considered necessary and explanations furnished to 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 31st March, 2022 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 1, 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 1, 2019
5	Mr. Adayapalam Kumaraswamy Viswanathan	08518003	July 24, 2019
6	Ms. Arundhati Mech	09177619	February 11, 2022
7	Mr. Ramesh Ganesan	05291597	July 1, 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 Ashish Bhatt & Associates

Sd/-
Ashish Bhatt
Practicing Company Secretary
FCS No: 4650
C.P. No. 2956
UDIN: F004650D000337917

Place: Thane
Date: May 18, 2022

COMPLIANCE CERTIFICATE

(Pursuant to Regulation 17 (8) 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, 2022 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/-
G. Ramesh
Managing Director & Chief Executive Officer

Sd/-
Jaykumar Shah
Chief Financial Officer

Place: Mumbai
Date: April 16, 2022

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. G. Ramesh, 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, 2022.

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

Place: Mumbai
Date: May 18, 2022