

## HDB FINANCIAL SERVICES LIMITED

[CIN: U65993GJ2007PLC051028]

**Registered Office:** Radhika, 2<sup>nd</sup> Floor, Law Garden Road, Navrangpura, Ahmedabad - 380 009

Tel. No.: +91 22 3958 6300, Fax No.: +91 22 3958 6666, Email ID: [compliance@hdbfs.com](mailto:compliance@hdbfs.com), Website: [www.hdbfs.com](http://www.hdbfs.com)

### NOTICE OF 10<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE is hereby given that the Tenth Annual General Meeting of HDB Financial Services Limited will be held on Friday, June 23, 2017 at 12 pm at HDFC Bank House, Final Plot No. 287, Ellis Bridge Township Scheme No. 3, Navrangpura, Ahmedabad, Gujarat - 380 009, to transact the following business:**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2017, including the Audited Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend for the financial year 2016-17 and to declare final dividend on equity shares for the financial year ended on March 31, 2017.
3. To appoint a Director in place of Mr. Jimmy Tata (DIN: 06888364), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors, fix their remuneration and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139, Section 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors, appointment of M/s. B S R & Co., LLP, Chartered Accountants (ICAI Registration No. 101248W/W-100022), as the Statutory Auditor of the Company, is hereby ratified to hold office from conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors of the Company, in connection with the audit of the accounts of the Company for the financial year ending March 31, 2018.”

#### **SPECIAL BUSINESS:**

##### **5. RE-APPOINTMENT OF MR. RAMESH G. AS A MANAGING DIRECTOR OF THE COMPANY**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203, read with Schedule V thereof and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and the Rules made thereunder including any statutory modification or re-enactment thereof for the time being in force), the relevant provisions of the Articles of Association of the Company, consent of Members be and is hereby accorded to re-appointment of Mr. Ramesh G. (DIN 05291597) as Managing Director of the Company for the period of 5 (Five) years w.e.f. July 1, 2017 with the authority to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter, vary, increase, enhance, widen the said terms and conditions of appointment and remuneration of Mr. Ramesh G. in the best interests of the Company and as may be agreed between the Board and Mr. Ramesh G, at the remuneration & perquisites per month set out hereinafter:

Salary	₹ 6,50,000
Allowances	₹ 11,94,085

In addition to the above, salary, Mr. Ramesh G. will also be entitled for the following:

- i. Rent free furnished accommodation including upkeep and maintenance or cash in lieu of accommodation as House rent allowance of ₹ 1,75,000 per month.
- ii. Leave Travel allowance of ₹ 30,000 per month.
- iii. Car for personal and official use in accordance with the Policy of the Company or car allowance for an amount of ₹ 75,000 per month.
- iv. Reimbursement of Medical Expenses at actual for self and family subject to maximum of ₹15,000 per annum. He will be covered under Company Hospitalization Insurance Scheme.
- v. Reimbursement of Telephone / Communication Expenses at actual subject to limit of ₹ 5,000 per month for use at his residence.
- vi. Contribution to provident fund, superannuation and gratuity as per relevant policies / schemes / rules of the Company.
- vii. Annual performance bonus as may be determined by the Board / Nomination & Remuneration Committee of the Board in terms of the Nomination & Remuneration Policy of the Company.
- viii. Stock options under the Employee Stock Option Schemes as may be approved by the Nomination & Remuneration Committee of the Board from time to time and to avail of stock options already granted to him as an employee.

**RESOLVED FURTHER THAT** in case of absence or inadequacy of profit in any financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Ramesh G. in accordance with the applicable provisions of Schedule V of the Act, and subject to the approval of the Central Government, if required;

**RESOLVED FURTHER THAT** any of the Directors and / or Chief Financial Officer of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute any agreements, documents or instructions as may be required to give effect to this resolution;

**RESOLVED FURTHER THAT** any of the Directors and /or the Key Managerial Person of the Company be and are hereby severally authorized to file necessary forms, returns, application and other document as may be required and do all such acts, deeds and things as may be necessary for giving effect to this resolution."

## **6. APPROVAL FOR ISSUE SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES**

### **a. For renewal of existing limit of ₹ 3,140 Crore**

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

**"RESOLVED THAT** pursuant to the provisions of Section 71 read with Section 42 and all other applicable provisions, if any of the Companies Act, 2013 ('the Act'), read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, the consent of the members be and is hereby accorded to the Board of Directors of the Company, to offer and / or invite for issue of secured redeemable non-convertible debentures ("NCDs") on private placement, in one or more tranches, 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 of Directors (or any other person so authorized by the Board of Directors), based on the prevailing market condition;

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of NCDs pursuant to the authority under this Resolution shall not exceed the limit of ₹ 3,140 crore (Rupees Three Thousand One Hundred Forty Crore only);

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised 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 Key Managerial Person of the Company, to give effect to this Resolution.”

**b. For approval of new limit of ₹ 7,500 Crore**

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

“**RESOLVED THAT** pursuant to the provisions of Section 71 read with Section 42 and all other applicable provisions, if any of the Companies Act, 2013, read with Rules framed thereunder, as amended from time to time, approval of the members be and is hereby accorded to the Board of Directors of the Company, to offer and / or invite for issue of Secured Redeemable Non-Convertible Debentures (“NCDs”) on private placement basis, in one or more tranches, 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 of Directors (or any other person so authorized by the Board of Directors), based on the prevailing market condition;

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of NCDs pursuant to the authority under this Resolution shall not exceed the limit of Rs 7,500 crore (Rupees Seven Thousand Five Hundred crore only);

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised 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 Key Managerial Person of the Company, to give effect to this Resolution.”

