

HDFC Bank Limited

Registered Office: HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai 400 013
[CIN: L65920MH1994PLC080618] [E-Mail: shareholder.grievances@hdfcbank.com]
[Website: www.hdfcbank.com] [Tel No.: 022 3976 0000]

POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013 (the "Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014]

Dear Member(s)

NOTICE is hereby given that pursuant to the provisions of Section 110 and all other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India, including any statutory modification(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, guidelines prescribed by the Ministry of Corporate Affairs (the "MCA"), Government of India, for holding general meetings / conducting postal ballot process through electronic voting (remote e-voting) vide General Circular Nos. 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 and 20/2021 dated December 8, 2021 (the "MCA Circulars") in view of COVID-19 pandemic and any other applicable laws and regulations, the following item of special business are proposed to be passed by the Members of HDFC Bank Limited (the "Bank") through Postal Ballot via remote e-voting.

Approval and adoption of Employee Stock Incentive Plan 2022

To consider and if thought fit, to pass the following Resolution, as a Special Resolution:

"RESOLVED THAT pursuant to Section 62 and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed thereunder, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any circulars/ notifications/ guidance/ frequently asked questions issued thereunder, as amended from time to time (collectively, the "SBEB Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the provisions of any regulations / guidelines prescribed by the Securities and Exchange Board of India ("SEBI") and / or the Reserve Bank of India ("RBI"), the provisions of any other applicable laws and regulations (including any amendment thereto or modification(s) or re-enactment(s) thereof from time to time), the Memorandum and Articles of Association of HDFC Bank Limited ("Bank") and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and further subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Bank (hereinafter referred to as the "Board", which term shall be deemed to include the Compensation Committee constituted by the Board of Directors under Regulation 19 of SEBI Listing Regulations called as Nomination and Remuneration Committee, for the time being authorized by the Board to exercise the powers conferred on the Board by this resolution and / or such other persons who may be authorized in this regard by the Board of Directors), consent of the Members be and is hereby accorded to the Board to adopt and implement 'Employee Stock Incentive Plan - 2022' ("the Stock Incentive Plan 2022"), the salient features of which are furnished in the Explanatory Statement to this Notice, and to grant, offer, issue and allot Restricted Stock Units ("RSUs") under the Stock Incentive Plan 2022, not exceeding 10,00,00,000 (Ten crores) RSUs, in one or more tranches, to present and future eligible employees, whether working in India or outside India, which expression shall include the Managing Director & Chief Executive Officer and Whole time Director(s) of the Bank (collectively, "the Employees") in accordance with the SBEB Regulations.

RESOLVED FURTHER THAT up to 10,00,00,000 (Ten crores) RSUs shall be granted, in one or more tranches over a period of four years as may be determined by the Board, which shall entitle the RSU holder one fully paid-up equity share of face value of ₹ 1/- of the Bank against each RSU exercised and accordingly, up to 10,00,00,000 (Ten crores) equity shares of face value of ₹ 1/- each shall be allotted to the Employees under the Stock Incentive Plan 2022.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issue, bonus issue, split/consolidation of shares, change in capital structure, merger/demerger, the outstanding RSUs, granted/to be granted, under the Stock Incentive Plan 2022 shall be suitably adjusted for such number of RSUs/equity shares, and/or the exercise price, as may be required and that the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under the SBEB Regulations and such other laws as may be applicable, so as to ensure passing of fair and equitable benefits under the Stock Incentive Plan 2022.

RESOLVED FURTHER THAT the equity shares to be issued, as stated aforesaid, shall rank pari-passu with the existing equity shares of the Bank for all purposes.

