

# HDFC Securities Limited

Registered Office : Office Floor 8, I Think Techno Campus, Building B- Alpha, Kanjurmarg (East), Mumbai 400 042  
Corporate Office : 16th Floor, Tower A, Peninsula Business Park, S.B. Marg, Lower Parel (West), Mumbai 400 013  
[CIN No: U67120MH2000PLC152193] [E-Mail:venkitakrishnan.easwaran@hdfcsec.com]  
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Dear Member(s)

## POSTAL BALLOT NOTICE

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

NOTICE is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules, circulars and notifications thereunder (including any statutory modifications or re-enactment thereof), for the approval of the Members of HDFC Securities Limited ("the Company") through postal ballot including electronic voting (e-voting) for the resolutions set out hereinafter.

### SPECIAL BUSINESS:

**Item 1: To give loans, inter corporate deposits, give guarantees in connection with loans made by any person or body corporate and acquire by way of subscription, purchase or otherwise the securities of any other body corporate in excess of the limits prescribed in Section 186 of the Companies Act 2013.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013 (the 'Act') read with the Companies (Meetings of Board and its Powers) Rules, 2014, and other applicable provisions, if any, of the Act (including any statutory modification, amendment or re-enactment thereof for the time being in force) and subject to other applicable laws and such other approvals, consents, sanctions and permissions as may be required in that behalf and in terms of the Articles of Association 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 'the Board' which term shall be deemed to include, unless the context otherwise requires, any Committee which the Board may have constituted or hereinafter constitute or any officer(s) authorised by the Board to exercise the powers conferred on the Board by this Resolution) to:

- (a) give loans, inter corporate deposits from time to time on such terms and conditions as it may deem expedient to any person or other bodies corporate;
- (b) give on behalf of any person, body corporate, any guarantee in connection with a loan made by any other person to, or to any other person by any body corporate; and
- (c) acquire by way of subscription, purchase or otherwise the securities of any other body corporate,

in excess of the limits prescribed under Section 186 of the Act up to an aggregate sum of Rs. 2,400 crore, (Rupees Two Thousand Four Hundred Crore) notwithstanding that the aggregate of loans and investments so far made, the amounts for which guarantee is given along with the investments, loans, inter corporate deposits, guarantee proposed to be made or given by the Board may exceed sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded to the Board to invest in the Subsidiaries, Associates, Related Parties, whether Indian or overseas, give loans to them; provide guarantees on their behalf, within the limits, if any, as may be applicable from time to time and on such terms and conditions as may be deemed fit and expedient.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to negotiate the terms and conditions of the above said investments, loan(s), inter-corporate deposits, or guarantee(s) as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the same.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the members of the Company."

**Item No. 2: To increase the limits of borrowing by the Board of Directors of the Company under section 180(1) (c) of the Companies Act, 2013**

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

**“RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder (including any statutory modification(s) / amendment(s) / re-enactment(s) thereof for the time being in force) and as per the provisions of Articles of Association of the Company, approval of the Members be and is hereby accorded to the Board of Directors of the Company (the “Board”, which term shall be deemed to include any Committee which the Board may have constituted or may hereafter constitute or any delegatee for exercising the powers conferred on the Board by this Resolution and under Section 179 of the Act) to borrow from time to time, all such money(ies) as may be deemed requisite for the purpose of business (including new business ventures or prospects) of the Company, in both domestic and foreign currency, of both capital and revenue in nature, notwithstanding that the money(ies) to be borrowed together with money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, PROVIDED, however that the total amount so borrowed by the Board and outstanding at any point of time shall not exceed a sum of Rs. 2,000 Crore (Rupees Two Thousand Crore Only) .”

**“RESOLVED FURTHER THAT** subject to the provisions of the Act and the Rules framed thereunder and other applicable laws (if any), the borrowings stated above may be secured or unsecured, and shall include, but shall not be limited to, borrowings from any person(s) (whether natural or artificial), by way of Loans, Inter Corporate Deposits (ICDs), facilities of any nature from Banks / Financial Institutions, Commercial Papers (CPs), Public Deposits, External Commercial Borrowings (ECBs), Debentures (whether convertible or non-convertible), Bonds (including Masala Bonds) or any other instruments permitted to be issued by the Company under any law for the time being in force.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to finalize, settle and execute such document(s)/deed(s)/writing(s)/paper(s)/ agreement(s) as may be required and to do all acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise, including but not limited to creation, modification or satisfaction of any security in respect of any borrowing and generally to do all acts, deeds and things as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution.”

