

HDB/SLC/2023/1145**July 27, 2023**

To,

Listing Compliance Department BSE Limited P J Towers, Dalal Street, Mumbai - 400 001	Listing Compliance Department National Stock Exchange of India Limited Exchange Plaza, BKC, Bandra (East), Mumbai- 400051
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Sub.: Notice of Postal Ballot

Please find enclosed herewith a copy of the Notice of Postal Ballot dated Saturday, July 15, 2023 together with the Explanatory Statement thereto, seeking approval of the Members of HDB Financial Services Limited (the "Company") on the items of special business as mentioned in the Notice of Postal Ballot, by means of electronic voting ("remote e-voting") in compliance with the relevant circulars issued by the Ministry of Corporate Affairs ("MCA") in this regard.

Pursuant to Regulation 50(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015, this is to inform you that the approval of the Members of the Company is being sought through Postal Ballot inter-alia for following business:

- 1) To approve appointment of Mr. Jimmy Tata (DIN: 06888364) as a Non-Executive Director of the Company
- 2) To approve amendment in Employee Stock Option Scheme 2017 and Employee Stock Option Scheme 2022 for eligible employees of HDB Financial Services Limited

In compliance with the applicable circulars, the Notice of 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") as at close of business hours on Friday, July 21, 2023, (the 'Cut-off date') and whose e-mail addresses are registered with the Company / Depositories.

The Notice of Postal Ballot is also available on the Company's website at <https://www.hdbfs.com/investors> under section 'Investor Services' / 'Postal Ballot'

We request you to take the same on record.

Thanking you,

For HDB Financial Services Limited**Dipti Khandelwal**
(Company Secretary)
Membership No. F11340



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

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 each as amended and applicable Circulars issued by the Ministry of Corporate Affairs, Government of India, from time to time.]

Dear Member(s),

NOTICE is hereby given pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Companies Act, 2013, (“**Act**”) (including any statutory modification or re-enactment thereof for the time being in force), read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (“**Rules**”), Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (“**SS-2**”) as amended, and in accordance with the requirements prescribed by the Ministry of Corporate Affairs (“**MCA**”) for holding general meetings / conducting postal ballot process through electronic voting (remote e-voting) vide General Circular No. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021, 20/2021 dated December 8, 2021, and 3/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 (“**MCA Circulars**”) and other applicable laws and regulations, as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, that the resolution appended below is proposed to be passed by the Members of the Company (as on the Cut-off Date) (“**Members**”), through postal ballot (“**Postal Ballot**”) only by way of remote e-voting process (“**remote e-voting**”). An Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons thereof form part of this Notice of Postal Ballot (“**Notice**”).

Pursuant to the provisions of Sections 108 and 110 of the Act read with the rules framed thereunder and the MCA Circulars, the manner of voting on the proposed resolutions is restricted only to remote e-voting i.e., by casting votes electronically instead of submitting postal ballot forms. In compliance with the MCA Circulars, the Notice and instructions for remote e-voting are being sent only through electronic mode to those Members whose email addresses are registered with the Company / depository participant(s).

Resolutions:

Item No. 1: TO APPROVE APPOINTMENT OF MR. JIMMY TATA (DIN: 06888364) AS A NON-EXECUTIVE DIRECTOR OF THE COMPANY

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 and any other applicable rules made thereunder of the Companies Act, 2013 (“**Act**”), the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, guidelines applicable from time to time (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), the relevant provisions of the Articles of Association of the HDB Financial Services Limited (“**Company**”), and pursuant to the recommendation of the Nomination and

Remuneration Committee, approval received from the Reserve Bank of India and approval of the Board of Directors of the Company (hereinafter referred to as “**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) and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of a director of the Company, the consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Jimmy Tata (DIN: 06888364) as a Non-Executive Director (Non-Independent) of the Company for a period of 3 (Three) years with effect from July 15, 2023 up to July 14, 2026 (both days inclusive) and he shall be liable to retire by rotation;

RESOLVED FURTHER THAT Mr. Jimmy Tata shall not be eligible to receive sitting fees or any other remuneration from the Company, he shall however be eligible for travelling allowance / reimbursements only for attending Board / Committee meetings of the Company;

RESOLVED FURTHER THAT the Board be and is hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory/regulatory authorities and to delegate all or any of its powers herein conferred to any Committee of Directors or Directors, to give effect to the aforesaid resolution.”

