



## HDB Financial Services Limited

**Corporate Identity Number:** U65993GJ2007PLC051028

**Registered Office:** Radhika, 2<sup>nd</sup> 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, 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: AUTHORITY TO ISSUE REDEEMABLE NON-CONVERTIBLE DEBENTURES ON PRIVATE PLACEMENT BASIS**

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

**"RESOLVED THAT** in furtherance to the resolution passed by the Members of the Company at its Annual General meeting held on June 23, 2022 and pursuant to the provisions of Section 42 & 71 and all other applicable provisions, if any of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, Master Direction of Reserve Bank of India for Non-Banking Financial Company dated September 01, 2016 ("**RBI Master Direction**"), the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India's Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt

Securities and Commercial Paper dated August 10, 2021 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the relevant provisions of the Memorandum of Association and the Articles of Association of the Company, any other law, rules, guidelines, regulations for the time being in force and any other circulars, notifications and /or clarifications issued by any relevant authority (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and subject to such terms, conditions and modifications as may be considered necessary and proper by the Board of Directors of the Company (hereinafter referred to as “**Board**” which term shall be deemed to include any committee of the Board constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by this resolution), the consent of the Members be and is hereby accorded to the Board to offer and/or invite for issue of Redeemable Non-Convertible Debentures (“**NCDs**”), on private placement basis, in one or more tranches / series, with the consent being valid for a period of 1 (one) year from the date hereof, on such terms and conditions including the price, coupon, premium/ discount, tenor etc., as may be determined by the Board (or any other person so authorised by the Board), based on the prevailing market condition;

**RESOLVED FURTHER THAT** the additional amount to be raised through the issuance of NCDs pursuant to the authority under this Resolution shall be up to Rs. 5,000 crore (Rupees Five Thousand Crore Only) under one or more shelf placement memorandum(s) and/ or in one or more letter(s) of offer as may be issued by the Company and in one or more tranches / series as the Board may decide;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee(s) constituted/ to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof), be and is hereby severally authorised to do all such acts, deeds, matters and things and to negotiate, finalise, amend, execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution.”

#### **Item No. 2: TO APPROVE MATERIAL RELATED PARTY TRANSACTIONS WITH HDFC BANK LIMITED FOR FY 2023-24**

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

“**RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 (“**Act**”) and other applicable provisions of the Act read with rules made thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, including any amendments, modification(s), variations or re-enactment(s) thereof, the Company’s Policy on Related Party Transactions and as per the recommendation / approval of the Audit Committee and the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded to 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) for entering into and / or continuing with arrangements / contracts / agreements / transactions (whether individual transaction or transactions taken together or series of transactions or otherwise), with HDFC Bank Limited (“**HDFC Bank**”), being a related party of the Company, for the financial year 2023-24 whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise as mentioned hereunder and as set out in the explanatory statement annexed to this Notice, notwithstanding the fact that all such transactions during the financial year 2023-24, whether individually and/or in the aggregate, may exceed 10% of the annual consolidated turnover as per the Company’s last audited financial statements or Rs. 1,000 crore, whichever is lower, or any other materiality threshold as may be applicable under law/ regulations from time

to time, provided that such arrangement(s) / contract(s) / agreement(s) / transaction(s) shall be carried out at an arm's length basis and in the ordinary course of business of the Company:

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

**RESOLVED FURTHER THAT** the Board be and is hereby severally authorised to sign and execute all such documents, contracts, agreements, deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental to execution of such transactions and also to delegate all or any of its powers herein conferred to any Committee of the Board and / or Director(s) and / or officer(s) / employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution and to settle all questions, difficulties or doubts that may arise in this regard."

### **Item No. 3: TO APPROVE MATERIAL RELATED PARTY TRANSACTIONS WITH HDFC LIFE INSURANCE COMPANY LIMITED FOR FY 2023-24**

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

**"RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act read with rules made thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable laws, including any amendments, modification(s), variations or re-enactment(s) thereof, the Company's Policy on Related Party Transactions and as per the recommendation / approval of the Audit Committee and the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded to 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) for entering into and / or continuing with arrangements / contracts / agreements/ transactions (whether individual transaction or transactions taken together or series of transactions or otherwise), with HDFC Life Insurance Company Limited ("**HDFC Life**"), being a related party of the Company, for the financial year 2023-24, whether by way of continuation(s) or renewal(s) or extension(s) or modification(s) of earlier arrangements / transactions or as fresh and independent transaction(s) or otherwise as mentioned hereunder and on as set out in the explanatory statement annexed to this Notice, notwithstanding the fact that all such transactions during the financial year 2023-24, whether individually and/or in the aggregate, may exceed 10% of the annual consolidated turnover as per the Company's last audited financial statements or Rs. 1,000 crore, whichever is lower, or any other materiality threshold as may be applicable under law/ regulations from time to time, provided that such arrangement(s) / contract(s) / agreement(s) / transaction(s) shall be carried out at an arm's length basis and in the ordinary course of business of the Company:

- (i) Issuance of debt securities viz. non-convertible debentures/bonds of the Company to HDFC Life as permitted by applicable laws and payment of interest on the debt securities;
- (ii) Any other transactions/arrangements as provided in the explanatory statement such as corporate agency services, availing of insurance services, reimbursement of expenses, etc. entered in the course of business of the Company;

**RESOLVED FURTHER THAT** the Board be and is hereby severally authorised to sign and execute all such documents, contracts, agreements, deeds and writings and to do all such acts, deeds, matters and things as may be deemed necessary, expedient and incidental to execution of such transactions and also to delegate all or any of its powers herein conferred to any Committee of the Board and / or Director(s) and / or officer(s) / employee(s) of the Company/ any other person(s) to give effect to the aforesaid resolution and to settle all questions, difficulties or doubts that may arise in this regard.”

**Item No. 4: TO APPROVE 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 Section 62(1)(b) of the Companies Act, 2013 (“**Companies Act**”), Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and the applicable provisions of the Companies Act 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 (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 introduce, offer, issue and allot share-based options to eligible employees under HDB Financial Services Limited – Employee Stock Option Scheme 2022 (“**ESOS - 2022**”) of HDB Financial Services Limited (“**Company**”), the salient features of which are furnished in the Explanatory Statement to this Notice and to grant not more than 2,00,00,000 (Two crore) stock options convertible/exercisable into equal number of equity shares of the Company (subject to adjustments), to eligible employees on such terms and conditions as provided in the ESOS - 2022 and as may be fixed or determined by the Board;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as merger, acquisition or any other corporate restructuring of the Company or other similar events, the Board be and are hereby authorised to do all such acts, deeds, matters and things necessary and as permitted under Applicable Laws, so as to ensure that fair and equitable benefits under the ESOS - 2022 are passed on to the eligible employees of the Company in accordance with the terms and conditions of the ESOS - 2022;

**RESOLVED FURTHER THAT** the Board be and are 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 ESOS - 2022 and generally for giving effect to these resolutions;

**RESOLVED FURTHER THAT** the equity shares to be issued pursuant to the exercise of a stock option shall rank pari-passu with all the existing equity shares of the Company for all the purposes;

**RESOLVED FURTHER THAT** the Board be and is hereby severally authorised to do all such acts, deeds, matters and things and 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.”

**Item No. 5: TO REVISE PROFIT RELATED COMMISSION PAYABLE TO INDEPENDENT DIRECTORS**

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

“**RESOLVED THAT** in supersession of earlier resolution passed by the Shareholders in the 12<sup>th</sup> Annual General Meeting of the Company held on June 21, 2019 and pursuant to sections 149(9), 197, 198 & all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and guidelines issued by Reserve Bank of India (“**RBI**”), as amended from time to time, the approval of the Members of the Company be and is hereby accorded to pay profit related commission to the Independent Directors of the Company with effect from April 01, 2022 at the rate of Rs. 1,00,000 per meeting of the Board and/or Committee attended, up to maximum of Rs. 15,00,000 per Independent Director in a Financial Year, not exceeding in aggregate 1% of the net profit of the Company of the relevant financial year, or any limits applicable under law/relevant RBI guidelines, from time to time, in addition to payment of sitting fees and reimbursement of out of pocket expenses for attending the Board and Committee meetings;

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised severally to do all such acts, deeds, matters and things and to execute all such agreements, documents, instruments, applications etc. as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the aforesaid Resolution as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any of the Directors and/or Officers of the Company, to give effect to this Resolution.”