**7. AUTHORITY TO ISSUE UNSECURED REDEEMABLE NON-CONVERTIBLE SUBORDINATED BONDS**

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

“**RESOLVED THAT** pursuant to the provisions of Section 71 read with Section 42 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, the consent of the members be and is hereby accorded to the Board of Directors of the Company, to make private placement offers, invitations and issue of Unsecured Redeemable Non-Convertible Subordinated Bonds (“Subordinated Bonds”) in one or more tranches, 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 of Directors (or any other person so authorized by the Board of Directors), based on the prevailing market condition;

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of Subordinated Bonds pursuant to the authority under this Resolution shall not exceed the limit of ₹ 280 crore (Rupees Two Hundred and Eighty Crore only);

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof), be and is hereby authorised 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 Key Managerial Person of the Company, to give effect to this Resolution.”

## 8. ISSUE OF UNSECURED REDEEMABLE PERPETUAL DEBT INSTRUMENTS ('PDIs')

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

**"RESOLVED THAT** pursuant to the provisions of Section 71 read with Section 42 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Share Capital and Debentures) Rules, 2014, and Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, the consent of the members be and is hereby accorded to the Board of Directors of the Company, to make private placement offers, invitations and issue of Unsecured Redeemable Perpetual Debt Instruments ("PDIs") in one or more tranches, 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 of Directors (or any other person so authorized by the Board of Directors), based on the prevailing market condition;

**RESOLVED FURTHER THAT** the aggregate amount to be raised through the issuance of PDIs pursuant to the authority under this Resolution shall not exceed the limit of ₹ 500 crore (Rupees Five Hundred crore only);

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof), be and is hereby authorised 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 Key Managerial Person of the Company, to give effect to this Resolution."

## 9. APPROVAL FOR PAYMENT OF PROFIT RELATED COMMISSION 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** pursuant sections 149(9), 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, guidelines issued by Reserve Bank of India, consent of the members of the Company be and is hereby accorded to pay profit related commission to Independent directors at the rate of ₹ 60,000/- (Rupees sixty thousand only) per meeting of the Board and / or Committee attended with effect from April 01, 2016, upto maximum of ₹ 6,00,000/- (Rupees six lakh only) per Independent Director in a Financial Year, not exceeding in aggregate 1% (One percent) 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 and / or Key Managerial Person of the Company, be and is hereby severally authorised 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 Key Managerial Person of the Company, to give effect to this Resolution."

## 10. TO APPROVE EMPLOYEES STOCK OPTION SCHEME

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 ("the Rules") made thereunder (including any amendment, modification, variation or re-enactment thereof) and subject to such other rules, regulations and guidelines as may be applicable from time to time and subject to the approval(s), consent(s), permission(s) and / or sanction(s) as may be required from appropriate

regulatory authorities / institutions or bodies and subject to such terms and conditions as may be prescribed / imposed, the Employee Stock Option Scheme - 2017 ("ESOS - 2017") as circulated to the members with the Notice of the Annual General Meeting be and is hereby approved and that the consent of the Company be and is hereby accorded to create, grant, issue, offer and allot to the present and / or future employees of the Company, upto 1,00,00,000 (one crore) stock options convertible into equal number of equity shares of the Company of the aggregate nominal face value of ₹ 10,00,00,000/- (Rupees ten crore only) (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) under the ESOS - 2017 for such price and on such terms and in such tranches as the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee duly constituted by the Board to exercise its powers conferred by this resolution) of the Company may deem fit and in compliance with the provisions of the Act and the Rules;

**RESOLVED FURTHER THAT** the Board Directors and / or Key Managerial Person of the Company, be and is hereby severally authorised to do all such acts, deeds, matters and things including but not limited to framing rules relating to taxation or legal compliance matters arising out of grant / exercise of stock options and execute all such deeds, documents, instruments and writing as they may in their absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation thereof;

**RESOLVED FURTHER THAT** the equity shares to be issued as stated aforesaid shall rank pari-passu with all the existing equity shares of the Company for all purposes;

**RESOLVED FURTHER THAT** the Board Directors and / or Key Managerial Person of the Company be and is hereby severally authorised to do all such acts, deeds and things as may be required to be undertaken to give full effect to the Resolution."

## 11. TO APPROVE SECURITISATION TRANSACTION WITH THE HDFC BANK 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 the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Rule made thereunder (including any amendment, modification, variation or re-enactment thereof) and subject to such other rules, regulations and guidelines as may be applicable from time to time the consent of the members be and is hereby accorded to enter into contract(s) / arrangement(s) / transaction(s) of securitization with the HDFC bank Limited, a related party within the meaning of the aforesaid law, on such terms and conditions as may be determined by the Board of Directors (or any other person so authorized by the Board of Directors);

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised 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 Chief Financial Officer of the Company, to give effect to this Resolution."

### Registered Office:

Radhika, 2<sup>nd</sup> Floor,  
Law Garden Road, Navrangpura,  
Ahmedabad - 380 009

Mumbai,  
April 18, 2017

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

**Dipti Khandelwal  
Company Secretary  
Membership No.: A25592**

## Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto and forms part of the Notice.
2. In respect of the Ordinary Resolution at Item No. 3 and Special Business at Item No. 5 a Statement giving additional information on the Director(s) seeking re-appointment is annexed herewith to Notice as **Annexure I**.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
4. The instrument of Proxy, in order to be effective, should be duly completed and lodged with the Company at its registered office not less than forty-eight hours before the scheduled time for commencement of the Meeting.
5. Corporate members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a duly certified copy of their Board Resolution pursuant to the Section 113 of the Companies Act, 2013 authorizing their representatives to attend and vote on their behalf at the said Meeting.
6. Members / Proxies / Representatives should bring the enclosed duly filled Attendance Slip, for attending the Meeting.
7. All the documents referred to in the Notice are open for inspection at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. upto the date of the Annual General Meeting.
8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company shall remain closed from Friday, June 16, 2017 to Friday, June 23, 2017 (both days inclusive) for determining the name of the members eligible for payment of final dividend, if approved by the members in the ensuing Annual General Meeting.
9. The final dividend, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after Tuesday, June 27, 2017 to those members whose names appear on the Register of Members of the Company on Friday, June 16, 2017. In respect of the shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') for this purpose.
10. Members are requested to:
  - a) intimate to the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited, Plot No. B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai - 400 093, changes, if any, in their registered addresses / bank mandates at an early date, in case of shares held in physical form;
  - b) intimate to the respective Depository Participants, changes, if any, in their registered addresses / bank mandates at an early date, in case of shares held in electronic/ dematerialised form;
  - c) quote their folio numbers / Client ID and DP ID in all correspondence;
  - d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
11. In support of the "Green Initiative" announced by the Government of India, electronic copies of the Annual Report and this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by e-mail to those members whose e-mail addresses have been made available to the Company / Depository Participants unless the member has specifically requested for a hard copy of the



same. The members may send requests to the Company's e-mail ID: [compliance@hdbfs.com](mailto:compliance@hdbfs.com) For members who have not registered their e-mail addresses, physical copies of this Notice inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form, will be sent to them in the permitted mode.