RESOLVED FURTHER THAT the equity shares shall be allotted in accordance with Stock Incentive Plan 2022 in a manner permissible under the SBEB Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted, if any, in accordance with the Stock Incentive Plan 2022 on the Stock Exchanges where the securities of the Bank are listed as per the provisions of the SEBI Listing Regulations, the SBEB Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms, as approved by the members, the Board be and is hereby authorized to implement, formulate, evolve, decide upon and bring into effect the Stock Incentive Plan 2022 on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any further modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Stock Incentive Plan 2022, from time to time, to meet regulatory requirements.

RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the Stock Incentive Plan 2022 and generally for giving effect to the above resolution, the Board be and is hereby authorized, on behalf of the Bank, to do all such acts, deeds, matters and things including but not limited to framing rules relating to taxation matters arising out of grant / exercise of RSUs and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and to give such directions and/or instructions as may be necessary, proper or expedient to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of the Stock Incentive Plan 2022 and to take all such steps and do all acts, deeds and things as may be deemed incidental or ancillary thereto and pay fees and commission and incur expenses in relation thereof”.

Registered office:
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai 400 013
E-mail: shareholder.grievances@hdfcbank.com
Website: www.hdfcbank.com

By Order of the Board of Directors

Santosh Haldankar
Senior Vice President (Legal) &
Company Secretary
Membership No. ACS 19201

Place: Mumbai
Date: March 28, 2022

Notes

1. An explanatory statement pursuant to Sections 102 and 110 of the Companies Act, 2013 (the “Act”), setting out all material facts relating to the resolution in this Notice are appended herein below for information and consideration of Members and the same should be considered as part of this Notice.
2. Relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members until 5:00 p.m. (IST) of the last date of remote e-voting of this Postal Ballot i.e. Saturday, May 14, 2022. Members who wish to inspect the documents are requested to send an email to santosh.haldankar@hdfcbank.com with copy marked to kashish.puri@hdfcbank.com mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email.
3. The Board of Directors have appointed Mr. B. Narasimhan of M/s. B.N. & Associates, Practising Company Secretaries and in his absence, Mr. V. V. Chakradeo of M/s. V. V. Chakradeo & Co., Practicing Company Secretaries, as the Scrutinizer, for conducting the Postal Ballot process in a fair and transparent manner.
4. On account of the outbreak of the COVID-19 pandemic and in accordance with the MCA circulars and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“SEBI Listing Regulations”), the Bank is sending the Postal Ballot Notice in electronic form only, instead of dispatching hard copy of the Notice along with Postal Ballot Form and pre-paid business reply envelope to the Members for this Postal Ballot.
5. The Postal Ballot Notice is being sent by e-mail to all Members, whose names appear in the Register of Members / Register of Beneficial Owners maintained by the Depositories, National Securities Depository Limited (the “NSDL”) and Central Depository Services (India) Limited (the “CDSL”) as on Friday, April 08, 2022 (the “Cut-Off Date”) and who have registered their e-mail addresses, in respect of electronic holdings, with the Depository through the concerned Depository Participants and in respect of physical holdings, with the Registrar and Share Transfer Agent of the Bank, Datamatics Business Solutions Limited (the “RTA”), in accordance with the provisions of the Act read with the Rules made thereunder and the framework provided under the MCA circulars. Cut-Off Date is for determining the eligibility to vote by electronic means. A person who is not a member as on the Cut-Off Date should treat this Notice for information only. This Notice is also available at the Bank’s website: <https://www.hdfcbank.com/personal/about-us/postal-ballot> and the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL at <https://www.evoting.nsd.com/>
6. In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations as amended from time to time, read with SEBI circular dated December 9, 2020 on remote e-voting facility provided by listed entities, and the applicable MCA circulars, the Bank is pleased to offer remote e-voting facility to Members to cast their vote electronically.
7. The Bank has engaged NSDL (hereinafter referred to as NSDL or “Service Provider”) for facilitating remote e-voting to enable the Members to cast their votes electronically instead of dispatching Postal Ballot Form for this Postal Ballot.
8. To facilitate the Members to receive this Notice and cast their vote electronically, the Bank has made special arrangements with its RTA, for registration of e-mail addresses in accordance with the MCA circulars. For Members who have not registered their e-mail addresses, the process for registration of e-mail address is as under:
 - a. Members who have not registered their e-mail address and in consequence the notice could not be serviced, may temporarily get their e-mail address registered with the Bank’s RTA, by clicking the link: <https://hbemailregistration.datamaticsbpm.com> and following the registration process as guided thereafter.