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

**Registered Office:**  
Radhika, 2<sup>nd</sup> Floor,  
Law Garden Road, Navrangpura,  
Ahmedabad -380009

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

**Mumbai  
January 14, 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, February 17, 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](http://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 Saturday, February 25, 2023 and ends at 5:00 p.m. (IST) on Sunday, March 26, 2023. During this period Members' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of February 17, 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](mailto: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](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](mailto: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><b>A. NSDL IDEAS facility</b></p> <p><b>If you are already registered, follow the below steps:</b></p> <ol style="list-style-type: none"> <li>1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile.</li> <li>2. Once the home page of e-Services is launched, click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under "<b>IDEAS</b>" section.</li> <li>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.</li> <li>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.</li> <li>5. Click on options available against Company name or <b>e-voting service provider - NSDL</b> and you will be re-directed to NSDL e-voting website for casting your vote during the remote e-voting period.</li> </ol>

Type of Members	Login Method
<p>Individual Members holding securities in demat mode with NSDL (continued)</p>	<p><b>If you are not registered, follow the below steps:</b></p> <ol style="list-style-type: none"> <li>Option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>Select “<b>Register Online for IDEAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Please follow steps given in points 1-5.</li> </ol> <p><b>B. E-voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile phone.</li> <li>Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.</li> <li>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.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p>  </div> <div style="text-align: center;">  <p>Google Play</p>  </div> </div>
<p>Individual Members holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>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. <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username &amp; password.</li> <li>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.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing</li> </ol>



Type of Members	Login Method
	Demat Account Number and PAN Number from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> 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"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>

**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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL)</b>	<b>Your User ID is:</b>
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](mailto: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](http://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](mailto: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 123547
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](mailto: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](mailto: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](mailto:mitesh@mishah.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](mailto: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](mailto:rnt.helpdesk@linkintime.co.in) or [pradeep.mokale@linkintime.co.in](mailto:pradeep.mokale@linkintime.co.in)
12. The Scrutiniser shall submit a consolidated report of the total votes cast in favour or against, if any, on each of the resolutions set out in this Notice, not later than 48 hours from the conclusion of the Postal Ballot to the Chairman. The result of the voting will be announced within 48 (Forty Eight) hours after the conclusion of the Postal Ballot at the Company's website at [www.hdbfs.com](http://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**

The Company has been raising funds by offer and/or invite for issuing Redeemable Non-Convertible Debentures, secured or unsecured, fixed rate or market/bench mark linked and/or any other hybrid instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital (hereinafter referred to as "Debt Securities") on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of Debt Securities of the company on private placement basis read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make private placement of its Debt Securities only after receipt of prior approval of its shareholders by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said special resolution must be passed in respect of all offers/invitations for the Debt Securities to be issued during a year and such a special resolution is required to be passed every year.

Accordingly, the shareholders at the 15<sup>th</sup> Annual General Meeting held on June 23, 2022 had accorded their approval to the Company for issuance of Non-Convertible Debentures (NCDs) up to a limit of Rs. 15,328.90 crore. It may be noted that out of the said limit of Rs. 15,328.90 crore, the Company has already raised NCDs of Rs. 6,136 crore during the nine months ended December 31, 2022 and the limit of Rs. 9,160.40 crore is available for further issuance of NCDs as on December 31, 2022 until the date of next AGM.

In terms of the business requirements of the Company, it is expected that the NCD issuances by the Company may exceed the aforesaid outstanding limit. The NCDs proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

Further the Board of Directors, at its meeting held on January 14, 2023, subject to the approval of the Members, has approved additional limit of Rs. 5,000 crore (Rupees Five Thousand Crore Only) for issuance of NCDs in one or more tranches, on private placement basis and within the overall borrowing limit of Rs. 80,000 crore (Rupees Eighty Thousand Crore Only) as approved by the Members of the Company at the 13<sup>th</sup> Annual General Meeting held on June 30, 2020. The said limit of Rs. 5,000 crore shall be in addition to the existing outstanding limit of Rs. 9,160.40 crore for issuance of NCDs as at December 31, 2022.

Pursuant to the notification dated August 07, 2018, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 was amended and mandated that certain disclosures are required to be made in the explanatory statement annexed to the Notice for shareholders' approval under Section 42 of the Companies Act, 2013.

The disclosures required pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 are set out herein below:

- a) Particulars of the offer including date of passing of board resolution: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for the period of 1(one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time;

- b) Kinds of securities offered and price at which security is being offered: This special resolution is restricted to the private placement issuance of NCDs, with the terms of each issuance being determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;
- c) Basis or justification for the price (including premium, if any) at which offer or invitation is being made: Not applicable at this stage. This will be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;
- d) Name and address of valuer who performed valuation: Not applicable at this stage. This will be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time, for each issuance;
- e) Amount which the company intends to raise by way of such securities: As may be determined by the Board of Directors from time to time but subject to the limits approved under Section 42 of the Companies Act, 2013 up to additional limit of Rs. 5,000 crore (Rupees Five Thousand Crore Only);
- f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities: This special resolution is being passed in terms of the third proviso to Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 for the issuance of NCDs, from time to time, for a period of 1 (one) year from the date hereof and accordingly this question is not applicable at present. The particulars of each offer shall be determined by the Board (including any Authorised Signatory authorised by the Board or any committee duly authorised by the Board thereof), from time to time.