12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 10th Annual General Meeting (AGM) by electronic means and the business may be transacted through the e-Voting services. For this purpose, the Company has tied up with CDSL for providing e-Voting services through CDSL's e-voting platform.
13. The ballot voting means Ballot Paper(s) / Poll Paper(s) circulated to the members for voting at the venue of AGM. The members present at AGM venue, if have not cast their votes earlier by way of remote e-voting, shall be entitled to exercise their right to vote by filling up the aforesaid Ballot Paper(s) and putting same into Ballot Box kept at the venue of AGM after casting their votes 'in favor' and / or 'against' or as the case may be, for the proposed resolution(s).
14. The members, who have cast their vote prior to the meeting by remote e-voting may also attend the meeting but shall not be entitled to vote again at the meeting. Once a vote is cast by a member, he shall not be allowed to alter it subsequently.
15. Instructions for Voting through electronic means ('e-voting'):
  - (i) The voting period begins from 10:00 a.m. on Tuesday, June 20, 2017 and ends at 05:00 p.m. on Thursday, June 22, 2017. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, June 16, 2017 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 CDSL for voting thereafter.
  - (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
  - (iii) Click on "Shareholders / Members" tab.
  - (iv) Now Enter your User ID:
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.After entering the User ID, enter the characters displayed and click on Login.
  - (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and cast your vote earlier for EVSN of any company, then your existing password is to be used.
  - (vi) If you are a first time user follow the steps given below (which is common for shareholders holding shares in physical form or in Demat form).
    - I. Fill up the following details in the appropriate boxes:
      - a) PAN and
      - b) Any one detail from the following values:

- Enter the Dividend Bank Account Details as recorded in your demat account or in the company records for the said demat account / folio or
- Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

\*Shareholders should note that either the Bank Account Details or DOB has to be entered to login.

II. After entering these details appropriately, click on “SUBMIT” tab.

- (vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in Demat form will reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) Members holding shares in demat form and have logged in for an earlier instance of e-Voting and voted on [www.evotingindia.com](http://www.evotingindia.com) should use their existing login and password. Such members who have already logged in earlier would be required to enter only the password after entering the user ID and characters displayed.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant EVSN - 170522007 of ‘HDB FINANCIAL SERVICES LIMITED’ on which you choose to vote.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) Repeat the voting process for all the resolutions on which you intend to vote.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote. You can also take prints of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then enter the User ID and characters display click on Forgot Password & enter the details as prompted by the system.

16. Note for Non - Individual Shareholders and Custodians:

- (i) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and click on “Registration” and register themselves as Corporate.
- (ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The physical copy may be mailed separately at the address mentioned on the form.



- (iii) After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- (iv) The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- (v) A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (vi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact them at 1800 200 5533.
  - a. Your Demat Account / Folio Number has been enrolled by the Company for your participation in the e-voting process on the resolutions placed by the Company on the e-voting system.
  - b. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, 'Record Date' June 16, 2017.
  - c. The Notice of the 10th AGM of the Company along with the Annual Report for the year ended March 31, 2017 can be downloaded from the link <https://www.evotingindia.com> or [www.hdbfs.com](http://www.hdbfs.com).
  - d. The e-voting period commences on Tuesday, June 20, 2017 (9:00 a.m.) and ends on Thursday, June 22, 2017 (5:00 p.m.). During this period, shareholders of the Company may cast their vote electronically. The e-voting module shall be disabled for voting thereafter. Once the votes on the resolutions are cast and confirmed, the shareholder cannot change it.
  - e. In case of any queries shareholder can contact: Datamatics Financial Services Limited, Plot No B-5, Part B Cross Lane, MIDC, Andheri (East), Mumbai - 400 093, Tel No: +91 22 66712151 to 56, Fax No : +91 22 66712209, E-mail : [manisha\\_parkar@dfssl.com](mailto:manisha_parkar@dfssl.com)

## 17. General Instructions:

- (i) Mr. Mitesh Shah (ACS No.: A30250) of M/s. Mitesh J. Shah & Associates, Practicing Company Secretary have been appointed as the Scrutinizers to scrutinize the e-voting process in a fair and transparent manner.
- (ii) The Scrutinizers shall immediately, after the conclusion of the voting at the meeting, first count the votes cast at the meeting thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (Two) witnesses not in the employment of the Company. The Scrutinizers thereafter shall submit their Report to the Chairperson after completion of their scrutiny. The result of the voting will be announced within 48 (Forty Eight) hours after the conclusion of the meeting at the Registered Office of the Company.
- (iii) The results declared along with the Scrutinizers' Report shall be available on the Company's website at [www.hdbfs.com](http://www.hdbfs.com) and website of the CDSL within 48 (Forty Eight) hours of conclusion of the meeting.

Members are requested to support the Green Initiative by registering / updating their e-mail addresses, with the Depository Participant (in case of Shares held in dematerialised form) or with M/s. Datamatics Financial Services Limited (in case of Shares held in physical form).

## EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 5

The Board of Directors at its meeting held on April 18, 2017, based on the recommendation of the Nomination & Remuneration Committee held on April 17, 2017 appointed Mr. Ramesh G. (DIN: 05291597), as Managing Director of the Company for a period of 5 (Five) years from July 01, 2017, pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013.