Post successful registration of the e-mail, 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 remote e-voting for this Postal Ballot. In case of any queries, Members may write to the RTA at hinvestors@datamaticsbpm.com

- b. It is clarified that for permanent registration of e-mail address, Members are requested to register their email addresses as follows:

Physical Holding	Send relevant documents to the RTA at hdivestors@datamaticsbpm.com in Form ISR-1 available on the Bank's website at https://www.hdfcbank.com/personal/about-us/corporate-governance/shareholders-information-and-helpdesk and also on the websites of the RTA https://www.datamaticsbpm.com/register-and-transfer-agent/information-to-shareholders/
Demat Holding	By contacting Depository Participant ("DP") and registering e-mail address and mobile number in demat account, as per the process advised by the DP.

- c. Those Members who have already registered their e-mail address are requested to keep their e-mail addresses validated with their DP / the Bank's RTA, to enable servicing of notices, etc. electronically to their e-mail address.

9. The instructions for Members for remote e-voting are as under:





- a) The remote e-voting period commences on Friday, April 15, 2022 at 9:00 a.m. (IST) and ends on Saturday, May 14, 2022 at 5:00 p.m. (IST). During this period, the Members of the Bank, holding shares either in physical form or in dematerialized form, as on the Cut-Off Date of Friday, April 08, 2022, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter and voting shall not be allowed beyond the said date and time. Once the vote on the resolution is cast by the Member, he/she shall not be allowed to change his/her vote subsequently or cast the vote again.
- b) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, Regulation 44 of SEBI Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions, and individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access remote e-voting facility. Pursuant to aforesaid SEBI Circular, login method for remote e-voting for Individual shareholders holding securities in demat mode with CDSL / NSDL is given below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. 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 hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on 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. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center;">  App Store  Google Play </div> <div style="display: flex; justify-content: center; align-items: center; margin-top: 10px;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in 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 provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on 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 or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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

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

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

- 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.
- 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, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	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*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

- Password details for shareholders other than Individual shareholders are given below:
 - 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. 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 ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. 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 or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. 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.nsd.com.
 - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

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

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.
2. Select "EVEN" of HDFC Bank Limited, which is 119673.
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.
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 procuring user ID and password for e-voting for those shareholders whose email IDs are not registered with the depositories / Bank:

Shareholders may send a request to evoting@nsdl.co.in for procuring user ID and password for e-Voting.

1. In case shares are held in physical mode, please provide Folio Number, name of the shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card)
2. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + Client ID or 16-digit beneficiary ID), name of member, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to narasimhan.b8@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (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?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Manager at evoting@nsdl.co.in
10. The Scrutinizer will submit the results of the remote e-voting to the Chairperson of the Bank or the Authorized Officer(s) of the Bank after completion of the scrutiny of the e-voting. The result of the Postal Ballot along with the Scrutinizer's Report will also be displayed on the Bank's website <https://www.hdfcbank.com/personal/about-us/postal-ballot>, on the website of NSDL at <https://www.evoting.nsdl.com/> and shall be communicated to the Stock Exchanges where the Bank's shares are listed i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com, on or before Tuesday, May 17, 2022 and shall be displayed at the Registered Office as well as Corporate Office of the Bank.
 11. Resolutions passed by the Members through Postal Ballot are deemed to have been passed as if the same were passed at a general meeting of the Members convened in that regard. The resolution(s), if approved by the requisite majority of Members by means of Postal Ballot, shall be deemed to have been passed on the last date of remote e-voting, i.e. Saturday, May 14, 2022.