Accordingly, the approval of the Members is being sought for authorising the Board to issue Redeemable Non-Convertible Debentures, for an additional amount of Rs. 5,000 crore (Rupees Five Thousand Crore Only) on a private placement basis during a period of one year from the date of passing the Resolution.

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

None of the Directors and / or Key Managerial Personnel and / or their relatives are in any way concerned or interested, financially or otherwise in the said resolution, except to the extent of NCDs that may be subscribed by companies/firms in which they are interested.

## **Item No. 2**

The provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations") as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 ('Sixth Amendment'), mandates prior approval of Members by means of an ordinary resolution for all material related party transactions and subsequent material modifications as defined by the Audit Committee even if such transactions are in the ordinary course of the business of the concerned Company and at an arm's length basis.

A transaction with a related party is considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% of the annual consolidated turnover as per the last audited financial statements of the Company or Rs. 1,000 crore, whichever is lower. The annual consolidated turnover of the Company for the financial year 2021-22 is Rs. 11,306 crore.



Accordingly, the Company is required to comply with Regulation 23 of the SEBI Listing Regulations with respect to material related party transactions proposed to be undertaken during FY 2023-24.

Details of the proposed transactions with HDFC Bank Limited, being the holding company and a related party of the Company, which are likely to exceed the above-mentioned materiality threshold, are as follows:

#### **Funded and non-funded facilities**

The Company borrows money from various banks to meet the funding requirements of the Company and/or for general corporate purpose. Funded and non-funded facilities are availed by the Company in ordinary course of business from various banks on the basis of sanctioned amount and agreement entered with various banks, including HDFC Bank in accordance with the policies of the Company uniformly applicable for all borrowing done by the Company. Type of facility, terms, end-use and tenure of the transaction, in each case, depends on the funding requirements of the Company and the prevailing market rates. The value of transactions proposed in financial year 2023-24 would be up to Rs. 18,000 crore i.e. approx. 159.20% of annual consolidated turnover of the Company for the financial year 2021-22. The facilities are availed by the Company on the basis of competitive rates received for similar type of loans from other banks at that point in time. The interest payment and fee payment are consequential to the transactions originating out of principal transactions in the form of loan, guarantees, cash credit etc. Therefore, the quantum of such consequential transactions depends on the value of the principal transaction. HDFC Bank is one of the largest lenders in India and it is in the interest of the Company to have HDFC Bank as one of the lenders to ensure high availability of resources. The transactions are undertaken to meet the funding requirements of the Company in accordance with the policies and procedures of the Company and are undertaken in the ordinary course of business and therefore, in the interest of the Company.

#### **Assignment of Loan/ Securitisation**

The Company may undertake to sell, assign assets including receivables / book debts of the Company in favour of banks/ financial institutions, other investing agencies and trustees for the holders of the debentures/ bonds/pass through certificates/ security receipts and other instruments in accordance with RBI regulations and policies of the Company. The Company may undertake securitisation / loan assignment transactions and other transactions with HDFC Bank. HDFC Bank is one of the largest Banks in India and exposure to HDFC Bank along with other lenders provides additional leverage to the Company to borrow from multiple sources. The Company may create fixed deposits with HDFC Bank for the purpose of securitisation/assignment transaction at the reckoner rates published by the HDFC Bank. The value of transactions proposed in financial year 2023-24 would be up to Rs. 7,000 crore i.e. approx. 61.91% of annual consolidated turnover of the Company for the financial year 2021-22. The Company benefits from the securitisation / loan assignment transactions by raising funds at a very competitive rates and is therefore, in the interest of the Company.

#### **Issuance of debt securities**

The Company, in the ordinary course of its business, raises funds by way of issuance of debt securities depending upon the prevalent market conditions, cost of funds, tenor etc. through private placement in accordance with policies of the Company. The investment in Non-Convertible Debenture of the Company happens through Electronic Bidding Platform of Stock Exchanges as per the prescribed SEBI norms. The HDFC Bank may act as an arranger/syndicate banker for such issuances, and may also invest in the debt securities issued by the Company to the extent permitted by the applicable laws and regulations. The issuance would be made at the terms uniformly applicable to all investors (including HDFC Bank). The interest payment and arranger fee are consequential to the principal transactions and would be in accordance with the terms of issue uniformly applicable to all investors/arrangers. This is in furtherance of the fund raising activities of the Company and in the interest of the Company. The value of transactions proposed in financial year 2023-24 would be up to Rs. 18,000 crore i.e. approx. 159.20% of annual consolidated turnover of the Company for the financial year 2021-22.