The approval of the members is therefore sought to approve the terms and conditions of re-appointment of Mr. Ramesh G. including the payment of remuneration.

As required under schedule V of the Companies Act, 2013, brief information about the Company and the Managing Director is given below:

### I. GENERAL INFORMATION

- i. Nature of Industry :  
The Company is a Non-banking Financial Company registered with Reserve Bank of India and is carrying business of lending and other financial services.
- ii. Date of commencement of business :  
The Company had started its business activities from March 2008.
- iii. Financial performance based on given indicators :  
The performance of the company for the last 3 Financial Years are as under:

(In ₹ Crore)

	2014-2015	2015-2016	2016-2017
Gross Income	2,527.26	3,302.02	5,714.54
Net Profit for the period	349.45	534.41	698.77

- iv. Foreign investment or collaborators if any :  
The Company is not having any foreign investments or collaborators at present.

### II. INFORMATION ABOUT THE APPOINTEE

- i. Background detail :  
Mr. Ramesh G. completed his Bachelors in Engineering (Mechanical) in 1990 and his Post Graduate Diploma in Management (PGDM) from the Indian Institute of Management, Lucknow in 1992.
- ii. Past remuneration :  
Mr. Ramesh G. has been with the Company since September 2007. His remuneration for the year 2015 - 2016 and 2016 - 2017 are ₹ 1.68 crore and ₹ 2.59 crore respectively.
- iii. Recognition or awards :  
Mr. Ramesh G. has attended various management programs including a two week course on International Banking conducted by Bank of New York in New York, USA in August 2003. He has completed six sigma training conducted by GE in 1998.

- iv. Job profile and his suitability :  
Mr. Ramesh G. has over 25 years work experience which includes over 20 years of experience in senior positions in banking and financial services.
- v. Remuneration proposed :  
Mr. Ramesh G. will be given remuneration as enumerated in the resolution.
- vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :  
The remuneration to be paid to Mr. Ramesh G. is as per the standards at present prevailing in the Industry.
- vii. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel :  
Mr. Ramesh G. is not having pecuniary relationship directly or indirectly with the Company or relationship with any of its managerial personnel.

### III. OTHER INFORMATION

- i. Reasons of loss or inadequate profit :  
Not applicable, as the Company has posted a net profit after tax of 698.77 crore during the year ended March 31, 2017.
- ii. Steps taken or proposed to be taken for improvement and
- iii. Expected increase in business and profits in measurable terms :  
  
Not applicable, as the Company has adequate profits

The Special resolution proposed to be passed is an enabling resolution, permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V to the Companies Act, 2013.

Mr. Ramesh G is not related to any other Director and Key Managerial Personnel of the Company. None of the Directors, Key Managerial Personnel and their relatives other than Mr. Ramesh G, in any way, concerned or interested in the said resolutions.

The Directors recommend the resolution at Item No. 5 of the accompanying notice for approval of the members of the Company.

#### Item No. 6 (a) & (b)

The Company has been raising funds by issuing Secured Redeemable Non-Convertible Debentures ("NCDs") on private placement basis, from time to time.

Pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company is required to obtain approval of its members by way of a special resolution, before making any offer or invitation for issue of NCDs on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of NCDs by the Company for a period of 1 (One) year from the date on which the members have provided the approval by way of the special resolution.

The shareholders, at an extra-ordinary general meeting held on August 26, 2016 had accorded their approval to the Company for issuance of NCDs upto a limit of ₹ 7,000 crore. It may be noted that out of the said limit of ₹ 7,000 crore, the Company had so far raised ₹ 3,860 crore and the limit of ₹ 3,140 crore is available for further issuance.

The Board of Directors at its meeting held on April 18, 2017, has approved issue of NCDs in one or more tranches, on private placement basis, upto ₹ 3,140 crore and within the overall borrowing limit of ₹ 40,000 crore, subject to the approval of the members.

Further, in terms of the requirements of Resource Planning Policy of the Company and Business planning for the current FY 2017 - 18, it is expected that the Company will issue NCDs which shall exceed the aforesaid limit.

In view of the aforesaid, the Board of Directors at its meeting held on April 18, 2017, has also approved issue of NCDs in one or more tranches, on private placement basis, upto ₹ 7,500 crore, within the overall borrowing limits of ₹ 40,000 crore as approved by the members pursuant to Section 180 (1) (c) of the Act.

It may be noted that in terms of Section 42 of the Companies Act, 2013, the Company will first exhaust current available limit of ₹ 3,140 crore for issuance of NCDs and then offer / invite investors to issue NCDs on the terms and conditions of the said approval.

In view of the above, the approval of the members is sought for issue of NCDs on a private placement basis, in one or more tranches, for a period of 1 (one) year from the date of passing the Resolution, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors (or any other person authorized by the Board of Directors), at the prevailing market condition.

Accordingly, the Board recommends the resolutions as set out at Item No. 6 (a) & 6 (b) of the accompanying Notice for the approval of the members.

None of the Directors, Key Managerial Personnel 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. 7**

The Company has been raising funds by issuing Unsecured Redeemable Non-Convertible Subordinated Bonds ("Subordinated Bonds") on private placement basis, from time to time.

Pursuant to Section 42 of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Company is required to obtain approval of its members by way of a special resolution, before making any offer or invitation for issue of Subordinated Bonds on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of Subordinated Bonds by the Company for a period of 1 (one) year from the date on which the members have provided the approval by way of the special resolution.

The shareholders had accorded their approval to the Company for issuance of Subordinated Bonds upto a limit of ₹ 670 crore available for issuance, at the annual general meeting held on June 28, 2016. It may be noted that out of the said limit of ₹ 670 crore, the Company had so far raised ₹ 390 crore and the limit of ₹ 280 crore is available for further issuance.

The Board of Directors, at its meeting held on April 18, 2017, has approved issue of Subordinated Bonds in one or more tranches, on private placement basis, upto ₹ 280 crore and within the overall borrowing limit of ₹ 40,000 crore, subject to the approval of the members.