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

Background:

The Bank has always followed a philosophy of rewarding employees for delivering long term sustainable performance, creation of shareholder value and ensuring external competitiveness along with internal equity. Based on the aforementioned philosophy, the reward strategy of the Bank has been anchored on the following principles:

1. Rewards should be commensurate with performance and accountability levels;
2. Rewards should be aligned to long term performance and creation of shareholder value;
3. Rewards should be competitive to attract and retain key talent in order to achieve the strategic objectives of the organisation.

Share linked Long Term Incentive (LTI), granted pursuant to the existing Employee Stock Option Plan, has been one of the strategic components of the reward structure of the Bank to realise the aforesaid principles. Over the years, the Employee Stock Options ("ESOPs") of the Bank have helped to drive long term sustainable performance, create shareholder value, and attract and retain critical leadership talent. The proportion of LTI as a percentage of total compensation has been 50% and upwards of total compensation for employees at the senior most levels within the ceilings as specified under relevant guidelines issued by the Reserve Bank of India (RBI).

Introduction of Employee Stock Incentive Plan 2022 for the grant of Restricted Stock Units:

The Bank proposes to extend the grant of LTI to mid and junior management levels as well far deeper in the organization, including to staff at up to ten levels below the Managing Director & CEO. This will be part of the overall compensation structure.

With the talent market heating up across major banking segments as well as the emergence of new age skills in the area of digital, data science, risk and information technology, it has become imperative for the Bank to broad-base its LTI to attract and retain talent across levels. The Bank is also cognizant of the fact that while the aforementioned imperatives need to be catered to for the Bank to continue its dominant position in the private sector banking space, the Bank needs to balance the same with shareholders' interests by way of ensuring a healthy dilution rate. Basis the given context, the Bank would like to introduce the Employee Stock Incentive Plan 2022 (the "Stock Incentive Plan 2022") as a key component in its reward structure of such employees.

The Stock Incentive Plan 2022 will be partially substituting the ongoing LTI Plan of the Bank as the Bank now proposes to grant Restricted Stock Units ("RSUs") in lieu of a proportion of the ESOPs. Through this, the Bank aims to fulfil its objectives of:

- (a) Rewarding employees for performance, ensuring retention and shareholder value creation;
- (b) Broad-basing the LTI by granting RSUs at mid and junior management levels, including to staff at up to ten levels below the Managing Director & CEO; and
- (c) Moderating the impact of LTI grant on potential dilution as the Bank would be able to realise substantial value of reward with lesser number of shares.

The RSU grants under the Stock Incentive Plan 2022 shall be made in one or more tranches as may be determined by the Board of Directors of the Bank (hereinafter referred to as the "Board", which term shall be deemed to include the Compensation Committee constituted by the Board under Regulation 19 of SEBI Listing Regulations called as Nomination and Remuneration Committee ("NRC"), for the time being authorized by the Board to exercise the powers conferred on the Board by this resolution and / or such other persons who may be authorized in this regard by the Board) over a period of four years from the date of approval of this resolution.

Composition of LTI mix across levels

The Board shall determine the composition of LTI mix between ESOPs and RSUs across junior, mid and senior levels of management staff. At junior level management staff, the mix would be weighed more towards RSUs whereas at mid and senior level management staff, the mix would appropriately be optimized between ESOPs and RSUs.

The Bank would maintain the highest standards of governance in implementing the Stock Incentive Plan 2022. The governance framework would entail articulation and implementation of robust performance conditions prior to grant. The Board will determine the quantum / proportion of RSUs that need to be granted. Such RSUs shall be granted based on one or more of the pre-defined performance conditions listed below as determined by the Board on a case-to-case basis as applicable for the function / role. The Board can vary the conditions and the weightages assigned to each condition. For employees at senior levels, there will be higher weightages for the organizational performance and business unit performance conditions.