**Providing sales/ back-office support services and collection services for fees**

The Company provides sales/ back office support services and collection services such as forms processing, and document verification, finance, and accounting operations and processing support to HDFC Bank. The Company has a contract with the HDFC Bank for providing back office services, sales support and collection services. This is a specialised service provided by the Company to HDFC Bank based on expertise developed over many years (including hiring of skilled staff) and helps maintain its superior knowhow on the back office services, sales support service and collection services. Therefore, the transaction is in the interest of the Company. The value of transactions proposed in financial year 2023-24 would be up to Rs. 5,500 crore i.e. approx. 48.65% of annual consolidated turnover of the Company for the financial year 2021-22.

**Placing Fixed Deposits and receipt of interest on Fixed Deposits**

The Company invests excess funds in fixed deposits as a liquidity management tool with various banks including HDFC Bank. The fixed deposits are created as per the reckoner rates published by the HDFC Bank. Since, the Company places the excess funds for short term and long term benefit at the best rates available, this transaction is in interest of the Company. The value of transactions proposed in financial year 2023-24 would be up to Rs. 2,000 crore i.e. approx. 17.69% of annual consolidated turnover of the Company for the financial year 2021-22. The interest on fixed deposits shall be as per banks pricing grid prevailing from time to time and hence the amounts cannot be estimated.

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

The Company maintains current account with various banks including HDFC Bank for regular business activities of the Company. As the current accounts are maintained by the Company with HDFC Bank for various regular business activities of the Company such as disbursements, collection, repayment of loans, interest, salary, vendor payments, etc., the value of the transaction cannot be ascertained as the quantum of the transactions cannot be determined by the Company. Banking charges are levied by HDFC Bank in relation to the account maintained and banking services availed, basis standard terms and conditions as offered by HDFC Bank to its customers. These transactions were regular business transactions of Company. Therefore, the transactions were in the interest of the Company.

**Other transactions**

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

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

In the financial years 2023-24, the aforementioned transactions, individually or in aggregate may cross the applicable materiality thresholds under Regulation 23 of the SEBI Listing Regulations. Accordingly, as per the SEBI Listing Regulations, prior approval of the Members is being sought for grant of authority to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for all these arrangements / contracts / agreements/ transactions to be undertaken (whether individual transaction or transactions taken together or series of transactions or otherwise) with HDFC Bank being the holding company and a related party of the Company, whether by way of continuation(s) or extension(s) or renewal(s) or modification(s) of earlier arrangements / contracts / agreements/ transactions or as fresh and independent transaction (s) or otherwise, in the financial year 2023-24. The above transactions are in the ordinary course of business of the Company and on an arm's length basis.

The Audit Committee of the Company has on the basis of the relevant details provided by the management, as required under the law, reviewed and granted approval for the related party transactions proposed to be entered into by the Company with HDFC Bank during the financial years 2023-24 including as stated in the resolution and explanatory statement and has also noted that the said transactions with HDFC Bank are on arm's length basis and in the ordinary course of business of the Company.

Accordingly, the Board has considered the proposal and recommends passing of the resolution contained in Item No. 2 of the Notice by way of an ordinary resolution.

Any subsequent 'material modification' in the proposed transactions, as defined by the Audit Committee as a part of Company's 'Policy on Related Party Transactions' will be placed before the Shareholders for approval, in terms of Regulation 23(4) of the SEBI Listing Regulations.

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

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

### **Item No. 3**

The provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 ('Sixth Amendment'), mandates prior approval of Members by means of an ordinary resolution for all material related party transactions and subsequent material modifications as defined by the Audit Committee even if such transactions are in the ordinary course of the business of the concerned Company and at an arm's length basis.

A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed(s) 10% of the annual consolidated turnover as per the last audited financial statements of the Company or ₹1,000 crore, whichever is lower. The annual consolidated turnover of the Company for the financial year 2021-22 is Rs. 11,306 crore.

Accordingly, the Company is required to comply with Regulation 23 of the SEBI Listing Regulations with respect to material related party transactions proposed to be undertaken during FY 2023-24.