In view of the above, the approval of the members is sought for issue of Subordinated Bonds on private placement basis, in one or more tranches, for a period of 1 (one) year from the date of passing the Resolution, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors (or any other person authorized by the Board of Directors), at the prevailing market conditions.

## Notice



Accordingly, the Board recommends the resolution as set out at Item No. 7 of the accompanying Notice for the approval of the members.

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

### Item No. 8

As per Reserve Bank of India guidelines, Non Deposit Taking Systematically Important Non Banking Financial Companies (ND-SI-NBFC) may raise their capital funds by issue of Perpetual Debt Instruments ("PDI").

Pursuant to Section 42 of the Companies Act, 2013, read with the Rules made thereunder, the Company is required to obtain approval of its members by way of a special resolution, before making any offer or invitation for issue of PDIs on a private placement basis. The said approval shall be the basis for the Board to determine the terms and conditions of any issuance of PDIs by the Company for a period of 1 (One) year from the date on which the members have provided the approval by way of the special resolution.

In view of the aforesaid, the Board of Directors at its meeting held on October 18, 2016, has subject to the approval of members, approved issue of PDIs in one or more tranches, on private placement basis, upto ₹ 500 crore, within the overall borrowing limits of ₹ 40,000 crore as approved by the members pursuant to Section 180 (1) (c) of the Act.

In this regard, the approval of the members is sought for issue of PDIs on a private placement basis, in one or more tranches, for a period of 1 (one) year from the date of passing the Resolution, on such terms and conditions including the price, coupon, premium / discount, tenor etc., as may be determined by the Board of Directors (or any other person authorized by the Board of Directors), at the prevailing market condition.

Accordingly, the Board recommends the resolution as set out at Item No. 8 of the accompanying Notice for the approval of the members.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in the said resolution.

### Item No. 9

As per existing Nomination & Remuneration policy of the Company, Independent Directors are paid only sitting fees for attending meetings of the company, and no other remuneration is paid to them. Presently, Company is paying sitting fees of ₹ 50,000 per Board meeting and ₹ 25,000 per Committee meeting. The role and responsibilities of the Independent Directors have enhanced over period of time with introduction of the provisions of the Companies Act, 2013 (the 'Act') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in addition to various guidelines /circulars issued by the Reserve Bank of India. Keeping in view the enhanced role, responsibilities and duties of directors, it is considered appropriate that the remuneration 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 October 18, 2016 approved profit related commission to Independent directors.

The payment of profit related commission to the Independent Directors will be at the rate of ₹ 60,000/- per meeting of the Board and/or Committee attended by them w.e.f. April 01, 2016 upto a maximum of ₹ 6,00,000/- per Independent Director in a financial year.

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 1% (one percent) of the net profits of the company, if there is a managing or whole time director or manager. Accordingly, the Board of your Company seek your approval

for payment of profit related commission to Independent directors with effect from April 01, 2016, in aggregate not exceeding 1% (one percent) of the net profit of the company for the relevant year subject to a maximum of ₹ 6,00,000/- 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.

Accordingly, the Board recommends the resolution as set out at Item No. 9 of the accompanying Notice for the approval of the members.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in the said resolution.

## **Item No. 10**

The members of the Company vide postal ballot dated September 11, 2014 had approved grant of upto 1,00,00,000 (one crore) stock options to the employees of the Company under 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. Since then, the Company has been granting stock options to its employees under various ESOP schemes with the objective of talent retention and rewarding good performance and contribution to the Company. Number of stock options remaining for grant are 24,69,500 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, it is proposed to seek members' approval for a fresh limit of 1,00,00,000 (one crore) stock options convertible into equal number of equity shares of the Company under the Employee Stock Option Scheme - 2017 ("ESOS - 2017") by passing the resolution proposed under item no. 10 as a special resolution. A copy of the draft ESOS - 2017 on which approval of the members is sought, is enclosed herewith as 'Annexure II' for reference of the members.

The directors and key managerial personnel of the Company inter-alia get covered within the definition of an employee eligible for grant of stock options under ESOS - 2017. To the extent that they may be granted stock options under ESOS - 2017, the directors and key managerial personnel of the Company are interested in the said resolution.

Accordingly, the Board recommends the resolution as set out at Item No. 10 of the accompanying Notice for the approval of the members.

None of the relatives of the directors and key managerial personnel are interested in the said resolution.

## **Item No. 11**

The Company has been raising funds through securitisation transactions with HDFC Bank Limited ("the Bank") for the ongoing requirements of the Company. It may be noted that the Bank is the promoter / holding company of the Company, and currently holds 96.20% of the paid up equity share capital of the Company. Mr. Aditya Puri, Managing Director at the Bank is also on the Board of the Company as a Chairman.

In terms of the provisions of Section 188 of the Companies Act, 2013 ('Act'), the Bank the Company proposes to enter into securitisation transaction(s) with the Bank in accordance with the regulatory framework laid down by Reserve Bank of India from time to time. To ensure compliance, it is proposed by the Management to have the securitisation transaction(s) to be entered into by the Company with the Bank be approved by the Board and the Shareholders of the Company at the ensuing Annual General Meeting of the Company. The transaction with the Bank will be at arm's length and in the ordinary course of business.



## Notice



The Board of Directors, at its meeting held on April 18, 2017 and Audit Committee at its meeting held on April 17, 2017, has approved securitisation transaction(s) with the Bank, in accordance with the regulatory framework laid down by Reserve Bank of India in the future, subject to the approval of the members.

In view of the above, the approval of the members is sought for entering in to securitisation transaction(s) with the Bank.

Accordingly, the Board recommends the resolution as set out at Item No. 11 of the accompanying Notice for the approval of the members.

Except Mr. Aditya Puri, Mr. Bhavesh Zaveri and Mr. Jimmy Tata none of the Directors, Key Managerial Personnel and their relatives are interested in the passing of the above resolution.

All related parties shall abstain from voting on these resolutions.