**By Order of the Board**

**Mumbai  
15 January 2020**

**N. E. Venkitakrishnan  
Company Secretary  
Membership No.: ACS 8811**

**NOTES:**

1. The explanatory statement and reasons for the proposed resolutions pursuant to Section 110 and Section 102 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 setting out material facts is annexed hereto and forms part of this Notice.
2. This Notice along with the Postal Ballot Form is being sent to those Members whose names are appearing in the Register of Members maintained by the Company's Registrars and Share Transfer Agents (Datamatics Business Solutions Limited) / Statements of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on 24<sup>th</sup> January, 2020.
3. The Postal Ballot Notice is being sent in electronic form to those Members whose email address is registered with their Depository Participant (in case of electronic shareholding) or with Company's Registrars and Share Transfer Agents (Datamatics Business Solutions Limited) (in case of physical shareholding). Further, in case of those Members whose email address is not registered, as aforesaid, physical copy of the Postal Ballot Notice along with the Postal Ballot Form is being sent in the permitted mode. The Postal Ballot Notice has also been uploaded on the website of the Company, [www.hdfcsec.com](http://www.hdfcsec.com) and on the website of CDSL i.e [www.cdslindia.com](http://www.cdslindia.com)
4. The Company has appointed Mr. S. N. Bhandari (C.P. 366), or failing him Ms. Manisha Maheshwari (C.P. 11031), Practicing Company Secretaries, from M/s Bhandari & Associates, Company Secretaries as 'Scrutinizer', for conducting the Postal Ballot and e-voting process, in a fair and transparent manner.
5. Please note that e-voting is optional. In case a Member has voted through e-voting facility, he/she is not required to send the physical Postal Ballot Form. In case a Member casts his/her vote through e-voting facility as well as sends his/her vote through physical vote, the voting done by e-voting shall prevail and the voting through physical Postal Ballot will be treated as invalid.
6. In case a member is desirous of obtaining Postal Ballot Form in printed form or a duplicate one, the Member may send an e-mail to [venkitakrishnan.easwaran@hdfcsec.com](mailto:venkitakrishnan.easwaran@hdfcsec.com). The Company shall forward the same along with a self-addressed postage pre-paid business reply envelope to the Member.
7. All documents referred to in this Notice and other statutory registers are open for inspection by the Members at the Registered Office of the Company between 10:00 a.m. and 12 noon on all working days except Saturdays, Sundays and National Holidays, from the date hereof up to Wednesday, March 04, 2020.
8. The voting rights of the Members shall be in proportion to their share in the paid-up share capital of the Company as on the cut-off date i.e. Friday, January 24, 2020.
9. Instructions for voting:
  - I. Voting through Physical Postal Ballot Form
    - i. Member(s) desiring to exercise vote by physical Postal Ballot shall complete the enclosed Postal Ballot Form with assent (for) or dissent (against) and send it to the Scrutinizer in the enclosed self-addressed pre-paid business reply envelope. Postage will be borne and paid by the Company. However, in case the Members send the physical Postal Ballot Form by courier or registered post or deliver it in person at his expense, such Postal Ballot Forms will also be accepted.
    - ii. The Postal Ballot Form, duly completed and signed by the Member(s) should be sent to the Scrutinizer so as to reach the Scrutinizer before the close of working hours on Wednesday, March 4, 2020. Postal Ballot Form(s) received after the said date shall be treated as if the reply from the Member(s) has not been received.
    - iii. Members are requested to exercise their voting rights by using the enclosed Postal Ballot Form only. No other form or photocopy of the form (except duplicate form issued by the Company) shall be accepted.
  - II. Voting through electronic means

In compliance with the provisions of Section 108 and 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended and the Secretarial Standards on General Meetings, the Company is pleased to offer e-voting facility as an alternate to all the Members. For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting to enable the Members to cast their votes electronically (e-voting) instead of dispatching Postal Ballot Form. Members desiring to opt for e-voting are requested to read the instructions provided below.

- (i) The voting period begins on Tuesday, 4<sup>th</sup> February 2020 at 9.30 A.M. and ends on Wednesday, 4<sup>th</sup> March, 2020 at 5.30 P.M. 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, 24<sup>th</sup> January 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> </ul>
	<ul style="list-style-type: none"> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	<ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of HDFC Securities Limited.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (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.

- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non - Individual Shareholders and Custodians
- 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 register themselves as Corporates.
  - 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).
  - 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.
  - 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.
  - 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.
- (xx) Members who have opted for getting Notices by hard copy and members whose e-mail addresses are not registered with the Company’s Registrars and Share Transfer Agents (Datamatics Business Solutions Limited) have been sent Postal Ballot Notice in hard copy by a permissible mode.
- (xxi) 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) and/or Mr N. E. Venkitakrishnan, Company Secretary at [venkitakrishnan.easwaran@hdfcsec.com](mailto:venkitakrishnan.easwaran@hdfcsec.com).
10. The Scrutinizer will submit his report to the Chairman or any Director authorised by the Board or the Company Secretary of the Company after the completion of the scrutiny of the Postal Ballot (including e-Voting). The result, along with the Scrutinizer’s Report will be announced/declared before 5.30 p.m. on Thursday, 5<sup>th</sup> March 2020 at the Corporate Office of the Company at Unit No. 1602, 16<sup>th</sup> Floor, Tower A, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (West), Mumbai-400 013 and would be displayed on the Company’s website [www.hdfcsec.com](http://www.hdfcsec.com) and CDSL website [www.cdslindia.com](http://www.cdslindia.com).
11. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the last date for receipt of duly completed Postal Ballot Forms or e-voting, i.e., Wednesday, March 4, 2020.
12. Any person who is not a member on the cut-off date i.e. 24 January, 2020 should treat this notice for information purposes only.