Item No. 2: TO APPROVE AMENDMENT IN EMPLOYEE STOCK OPTION SCHEME 2017 AND EMPLOYEE STOCK OPTION SCHEME 2022 FOR ELIGIBLE EMPLOYEES OF HDB FINANCIAL SERVICES LIMITED

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

“**RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 for the time being in force and as may be modified from time to time, and other rules, regulations, circulars and guidelines if any / various statutory / regulatory authority(ies) that are or may become applicable including circulars/guidelines of Reserve Bank of India (collectively referred herein as “**Applicable Laws**”) and any approvals, permissions and sanctions of any / various authority(ies) as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “**Board**”, which term shall include the Nomination and Remuneration Committee), the approval of the Members be and is hereby accorded to make the following amendment(s) in Employee Stock Option Scheme 2017 (“**ESOS - 2017**”) and Employee Stock Option Scheme 2022 (“**ESOS - 2022**”) of HDB Financial Services Limited (“**Company**”):

To insert the following Clause as Clause R of the ESOS – 2017:

“CLAUSE R : MALUS /CLAWBACK ARRANGEMENT

The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company’s Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as per the revisions to the employment contracts/ terms and in accordance with the Reserve Bank of India’s Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time.”

To insert the following Clause as Clause W of the ESOS - 2022:

“CLAUSE W : MALUS /CLAWBACK ARRANGEMENT

The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company’s Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as

per the revisions to the employment contracts/ terms and in accordance with the Reserve Bank of India's Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time."

RESOLVED FURTHER THAT the revised ESOS – 2017 and ESOS - 2022 Scheme covering the above amendments be and is hereby approved and adopted by the members.

RESOLVED FURTHER THAT it is hereby noted that the amendments to the Scheme are not prejudicial to the interests of the eligible employees and option holders.

RESOLVED FURTHER THAT the Board be and is hereby severally authorised on behalf of the Company, to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and with power to settle any issues, questions, difficulties or doubts that may arise in this regard for the purpose of bringing into effect and implementing the revised ESOS – 2017 and ESOS – 2022, to execute all such deeds, documents, instruments and writing as it may in its absolute discretion deem necessary and expedient, and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/ or officer(s) of the Company, to give effect to this 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
July 15, 2023**

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 Resolutions 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, as the Scrutiniser, for the Postal Ballot to be conducted through remote e-voting in a fair and transparent manner.
3. In compliance with the MCA Circulars, the Notice 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, July 21, 2023, (“**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 resolutions 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 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, 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 engaged the services of NSDL for facilitating remote e-voting to enable the Members to cast their votes electronically. The instructions for remote e-voting are appended to this Notice under Note no. 11.
6. The voting period begins from 10:00 a.m. (IST) on Friday, July 28, 2023 and ends at 5:00 p.m. (IST) on Saturday, August 26, 2023. During this period Members’ of the Company, as on the cut-off date of Friday, July 21, 2023 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 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 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 Notice and the procedure for remote 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 (‘remote 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 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 under Value added 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. <ol style="list-style-type: none"> 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;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>
Individual Members holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for CDSL Easi / Easiest facility, can login through their User ID and password. Option will be made available to reach e-voting page without any further authentication. To login to Easi / Easiest the users are requested to visit CDSL website i.e. www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period. Additionally, there is also links provided to access the system of all e-voting service providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing

Type of Members	Login Method
	Demat Account Number and PAN Number from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
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 Depository Participant 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 i.e. 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.: 022 - 4886 7000 and 022 - 2499 7000.
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 1800 22 55 33

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 login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL eservices after using your login 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:
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, please follow procedure with respect to registration of email addresses as mentioned in Note no. 10 of 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, etc.
- 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 124736.
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@mishah.com with a copy marked to evoting@nsdl.co.in. Institutional members (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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.: 022 - 4886 7000 and 022 - 2499 7000 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.
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 three days of conclusion of the Postal Ballot to the Chairman. The result of the voting will be announced within three days 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

HDFC Bank Limited, Holding Company, holds 75,05,96,670 Equity Shares of the Company representing 94.84% of the paid-up share capital of the Company as on date. Mr. Jimmy Tata served as Non-Executive Director of the Company from May 1, 2016 till June 30, 2020.