### **Registered Office:**

Radhika, 2<sup>nd</sup> Floor,  
Law Garden Road, Navrangpura,  
Ahmedabad - 380 009

Mumbai,  
April 18, 2017

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

**Dipti Khandelwal  
Company Secretary**  
Membership No.: A25592

**ANNEXURE I**
**Details of Director(s) seeking re-appointment at the forthcoming  
Annual General Meeting**

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

<b>Name of Director</b>	Mr. Jimmy Tata	Mr. Ramesh G.
Date of Birth	July 13, 1966	September 22, 1969
DIN	06888364	05291597
Age	50 years	47 years
A brief resume, Qualification(s), Experience and Nature of his expertise in specific functional areas, Recognition or awards.	Master of Financial Management from Jamnalal Bajaj Institute of Management and also a Chartered Financial Analysts from the Institute of Chartered Financial Analysts of India	BE (Mechanical) from Annamalai University PGDM from IIM, Lucknow
Terms and conditions of appointment or re-appointment	Non Executive Director (Non Independent), liable to retire by rotation.	Executive Director, appointment as MD for the term of 5 years w.e.f. July 1, 2017
Details of remuneration sought to be paid	NA	₹ 3.44 crore
Details of the remuneration last drawn by such person (F.Y. 2016-17)	NA	₹ 2.59 crore
Date of first appointment on the Board	May 01, 2016	July 01, 2012
Shareholding in the Company	3,21,021	4,74,500
Relationship with other Directors and Key Managerial Personnel	None	None
The number of Meetings of the Board attended during the Financial Year 2016-17.	4	5
Other Directorships (excluding HDB Financial Services Limited)	International Asset Reconstruction Company Private Limited (IARC)	NA

**ANNEXURE II**  
**HDB FINANCIAL SERVICES LIMITED**  
**EMPLOYEES STOCK OPTION SCHEME - 2017**

**CLAUSE A: DEFINITIONS**

Unless repugnant to the context or meaning hereof, the following terms shall have the following meanings:

1. **"Employee"** shall mean -
  - (a) a permanent employee of the Company who has been working in India or outside India; or
  - (b) a director of the Company, whether a whole time director or not, but excluding an independent director; or
  - (c) an employee as defined in clauses (a) or (b) of a Subsidiary, in India or outside India, or of a Holding Company of the Company or of an Associate Company but does not include-
    - (i) an employee who is a promoter or a person belonging to the promoter group; or
    - (ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% shares of the Company.

***Explanation:** For the purpose of clause 1(a) above, 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.*

2. **"Company"** shall mean HDB Financial Services Limited.
3. **"Employee Stock Option Scheme" or "ESOS" or "Scheme"** shall mean this Scheme.
4. **"Option"** means a right but not an obligation granted to an employee pursuant to this ESOS to apply for equity shares of the Company at a pre-determined price as mentioned hereafter.
5. **"Lock-in period"** shall mean a period of 1 (one) year between the grant of option to any employee and vesting of such option.
6. **"Grant"** means the issue of options to employees under this ESOS.
7. **"Date of vesting"** shall mean the date on which the employee is given a right to apply for shares of the Company against the options granted to him under this ESOS, which shall not be prior to the one year anniversary of the grant of the option.
8. **"Exercise"** shall mean the act of making an application by the employee to the Company for issue of shares against option(s) vested in the employee in pursuance of this ESOS.
9. **"Exercise Price" or "Pricing"** shall mean the price at which the employee shall be entitled to exercise the option granted to him / her pursuant to this Scheme, and which price shall be determined in the manner mentioned hereunder.
10. **"Applicable Tax"** shall mean perquisite tax or any other tax levied by the Government from time to time.
11. **"Perquisite tax"** shall mean the amount of tax which has to be paid by the employee at the time of exercising the options in accordance with the Income Tax Act, 1961, as amended from time to time.
12. **"Exercise Period"** shall mean the time period within which the options vested in an employee have to be exercised by such employee.

13. **“Vesting”** shall mean the process by which the employee is given the right to apply for equity shares in the Company against the options granted to the employee in pursuance of this ESOS.
14. **“Nomination and Remuneration Committee”** means a committee of Board of Directors of the Company constituted by the Board in accordance with the applicable regulations / laws.
15. The term **“shares”** or **“equity shares”** shall mean equity shares of the Company having a face value of ₹ 10/- per share.
16. **“Tranche”** shall mean one or more tranche in which the options are granted by the Nomination and Remuneration Committee. All options granted on a particular day having same terms and conditions shall be clubbed under a particular tranche.

## **CLAUSE B. NOMINATION AND REMUNERATION COMMITTEE**

1. The Nomination and Remuneration Committee of the Board of Directors of the Company is authorised to administer this Scheme including to grant options to the employees in one or more tranches, on such terms as it may deem fit in its absolute discretion and in compliance with the provisions of the Act and the Rules.
2. The Nomination and Remuneration Committee shall also have the freedom to determine the exercise price in conformity with the applicable accounting policies, if any.
3. In the event of any clarifications being required on the interpretation or application of this ESOS, the same shall be referred to the Nomination and Remuneration Committee. The decision of the Nomination and Remuneration Committee shall be final and binding in this regard.
4. In the eventuality of any rights issue, bonus issues, preferential issue, offer for sale of the equity shares of the Company or other corporate actions such as merger, acquisition or any other corporate restructuring, the Nomination and Remuneration Committee may consider and approve such adjustment as to the number of options granted and / or to the exercise price as it may consider just and fair in compliance with the provisions of the Act and the Rules.

## **CLAUSE C. ELIGIBLE EMPLOYEES**

1. All employees as defined in Clause A(1) above shall be eligible for the grant of the options.
2. Further, 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 Scheme.
3. All employees, to whom the Nomination and Remuneration Committee would grant the options, shall be informed of the same by way of a separate letter or by way of an electronic mail.
4. The total number of options that may be issued pursuant under this ESOS in one or more tranches shall not exceed 1,00,00,000 (one crore) options convertible into equal number of equity shares of the Company of the aggregate nominal face value of ₹ 10,00,00,000 (Rupees ten crore only) (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) as stated in Clause B(5) above.
5. On exercise of an option in accordance with this ESOS, one equity share for each option held by the employee would be issued by the Company.