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

### Item no. 1

The Company has been making investments in, giving loans, inter corporate deposits and guarantees to various persons and bodies corporate from time to time, in compliance with the applicable provisions of the Act.

The provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended to date, provides that no company is permitted to, directly or indirectly, (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

Further, the said Section provides that where the giving of any loan or guarantee or providing any security or the acquisition of securities of any body corporate as provided under Section 186(2) of the Act, exceeds the limits specified therein, prior approval of Members by means of a Special Resolution is required.

As per the latest audited Balance Sheet of the Company as on 31<sup>st</sup> December 2019, sixty per cent of the paid-up share capital, free reserves and securities premium account amounts to Rs.740.02 crore while one hundred per cent of its free reserves and securities premium account amounts to Rs.1,217.75 crore. Therefore, the maximum limit available to the Company under Section 186(2) of the Act for making investments or giving loans or providing guarantees / securities in connection with a loan, as the case may be, is Rs.1,217.75 crore.

The Company invests short/medium term surpluses in mutual funds on regular basis and inter corporate deposits. It also has investments in listed and unlisted securities including long-term bonds. Further, pursuant to SEBI prescribing a framework for permitting stock brokers to provide margin trading facility to their clients for a tenor exceeding five days, the Company has extended this credit facility to customers. Margin Funding has provided revenues in the form of a stable and growing interest income and has contributed to increased brokerage revenues by permitting customers who have liquidity constraints to avail of market opportunities. This portfolio has had more than twenty four months of seasoning with negligible defaults and there is a clearly defined and board approved risk-management framework for the same.

As on 31<sup>st</sup> March 2019, the aggregate value of investments, loans and inter corporate deposits made and guarantees issued by the Company, as the case may be, amounted to Rs.646.99 crore and as at 31<sup>st</sup> December 2019 the said aggregate amount is at Rs.1000.13 crore.

In view of the above and considering the long term business plans of the Company, which requires the Company to make sizeable loans / investments and issue guarantees to persons or bodies corporate, from time to time, prior approval of the Members is being sought for enhancing the said limits. Hence, the Special Resolution at Item No. 1 of the Notice, notwithstanding the fact that the same exceeds the limits provided under Section 186 of the Act.

The Board of Directors recommends the Special Resolution as set out at Item No. 1 of the accompanying Postal Ballot Notice, for Members' approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution except to the extent of their Shareholding in the Company, if any.

### Item No. 2

As per the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of a Company shall not borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business without the consent of the Members of the Company accorded by means of a special resolution.

As on March 31, 2019, the outstanding borrowings of the Company amounted to NIL and as at 31<sup>st</sup> December 2019 the outstanding borrowings amounted to Rs. 486.01 crore.

With increased volatility in the markets the Company is required to place margins of large amounts at short notice. Having introduced the facility of Margin Trading Funding (MTF) for its customers and the steady growth in the MTF business, the Company relies on secured / unsecured borrowings to fund the same.

With an increase in the market volatility due to various geo-political events, and with economic events like the budget anticipated, the Company expects a material increase in both the margin requirements with Exchanges as well as the margin funding book, which may be constrained by the above limit. Hence, it is proposed to increase the borrowing limits of the Company under Section 180(1)(c) of the Companies Act, 2013 to Rs. 2,000 crore by passing the resolution proposed under item no. 2 as a special resolution. The Company shall endeavor to maintain a capital structure which would be consistent with its cash flows while optimizing the cost of capital. The Company shall ensure that the debt equity ratio is within prudent limits at all times.

Accordingly, the approval of the Members is being sought by way of special resolution authorising the Board of Directors to borrow further sums of monies within an overall limit of Rs.2,000 crore outstanding at any given point of time.

The Board of Directors recommends the passing of the Resolution contained in Item no. 2 of the accompanying Postal Ballot Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Special Resolution except to the extent of their Shareholding in the Company, if any.

**By Order of the Board**

**N. E. Venkitakrishnan**  
**Company Secretary**  
**Membership No.: ACS 8811**

**Mumbai**  
**15 January 2020**