Details of the proposed transactions with HDFC Life, being the Common Group Company and a related party of the Company, which are likely to exceed the above-mentioned materiality threshold, are as follows:

#### **Issuance of debt securities**

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

value of transactions proposed in financial year 2023-24 would be up to Rs. 1,200 crore i.e. approx. 10.61% of annual consolidated turnover of the Company for the financial year 2021-22.

#### **Other transactions**

There were other transactions/ arrangements with HDFC Life *inter-alia* in the nature of providing corporate agency services and receiving commission income, availing of insurance services and payment of insurance expenses, reimbursements of expenses and payment and receipt of rent on the premises leased / sub-leased, in furtherance towards the ordinary course of business of the Company.

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

In the financial years 2023-24, the aforementioned transactions, individually or in aggregate may cross the applicable materiality thresholds under Regulation 23 of the SEBI Listing Regulations. Accordingly, as per the SEBI Listing Regulations, prior approval of the Members is being sought for grant of authority to the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include any Committee(s) constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) for all these arrangements / contracts / agreements / transactions to be undertaken (whether individual transaction or transactions taken together or series of transactions or otherwise) with HDFC Life, being the Common Group Company and a related party of the Company, whether by way of continuation(s) or extension(s) or renewal(s) or modification(s) of earlier arrangements / contracts / agreements/ transactions or as fresh and independent transaction (s) or otherwise, in the financial year 2023-24. The above transactions are in the ordinary course of business of the Company and on an arm's length basis.

The Audit Committee of the Company, on the basis of the relevant details provided by the management, as required under the law, reviewed and has granted approval for the related party transactions proposed to be entered into by the Company with HDFC Life during the financial years 2023-24 including as stated in the resolution and explanatory statement and has also noted that the said transactions with HDFC Life are on arm's length basis and in the ordinary course of business of the Company.

Accordingly, the Board has considered the proposal and recommends passing of the resolution contained in Item No. 3 of the Notice by way of an ordinary resolution.

Any subsequent 'material modification' in the proposed transactions, as defined by the Audit Committee as a part of Company's 'Policy on Related Party Transactions' will be placed before the Shareholders for approval, in terms of Regulation 23(4) of the SEBI Listing Regulations.

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

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

#### **Item No. 4**

The Company has been granting employee stock options to its employees under various employee stock option plans with the objective of talent retention and rewarding good performance and contribution to the Company. Rewarding employees with stock options aligns with the long term sustainable growth of the Company and ensures active participation by a team of motivated employees in ensuring the desired growth of the Company. It will provide competitive edge in the current economic and market scenario, if adoption

and implementation of such incentive structure is encouraged and supported by way of grant of stock options.

The Members of the Company at the 10<sup>th</sup> Annual General Meeting held on June 23, 2017 had granted their approval by way of special resolution to the Board of Directors of the Company for grant of upto 1,00,00,000 (one crore) employee stock options to the employees of the Company under Employee Stock Option Scheme – 2017. The number of stock options remaining for grant are 70,290 as on date.

In view of growth in the number of employees of the Company and to enable further grant of stock options over the next few years, the Nomination and Remuneration Committee ('NRC') at its meeting inter-alia formulated a detailed Employee Stock Option Scheme – 2022 ("ESOS - 2022"), having a ESOP pool of 2,00,00,000 (Two crore) stock options convertible into equal number of equity shares of the Company. The ESOS - 2022 was duly approved by the Board of Directors of the Company ("Board") at its meeting held on January 14, 2023, subject to the approval of the Shareholders of the Company.

In terms of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Company shall not offer shares to its employees under any employees' stock option scheme, unless, the issue of the employees stock option scheme has been approved by the Shareholders of the Company by passing a special resolution.

The resolution contained at Item no. 4 seek to obtain the Members' approval to authorise the Board / NRC to create, issue, offer and allot shares, from time to time, to the employees of the Company or its subsidiary(ies) under the ESOS - 2022 and undertake such action as may be necessary for the administration of the options.

A brief description of the ESOS -2022 is provided below:

**(a) Total number of stock options to be granted:**

The total number of options that may be granted under the ESOS - 2022 in one or more tranches shall not exceed 2,00,00,000 (two crore) options convertible into equal number of equity shares of face value of Rs. 10 (Rupees Ten only) each of the Company, of the aggregate nominal face value of Rs. 20,00,00,000 (Rupees Twenty Crore only) (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company).

The options, that may lapse or forfeit, will be available for grant to the eligible employees.