## **CLAUSE D: CRITERIA FOR GRANT OF OPTIONS AND APPRAISAL PROCESS FOR ELIGIBILITY OF EMPLOYEES**

1. While granting the options, the Nomination and Remuneration Committee shall inter alia take into consideration the grade, performance, merit, future potential contribution, conduct of the employee and other relevant criteria.

2. The Nomination and Remuneration Committee may grant options to such employees in tranches after giving due consideration to what is stated above.

## **CLAUSE E: DATE OF GRANT OF OPTIONS**

1. The date of grant shall be the date of the meeting of the Nomination and Remuneration Committee at which the options are granted.

## **CLAUSE F: PRICING**

1. The exercise price of the options granted to the employees shall be determined by the Nomination and Remuneration Committee based on 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.

## **CLAUSE G. VESTING OF OPTIONS AND CONDITIONS OF VESTING**

1. The vesting period for a particular tranche / series of grants shall be such as may be determined by the Nomination and Remuneration Committee.
2. There shall be a minimum period of one year between the grant of options and vesting of option ("lock-in period"), provided that in case(s) where options are granted in lieu of options held by any employee under an ESOS in another company, which merges or amalgamates with the Company (hereinafter referred to as Merging or Amalgamating Company), the period during which the options granted by such Merging or Amalgamating Company were held by said employee shall be adjusted against the minimum vesting period required under this clause.
3. The maximum period of vesting shall be such as may be determined by the Nomination and Remuneration Committee.
4. For vesting to happen, the employee should have been in continuous service with the Company throughout the vesting period.
5. There shall not be any lock-in period for vesting of options.

## **CLAUSE H. THE EFFECT OF DEATH, PERMANENT DISABLEMENT RESIGNATION AND TERMINATION OF THE EMPLOYMENT ON THE VESTING OF OPTIONS**

No option shall Vest in any employee if the employee ceases to be in the employment of the Company before the date of vesting of the options except in the following cases:

### **1. Death of an employee**

- a. In case of a death of an employee to whom the options have been granted,
  - (i) all options that have been granted to the deceased employee in respect of which the lock-in period has lapsed, shall vest immediately in the legal heirs or nominees of such deceased employee as on the date of his / her death;
  - (ii) all options granted to the deceased employee in respect of which the lock-in period has not lapsed shall vest in the legal heirs or nominees of such deceased employee on the expiry of the lock-in period.
- b. All such options which have vested in the legal heirs or nominees of a deceased employee, shall be exercisable,
  - under case a (i) above, within a period of six months from the date of death of the employee and
  - under case a (ii) above, within a period of six months from the expiry of the lock-in period.

- c. To enable the employees to nominate persons in respect of the options, the Company shall make available to the employees specific nomination forms from time to time.

## 2. Permanent disablement

- a. 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 options that have been granted to such employee as on the date of such permanent disablement / incapacitation, shall vest in him / her immediately on that date
- b. All options that are vested in such an employee shall be exercised within a period of six months from the date of such permanent disablement / incapacitation of the employee.

## 3. Resignation / Termination of employment

- a. In the event of resignation or termination of the employee, all his unvested options as on that date shall forfeit.
- b. However, such an employee shall be entitled to retain all the vested options which shall be exercisable within a period of 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 six months, the vested options shall get lapsed, if not exercised.
- c. If the resignation or termination of the employee is attributable to misconduct / misdemeanour of the employee, then in that event all options granted (whether vested or not) to the employee shall forthwith lapse and the employee shall not be entitled to exercise such options. Such options shall be liable to be forfeited by the Company.
- d. The Nomination and Remuneration Committee shall have absolute discretion in determining whether there has been any “misconduct” or “misdemeanour” on part of the employee and the decision of the Nomination and Remuneration Committee in this regard shall be final and binding on the employee.

## 4. Retirement of an employee

- a. In case an employee, including a director to whom the options have been granted retires, or vacates his/her office upon reaching the age of superannuation as per the Company's rules or upon expiry of any employment contract or extension thereof, then in such case,
  - (i) all options granted to such employee till such date of retirement / superannuation / vacation of office / expiry of the employment contract, shall vest in such employee immediately on that date, provided the lock-in period in respect of such options has expired; and
  - (ii) all such options in respect of which the lock-in period has not lapsed shall vest upon completion of such lock-in period.
- b. All such options which have vested in the employee shall be exercisable,
  - under case a (i) above, within a period of six months from the date of retirement / superannuation / vacation of office / expiry of the employment contract and
  - under case a (ii) above, within a period of six months from the expiry of the lock-in period.
- c. In case a director is not re-appointed by the shareholders or a director is removed from his / her office without any fault of his / her own, then in such case,
  - (i) all options that have been granted to the employee of which the lock-in period has lapsed, shall vest immediately on the date of such removal;



- (ii) all such options granted in respect of which the lock-in period has not lapsed shall vest upon completion of lock-in period.
- d. All such options which have vested in the employee shall be exercisable,
  - under case c (i) above, within a period of six months from the date of vacation / removal from office and
  - under case c (ii) above, within a period of six months from the expiry of the lock-in period.

## 5. Merger and Amalgamation

The options granted hereunder shall not be affected by any takeover, merger, amalgamation of any other entity with the Company.

In the event of

- a. the Company being merged or amalgamated into any other entity, not being with promoter(s) or any entity controlled by promoter(s), or
- b. there is any material and sizable change in the controlling interest / shareholdings held by the promoter(s) of the Company or
- c. any investor acquires more than 12% (Twelve percent) of the paid-up share capital of the Company either by itself or together with relatives / group companies / entities acting in concert,

then in such an event,

- all such unvested options for which the lock-in period has lapsed from their date of grant shall vest immediately on occurrence of said event;
- all such unvested options for which the lock-in period has not lapsed from their date of grant shall vest immediately upon completion of one year from their date of grant; and
- all the vested options shall become immediately exercisable by the employees within the exercise period stated in Clause I (1) below.