1. Organizational Performance:

The Bank will consider the following factors while assessing its sustained performance:

- i) Total Shareholders' Return
- ii) Asset Quality
- iii) Return on Asset
- iv) Profitability
- v) Return on Equity
- vi) Relative performance vis-à-vis peers

Further, the Bank may choose to compare the above parameters with the performance of peers, wherever appropriate.

2. Business Unit Performance:

Business leaders accountable for the performance of their individual business units shall be assessed basis the sustained performance of the business lines under their charge. The subject RSUs of business leaders may be granted in part or in whole depending on the achievement against performance thresholds of their respective business lines.

3. Individual Performance:

Annual appraisal process shall form a key-criteria for the grant of RSUs. The performance rating criteria for the grant of RSUs shall be determined and approved by the Board every year.

The following would inter-alia be the broad terms and conditions of the Stock Incentive Plan 2022:

A. BRIEF DESCRIPTION

The Bank proposes to introduce the Stock Incentive Plan 2022 with a view to provide benefit to present and future eligible Employees, whether working in India or outside India, which expression shall include the Managing Director & CEO and Whole time Director(s) of the Bank (collectively referred as “the Employees”) by giving them RSUs. The Stock Incentive Plan 2022 contemplates grant of the RSUs at face value of ₹ 1/- each subject to fulfilment of certain condition(s) as determined by the Board.

Every grant of RSU shall be governed by a vesting schedule and such other terms, as determined by the Board at the time of each grant. After vesting, the Employees may exercise the vested RSUs within the pre-defined exercise period. Each RSU is convertible into one equity share of the Bank upon vesting and exercise. The Bank shall issue shares upon exercise of vested RSUs, subject to fulfilment of certain condition(s) including payment of exercise price and satisfaction of tax obligations. The Board shall administer the Stock Incentive Plan 2022. All questions of interpretation of the Stock Incentive Plan 2022 shall be determined by the Board and such determination shall be final and binding upon all persons having an interest in the Stock Incentive Plan 2022.

B. TOTAL NUMBER OF RSUs TO BE OFFERED / GRANTED

It is proposed to grant / offer / issue up to 10,00,00,000 (Ten crores) RSUs, in one or more tranches, which shall entitle the RSU holder one fully paid-up equity share of face value of ₹ 1/- of the Bank (as adjusted for any changes in capital structure of the Bank) against each RSU exercised and accordingly, up to 10,00,00,000 (Ten crores) equity shares of face value of ₹ 1/- each fully paid-up shall be allotted to the Employees under the Stock Incentive Plan 2022.

C. IDENTIFICATION OF CLASSES OF EMPLOYEES ENTITLED TO PARTICIPATE AND BE BENEFICIARIES

Present and future eligible Employees, whether working in India or outside India, which expression shall include the Managing Director & CEO and Whole time Director(s) of the Bank, and any employee of the Bank who has been deputed / transferred by the Bank to any company/entity which is a subsidiary or an associate company of the Bank, including Employee of the Bank who upon grant of RSUs under the Stock Incentive Plan 2022 is transferred/moved by the Bank to a subsidiary or an associate company and for this purpose such Employee resigns from the services of the Bank and joins the subsidiary or associate company prior to vesting or exercise of such RSUs.

D. DATE OF GRANT

Date of grant would be the date on which the Board approves the grant of RSUs to the Employees of the Bank.

E. REQUIREMENTS OF VESTING, PERIOD OF VESTING AND MAXIMUM PERIOD WITHIN WHICH THE RSUs SHALL BE VESTED

The vesting of RSUs shall be in accordance with the schedule and the terms as specified in the stock incentive letter (including time and/or performance-based conditions for vesting).

The RSUs granted will vest only to the Employees. However, in the event of superannuation / death / permanent disability, RSUs shall vest as may be determined by the Board in this regard and in accordance with the SBEB Regulations.