**(b) Identification of classes of employees entitled to participate in the ESOP Scheme:**

- (i) a permanent employee of the Company who has been working in India or outside India; or
- (ii) a director of the Company, whether a whole time director or not, but excluding an independent director; or
- (iii) an employee as defined in clauses (i) or (ii) of a Subsidiary Company, in India or outside India, or of a Holding Company of the Company but does not include-
  - a. an employee who is a promoter or a person belonging to the promoter group; or
  - b. a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10% (ten percent) of the outstanding Equity Shares of the Company.

For the purpose of the ESOS - 2022, an employee shall be deemed to be a "permanent employee" when his employment is confirmed upon completion of the probation period as per the terms of his / her letter of appointment.

The options could be granted in tranches or as per separate plans and could vest in tranches. The number of options made available to a particular class / grade of employees could vary at the discretion of the NRC.

(c) **The appraisal process for determining the eligibility of employees to participate in the ESOP Scheme:**

The appraisal process for determining the eligibility of the employees will be specified by the NRC, *inter alia* taking into consideration the grade, performance, merit, length of service, key talent and future potential contribution, conduct of the employee and such other relevant criteria as may be deemed appropriate by it. The NRC may also vary the conditions and the weightages assigned to each of such conditions.

(d) **Requirements of vesting and period of vesting:**

The vesting period for a particular tranche / series of grants, and the conditions for such grants shall be as determined/specified by the NRC. The options granted shall vest not earlier than 1 (one) year, and the maximum period of vesting shall be 5 (Five) years from the date of grant or as may be determined by the NRC.

(e) **The maximum period within which the options shall be vested:**

5 (five) years.

(f) **The exercise price or the formula for arriving at the same:**

The exercise price of the Options granted to the employees shall be the fair market value of equity shares of the Company as certified by a practicing chartered accountant or Category 1 merchant banker registered with Securities and Exchange Board of India.

(g) **The exercise period and process of exercise:**

The employees may exercise vested Options any time prior to the expiry of 7 (seven) years from the respective date(s) of vesting of the Options.

For exercise of the Options, the employee will pay to the Company the exercise price plus the applicable taxes or such other amount which the Company has an option to recover from its past and present Employees. The NRC may specify the exact mode and manner of the exercise of the Options and shall communicate these with the Option grantees.

(h) **The lock-in period, if any:**

Not applicable

(i) **The maximum number of options to be granted per employee and in aggregate:**

The maximum number of options that would be granted to an employee/ director under the ESOS - 2022 would be determined by the NRC. However, no single employee/ director shall be granted options under this ESOS entitling such employee/ director to equity shares in the Company which would represent more than 1% (one percent) of the paid-up share capital of the Company as on the date of grant of options or 10% (ten percent) of the total number of options granted under this ESOS.



(j) **The method which the company shall use to value its options:**

The Company shall follow the requirements of the 'Guidance Note on Accounting for employee share based Payments' (Guidance Note) or Accounting Standards as may be prescribed by Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed herein.

(k) **The conditions under which option vested in employees may lapse e.g., in case of termination of employment for misconduct:**

Save and except as mentioned below, the Options vested in an employee shall lapse upon the expiry of 7 (seven) years from the relevant date of vesting failing which the right of the employee to exercise the Option and apply for equity shares shall stand forfeited and such Options shall forthwith lapse.

In case of death of an employee to whom Options have been granted, the legal heir(s) or nominee(s) or successor(s) of the deceased employee shall exercise the vested Options within a period of 6 (six) months from the date of death of the employee, failing which the vested Options will lapse.

In case of retirement of an employee or a director to whom Options have been granted, all vested Options shall be exercisable by such retired employee within a period of 3 (three) years from the date of the retirement / superannuation / vacation of office.

In case an employee suffers a permanent disablement / incapacity while in employment and as consequence of such disablement or incapacity his / her employment with the Company comes to an end, all vested Options of such employee shall be exercisable within a period of 6 (six) months from the date of such permanent disablement / incapacitation, failing which the vested Options shall lapse.

In case of resignation or termination of an employee, all his/her unvested Options as on their last working day shall lapse/forfeit, and all the vested Options shall be exercisable within a period of 6 (six) months from the date of cessation / resignation of the employment, provided such resignation or termination is not on account of misconduct or misdemeanour of the employee. After expiry of 6 (six) months, the vested Options shall get lapsed, if not exercised. If the resignation or termination of the employee is attributable to misconduct / misdemeanour of the employee, then in that event all vested and unvested Options granted to the employee shall forthwith lapse / stand terminated or cancelled, and the employee shall not be entitled to exercise such Options.