Explanation: It is hereby clarified that material and sizable change in the controlling interest / shareholdings held by the promoter(s) of the Company or acquisition of more than 12% (Twelve percent) shares as aforesaid, shall be deemed to have occurred on the day the board of directors of the promoter(s) approves the decision to sell its / their interest / shareholdings or the day the Board of Directors of the Company or any committee thereof approves the decision to issue fresh shares resulting into change in shareholding, as may be applicable.

## 6. Corporate Actions

In the event of a rights issue, bonus issues, preferential issue, offer for sale, merger, sale of division and any other corporate action, the Nomination and Remuneration Committee will make fair and reasonable adjustments to the number of options and to the exercise price as it may deem fit.

In this regard the following shall be taken into consideration by the Nomination and Remuneration Committee:

- a. the number and the price of the options may be adjusted in the manner such that the total value of this ESOS remains the same after the Corporate Action.
- b. for this purpose, the procedure and process will be decided by the Nomination and Remuneration Committee which shall not be detrimental to the interest of the employees.
- c. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option Holders.

## **CLAUSE I. PROCESS OF EXERCISE OF OPTIONS**

1. Save and except as mentioned in Clause H, employees may exercise vested options, before the expiry of 4 (four) years from the respective date(s) of vesting of the options.
2. At the time of exercising the options, the employees shall apply for a minimum of 1000 (One thousand) shares or the entire unexercised vested options held by the employee on such date.
3. The mode and manner of the exercise of the options shall be communicated separately to the employees.
4. On exercise of the options, the employee shall forthwith 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.
5. It is hereby clarified that the options can be exercised only after they are vested in the employees and the allotment of equity shares in respect thereof shall be made within 21 (Twenty one) days from the last date specified for the exercise of options in each month / period. Hence if an option is exercised at any time between 1st of any month till the last date specified for exercise of options for that month, the allotment shall be made within 21 (Twenty one) days from the said last date specified for exercise of options for that month.
6. The above period of the calendar month may in the discretion of the Nomination and Remuneration Committee be modified from time to time.

## **CLAUSE J. LAPSE OF OPTIONS AND GRANTING THEREOF**

1. Without prejudice to the provisions of clause H, the options vested in an employee shall lapse upon the expiry of 4 (four) years from the relevant date of vesting.
2. If the options are not exercised by the concerned employees within a period of 4 (four) years from the relevant date of vesting of such options, the right of the employee to exercise the option and apply for equity shares shall stand forfeited and such options shall forthwith lapse.
3. In the event of any of the options are getting lapsed pursuant to the provisions of Clause H and J, the said lapsed options shall be available to the Nomination and Remuneration Committee for grant to other employees, as the Nomination and Remuneration Committee may deem fit. The price of such options shall be computed from the date of grant, and not in accordance with the exercise price under this Scheme.

## **CLAUSE K. NON - TRANSFERABILITY OF THE OPTIONS**

1. The option granted to employees shall not be transferable to any other person. Except in case of death of an employee as provided under Clause H (1), no other person shall be entitled to exercise the option in lieu of or on behalf of or in trust for the employee.
2. The option granted to the employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

## **CLAUSE L. TAX - LIABILITY**

1. The liability of paying tax, if any, on the options granted / vested / exercised / allotted pursuant to this ESOS and the equity shares issued pursuant to exercise of options, shall be entirely on the employees and shall be in accordance with the provisions of the Income Tax, Act, 1961 and the rules framed there under.
2. The Company also has an option to recover the tax amount whether by way of perquisite or other applicable tax or otherwise from its past and present employees.
3. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 and / or the rules framed there under as existing on the dates of this ESOS the Nomination and Remuneration Committee shall have the power to amend or modify this ESOS at a suitable time without the consent of the employees

or shareholders as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax act, 1961 and / or rules framed there under have not been made.

4. The Company shall be entitled to recover from its employees any tax that may be levied on the Company from time to time by any regulatory authorities in connection with granting / vesting / exercising of options and issue and allotment of equity shares upon exercise of such options.

## **CLAUSE M. RIGHTS AS SHAREHOLDER**

1. The employee shall not be able to exercise any rights of a shareholder in respect of the options granted to him / her until he / she is allotted the requisite equity shares upon his/her exercising the option so granted to him / her in accordance with this ESOS.
2. No employee shall have a right to receive any dividend or to vote at any meeting of the Company or in any manner enjoy the benefits of a shareholder in respect of options granted or vested in the employee, until and unless equity shares are allotted to the employee upon exercise of the options. All equity shares of the Company issued consequent to such exercise shall rank pari-passu (i.e. on par with and with the same rights and benefits of) with the equity shares of the Company.

## **CLAUSE N. INTERPRETATION**

1. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this ESOS shall be referred to the Nomination and Remuneration Committee and shall be determined by the Nomination and Remuneration Committee and any such determination / decision / interpretation by the Nomination and Remuneration Committee shall be binding on all persons affected thereby.

## **CLAUSE O. VARIATION OF SCHEME / TRANCHE**

1. Any variation in the terms of this Scheme can be done by special resolution provided such variation is not prejudicial to the interests of the option holders.
2. The notice for passing special resolution for variation of terms of this Scheme shall disclose in full the details of the variation, the rationale therefor, and the details of the employees who are beneficiaries of such variation.

## **CLAUSE P. REGULATORY APPROVALS**

1. This ESOS shall be subject to such regulatory approvals as may be required from time to time.

## **CLAUSE Q. SEVERABILITY**

1. If any term or provision of this Scheme or tranche(s) should become or declared as invalid or unenforceable or prohibited by law, then,
  - such term or provision shall become inoperative and
  - the remaining terms and provisions of this Scheme or tranche(s) shall remain unimpaired, valid, binding and in full force and effect as if such term or provision was not part of this Scheme / tranche.