The vesting shall commence on the expiry of minimum period of one (1) year from the date of grant of the RSUs and could be extended up to maximum period of five (5) years from the date of grant of the RSUs. The RSUs could be granted and vested in tranches. The number of RSUs made available to a particular class / cadre of Employees could vary at the discretion of the Board.

In the event that an Employee, who has been granted RSUs under the Stock Incentive Plan 2022, is transferred or deputed to an associate / subsidiary company prior to vesting, the vesting as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

An Employee of the Bank who upon grant of RSUs under the Stock Incentive Plan 2022 is transferred/moved by the Bank to a subsidiary or an associate company and for this purpose such Employee resigns from the services of the Bank and joins the subsidiary or associate company prior to vesting of such RSUs, such person shall be treated as an “Employee” to the extent of exercise of such RSUs already granted under this Plan, but not for any fresh grant of RSUs from and after the date of his/her such resignation from the Bank.

In the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year, granting / vesting of RSUs for the reference year will be moderated accordingly and could even be zero.

F. EXERCISE PRICE, PURCHASE PRICE OR PRICING FORMULA

Exercise price shall be the face value of equity shares of the Bank i.e. ₹ 1/- for each unit (as adjusted for any changes in capital structure of the Bank). By granting RSUs at ₹ 1/- the Bank would be able to achieve optimal balance between compensation and potential shareholder percentage dilution.

In addition, the Employee shall also be liable to pay to the Bank the amount equivalent to the value of the perquisite tax payable on exercise of the RSUs in accordance with the provisions of the Income Tax Act, 1961 at the relevant time.

It is hereby clarified that the Bank shall be entitled to receive the entire consideration inclusive of applicable taxes at the time of exercise of the RSUs by the Employee, irrespective of when the Bank may be required to pay the tax to the relevant authorities.

G. EXERCISE PERIOD / OFFER PERIOD AND PROCESS OF EXERCISE / ACCEPTANCE OF OFFER

From the date of vesting of the RSUs, the Employees shall be entitled to exercise the RSUs from time to time within such period as may be prescribed by the Board, which period shall not exceed a period of four (4) years from the date of the respective vesting of the RSUs.

The RSUs would be exercisable by the said Employees by payment of the consideration amount and submitting the requisite application form after which the shares would be allotted.

In the event of resignation / termination / superannuation / death / permanent disability, RSUs will be exercised in accordance with SBEB Regulations as may be determined by the Board in this regard.

In the event that an Employee, who has been granted RSUs under the Stock Incentive Plan 2022, is transferred or deputed to an associate / subsidiary company prior to exercise, the exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

The Board may at its discretion, do all such acts, deeds, matters and things as may be necessary / desirable to facilitate exercise of RSUs by the Employees.

H. THE APPRAISAL PROCESS FOR DETERMINING THE ELIGIBILITY OF EMPLOYEES

Before offering / granting the RSUs to the Employees under the Stock Incentive Plan 2022, the Board would inter alia take into consideration the grade, performance, merit, length of service, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.

I. MAXIMUM NUMBER OF RSUs TO BE OFFERED / ISSUED PER EMPLOYEE AND IN AGGREGATE

Maximum of 10,00,00,000 (Ten crores) RSUs, shall be granted in one or more tranches, which shall entitle the RSU holder one fully paid-up equity share of face value of ₹ 1/- of the Bank (as adjusted for any changes in capital structure of the Bank) against each RSU exercised and accordingly, up to 10,00,00,000 (Ten crores) equity shares of face value of ₹ 1/- each shall be allotted to all Employees taken together under the Stock Incentive Plan 2022. The RSU grants under the Stock Incentive Plan 2022 shall be made in one or more tranches as may be determined by the Board over a period of four years from the date of approval of this resolution.

The maximum number of RSUs to be granted to an Employee under the Stock Incentive Plan 2022 shall not exceed 15,000 (Fifteen Thousand) per annum.