The Board of Directors of the Company in its meeting held on January 14, 2023, on the recommendation of Nomination & Remuneration Committee, had proposed appointment of Mr. Jimmy Tata as a Non-Executive Director of the Company for a period of 3 (Three) years as a representative of HDFC Bank Limited on the Board of the Company, subject to regulatory approvals. He shall not be eligible to receive sitting fees or any other remuneration from the Company. He shall be eligible for travelling allowance/ reimbursements only for attending board / committee meeting of the Company. Accordingly, the Company has obtained approval from Reserve Bank of India (RBI) for appointment of Mr. Jimmy Tata as a Non-Executive Director of the Company and subsequently published prior public notice regarding appointment of Mr. Jimmy Tata as a Non-Executive Director of the Company pursuant to instructions contained in para 69 of RBI Master Direction DNBR.PD.008/03.10.119/2016 dated September 01, 2016 on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (RBI Mater Direction). No objections were received in response to the said public notice. Further, the Board of Directors in its meeting held on July 15, 2023 has appointed Mr. Jimmy Tata as an Additional Non-Executive Director with effect from July 15, 2023 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 Mr. Jimmy Tata as a Non-Executive Director, liable to retire by rotation, to hold office for a period of 3 years effective July 15, 2023 till July 14, 2026. The Nomination and Remuneration Committee confirms that, Mr. Jimmy Tata satisfies the fit and proper criteria as prescribed under the RBI Master Direction.

Brief Profile of Mr. Jimmy Tata:

Mr. Jimmy Tata holds a Masters in Financial Management from Jamnalal Bajaj Institute of Management Studies and is a qualified Chartered Financial Analyst. He has over 35 years of experience, including 27 years with HDFC Bank. He is associated with HDFC Bank since 1994 and over the years was promoted as Head of the Corporate Banking Department. In June 2013, he was appointed as Chief Risk Officer of HDFC Bank. In December 2020, he was appointed as Chief Credit Officer of the HDFC Bank Limited. Mr. Jimmy Tata monitors the risks in the areas of technology, payment system, human resources, legal, accounts and finance for HDFC Bank Limited. Prior to joining HDFC Bank Limited, he was associated with companies in financial sector such as Strategic Consultants Pvt. Ltd. and Apple Industries Ltd.

The Company has received consent and other requisite documents/disclosure required under the Act, SEBI Listing Regulations and RBI Guidelines from Mr. Jimmy Tata. He has also confirmed that he satisfies the fit & proper criteria pursuant to RBI Master Direction and that he has not been disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director of the Company.

In the opinion of the Board, Mr. Jimmy Tata fulfils the conditions specified in the Act, SEBI Listing Regulations

and the applicable RBI guidelines for his appointment as a Director of the Company and he is a person of integrity and possesses relevant experience and expertise to be appointed as Director of the Company.

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

Name of Director	Mr. Jimmy Tata
DIN	06888364
Age	56 years
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	Non-Executive Director, liable to retire by rotation proposed to be appointed for a period of 3 years effective from July 15, 2023 till July 14, 2026.
Details of remuneration sought to be paid	Mr. Jimmy Tata shall not be eligible to receive sitting fees or any other remuneration from the Company. He shall however be eligible for travelling allowance/ reimbursements only for attending board / committee meeting of the Company.
Details of the remuneration last drawn by such person (FY 2022-23)	N.A.
Date of first appointment on the Board	May 01, 2016
Shareholding in the Company	3,21,021 Equity Shares of the face value of Rs.10 each as on June 30, 2023.
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2022-23	N.A.
Other Directorships (excluding HDB Financial Services Limited)	International Asset Reconstruction Company Private Limited
Membership / Chairmanship of Committees of other Board	Nil

Accordingly, the approval of the Members is being sought for appointment of Mr. Jimmy Tata as a Non-Executive Director, liable to retire by rotation, to hold office for a period of 3 years effective July 15, 2023 till July 14, 2026.