(l) **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

In case of resignation or termination of an employee, all the vested Options shall be exercisable within a period of 6 (six) months from the date of cessation / resignation of the employment, provided such resignation or termination is not on account of misconduct or misdemeanour of the employee. After expiry of 6 (six) months, the vested Options shall get lapsed, if not exercised. If the resignation or termination of the employee is attributable to misconduct / misdemeanour of the employee, then in that event all vested and unvested Options granted to the employee shall forthwith lapse / stand terminated or cancelled, and the employee shall not be entitled to exercise such Options.

(m) **A statement to the effect that the Company shall conform to the applicable accounting standards:**

The Company shall comply with such applicable disclosure and accounting standards as prescribed by the Companies Act and / or the Securities and Exchange Board of India (Share Based Employee

Benefits and Sweat Equity) Regulations, 2021, as may be applicable and those prescribed by the concerned authorities from time to time.

Pursuant to Section 62(1)(b) of the Companies Act, 2013, further equity shares may be issued to persons other than the existing Members of the Company subject to them approving the issue of such shares by way of a special resolution.

Approval of the Members is sought in terms of Section 62 of Companies Act, 2013 and any other applicable provisions of law, for the issue of stock options convertible into equity shares of the Company to the employees mentioned above under 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.

Accordingly, the Board of Directors of the Company, recommend the Special Resolution as set out at Item No. 4 of this Notice, for the approval of the Members.

Since the options under ESOS – 2022 could also be offered and issued to the Directors and Key Managerial Personnel of the Company, to the extent and in the manner as may be permissible under the relevant provisions of the Companies Act, 2013 and rules made there, such Directors and / or Key Managerial Personnel and / or their relatives are deemed to be concerned and interested, in the said resolution. None of the other Directors are concerned or interested in the said resolution.

#### **Item No. 5**

The Members of the Company had granted their approval by way of special resolution at the 12<sup>th</sup> Annual General Meeting held on June 21, 2019 to the Board of Directors for the payment of profit related commission to the Independent Directors at the rate of Rs. 60,000 per meeting of the Board and/or Committee attended by them w.e.f. April 01, 2018 up to a maximum of Rs.7,50,000 per Independent Director in a financial year, subject to the aggregate being within the overall limit of 1% of the net profits as per Section 197 of the Companies Act, 2013.

The roles and responsibilities of the Independent Directors has significantly increased due to applicability of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Company being a High Value Debt Listed Company, increase in corporate governance requirements as per RBI guidelines and substantial growth in the operations of the Company over the last few years. Keeping in view the enhanced role, responsibilities and duties of directors, it is considered appropriate that the profit related commission payable to the Independent Directors by the Company should commensurate with their increased role, responsibilities and duties.

For this purpose, the Board of Directors at its meeting held on January 14, 2023 proposed to revise the Profit Related commission payable to the Independent Directors of the Company, to Rs. 1,00,000 per meeting of the Board and/or Committee attended by them upto a maximum of Rs. 15,00,000 per Independent Director in a financial year, subject to the aggregate being within the overall limit of 1% of the net profits as per Section 197 of the Companies Act, 2013.

In terms of Section 197 of Companies Act, 2013 and rules framed thereunder, except with the approval of the shareholders in general meeting, any remuneration payable to directors who are neither managing directors nor whole-time directors shall not in aggregate exceed one per cent of the net profits of the company, if there is a managing or whole time director or manager.

Accordingly, the approval of the Members is sought for payment of profit related commission to the Independent Directors of the Company with effect from April 01, 2022, in aggregate not exceeding one percent of the net profit of the Company for the relevant year subject to a maximum of Rs.15,00,000 per annum per director or any limits applicable under law/relevant RBI guidelines, from time to time, in accordance

with the applicable/relevant policy, if any, of the Board or the relevant Committee thereof, exclusive of sitting fees and reimbursement of out of pocket expenses for attending the Board and Committee meetings.

The Board of Directors of the Company, recommends the Special Resolution as set out at Item No. 5 of this Notice, for the approval of the Members.

None of the Directors (except Independent Directors of the Company) and / or Key Managerial Personnel and / or their relatives are in any way concerned or interested, financially or otherwise in the said resolution.

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

**Registered Office:**  
Radhika, 2<sup>nd</sup> Floor,  
Law Garden Road, Navrangpura,  
Ahmedabad -380009

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

**Mumbai  
January 14, 2023**