J. MAXIMUM QUANTUM OF BENEFITS TO BE PROVIDED PER EMPLOYEE

The maximum quantum of benefits to the Employees under the Stock Incentive Plan 2022 will depend upon the market price of the equity shares of the Bank considered for the purpose of grant of RSUs.

K. WHETHER THE STOCK INCENTIVE PLAN 2022 IS TO BE IMPLEMENTED AND ADMINISTERED DIRECTLY BY THE BANK OR THROUGH A TRUST

The Stock Incentive Plan 2022 shall be implemented and administered directly by the Bank.

L. WHETHER THE STOCK INCENTIVE PLAN 2022 INVOLVES NEW ISSUE OF SHARES BY THE BANK OR SECONDARY ACQUISITION BY THE TRUST, OR BOTH

The Stock Incentive Plan 2022 involves new issuance of 10,00,00,000 (Ten Crores) RSUs entitling the grantees to subscribe to an aggregate of 10,00,00,000 (Ten Crores) fully paid-up equity shares of Bank of the face value of ₹ 1/- (Rupee One) each.

M. THE AMOUNT OF LOAN TO BE PROVIDED FOR IMPLEMENTATION OF THE STOCK INCENTIVE PLAN 2022 BY THE BANK TO THE TRUST, ITS TENURE, UTILIZATION, REPAYMENT TERMS, ETC.

Not Applicable

N. MAXIMUM PERCENTAGE OF SECONDARY ACQUISITION (SUBJECT TO LIMITS SPECIFIED UNDER THE SBEB REGULATIONS) THAT CAN BE MADE BY THE TRUST FOR THE PURPOSES OF THE STOCK INCENTIVE PLAN 2022

Not Applicable

O. DISCLOSURE AND ACCOUNTING POLICIES

The Bank shall comply with the disclosure requirements and accounting policies prescribed by SEBI, RBI and any other concerned regulatory authority.

P. METHOD TO VALUE RSUs

The Bank shall use the Fair Value method to value RSUs.

Q. PERIOD OF LOCK-IN

The equity shares arising out of exercise of vested RSUs shall not be subject to any lock-in restrictions except such restrictions as may apply under the applicable laws / regulatory authority from time to time.

R. TERMS AND CONDITIONS FOR BUYBACK, IF ANY, OF SPECIFIED SECURITIES COVERED UNDER THE SBEB REGULATIONS

None

S. APPLICABILITY OF MALUS AND CLAWBACK

The benefits accrued and / or availed under the Stock Incentive Plan 2022 shall be subject to Malus and Claw back conditions in line with the extant Compensation Policy of the Bank as amended from time to time and relevant RBI guidelines as amended from time to time.

Approval of the Members is sought in terms of Section 62 of Companies Act, 2013 and rules made thereunder and any other applicable provisions of law, for the issuance of RSUs convertible into equity shares of the Bank to Employees under the Stock Incentive Plan 2022. The Board shall have the absolute authority to vary or modify the terms hereinabove in accordance with and subject to all applicable guidelines which may be stipulated by SEBI, RBI or otherwise.

The Directors recommend the special resolution of the accompanying notice for approval of the Members of the Bank.

Mr. Sashidhar Jagdishan, Managing Director & Chief Executive Officer, Mr. Kaizad Bharucha, Executive Director, Key Managerial Personnel and their relatives are interested in the resolution to the extent that RSUs may be granted to them from time to time.

None of the other Directors and their relatives are concerned / interested in the above resolution.

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Senapati Bapat Marg,
Lower Parel (West),
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E-mail: shareholder.grievances@hdfcbank.com

Website: www.hdfcbank.com

By Order of the Board of Directors

Santosh Haldankar
Senior Vice President (Legal) &
Company Secretary
Membership No. ACS 19201

Place: Mumbai

Date: March 28, 2022