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

Except Mr. Jimmy Tata, being an appointee and his 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 are in any way financially or otherwise concerned or interested, in the said resolution.

Item No. 2

The Nomination and Remuneration Committee ('NRC') at its meeting inter-alia formulated a detailed Employee Stock Option Scheme – 2017 ("ESOS - 2017") and Employee Stock Option Scheme – 2022 ("ESOS - 2022"), having a ESOP pool of 1,00,00,000 (One Crore) and 2,00,00,000 (Two Crore) stock options respectively, convertible into equal number of Equity Shares of the Company. The ESOS – 2017 and ESOS - 2022 were duly approved by the Board of Directors of the Company ("Board") at its meeting held on April 18, 2017 and January 14, 2023 respectively. The ESOS – 2017 and ESOS - 2022 were also approved by the Shareholders of the Company at Annual General Meeting held on June 23, 2017 and through postal ballot on March 26, 2023 respectively.

As per the Reserve Bank of India's (RBI) Circular No. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021, RBI has laid down Scale Based Regulation (SBR), a Revised Regulatory Framework for Non-Banking Financial Companies ('NBFCs') (as may be amended, replaced, restated from time to time) the Company is mandatorily required to incorporate Malus / Clawback mechanism in Board approved Compensation Policy for Key Managerial Personnel and members of Senior Management. Accordingly, Board of Directors at their meeting held on October 15, 2022 revised the said policy to include Malus / Clawback provisions and principles for fixed/ variable pay structures. A Malus arrangement would entail cancellation of payout for the deferred portion of reward (variable pay/LTI) and a Clawback provision would entail return of payout of reward (variable pay /LTI) made in the previous years attributable to a given reference year wherein the incident has occurred.

In terms of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, the company may by special resolution, vary the terms of Employees Stock Option Scheme not yet exercised by the employees provided such variation is not prejudicial to the interests of the option holders.

In view of the above the Company proposes to amend the ESOS-2017 and ESOS-2022 to capture the Malus and Clawback provisions. Accordingly, the following amendments are proposed to the ESOS-2017 and ESOS-2022:

To insert the following Clause as Clause R of the ESOS - 2017:

"CLAUSE R : MALUS /CLAWBACK ARRANGEMENT

The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company's Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as per the revisions to the employment contracts/ terms, in accordance with the Reserve Bank of India's Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time."

To insert the following Clause as Clause W of the ESOS - 2022:

"CLAUSE W : MALUS /CLAWBACK ARRANGEMENT

The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company's Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as per the revisions to the employment contracts/ terms, in accordance with the Reserve Bank of India's Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time."

The aforesaid amendments will be applicable from the Company's compensation cycle effective April 1, 2023.

As per Clause O of the ESOS-2017 and Clause Q of the ESOS-2022 any variation in the terms of the Scheme can be done by special resolution passed by the members of the Company provided such variation is not prejudicial to the interests of the option holders/Employees. Accordingly, approval of the Members is sought for amendment in ESOS-2017 and ESOS-2022. The Board of Directors / Nomination and Remuneration Committee shall have the absolute authority to vary or modify the terms hereinabove in accordance with and subject to all applicable guidelines. There are no other changes to the existing terms of the ESOS-2017 and ESOS – 2022.

Accordingly, the Board of Directors of the Company, recommend the Special Resolution as set out at Item No. 2 of this Notice, for the approval of the Members.

None of the Directors or their relatives are concerned or interested in the said resolution except those Directors and / or Key Managerial Personnel holding Stock Options under ESOS-2017 and ESOS – 2022, if any.

**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
July 15, 2023**