

May 16, 2023

Dear Investor,

**Subject: Proposed Change in control of HDFC Asset Management Company Limited (“Company” / “HDFC AMC”) and change in sponsor of HDFC Mutual Fund (“HDFC MF”) pursuant to the proposed amalgamation of: (i) HDFC Investments Limited (“HDFC Investments”) and HDFC Holdings Limited (“HDFC Holdings”) with and into Housing Development Finance Corporation Limited (“Corporation”); and (ii) the Corporation with and into HDFC Bank Limited (“HDFC Bank”).**

#### I. Background

At the outset, we would like to thank you for giving us the opportunity to serve you.

As you would be aware, HDFC MF was constituted as a trust vide a trust deed dated June 8, 2000, as amended from time to time (“**Trust Deed**”) in accordance with the provisions of the Indian Trust Act, 1882 and is registered with Securities and Exchange Board of India (“**SEBI**”). Housing Development Finance Corporation Limited (“**Corporation**”) and abrdn Investment Management Limited are the co-sponsors of HDFC MF. HDFC AMC is the asset management company / Investment Manager of HDFC MF.

The board of directors of the Corporation, on April 4, 2022, had approved the composite scheme of amalgamation (“**Scheme**”) for the amalgamation of: (i) HDFC Investments and HDFC Holdings, wholly owned subsidiaries of the Corporation, with and into the Corporation; and (ii) the Corporation with and into HDFC Bank (“**Proposed Amalgamation**”), subject to receipt of requisite regulatory approvals.

#### II. Nature of proposed change

Upon the effectiveness of the Scheme (“**Effective Date**”), details of which will be separately notified to the Unit-Holders, HDFC Bank shall hold the shareholding of HDFC AMC and HDFC Trustee Company Limited held by the Corporation prior to the effectiveness of the Scheme resulting in change in control of HDFC AMC and HDFC Bank shall be considered as the Sponsor of HDFC MF in place of the Corporation, resulting in change in Sponsor (“**Proposed Transaction**”).

**About HDFC Bank** - The activities of HDFC Bank and its financial track record and performance (as prescribed in the standard offer document) is as follows:-

HDFC Bank was incorporated on August 30, 1994, as a public limited company (bearing CIN: L65920MH1994PLC080618) under the Companies Act, 1956 and having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai, Maharashtra, India. HDFC Bank obtained its banking license from the Reserve Bank of India on January 5, 1995, in accordance with the Banking Regulation Act, 1949.

Currently, HDFC Bank is a publicly listed company, and its securities are listed on National Stock Exchange of India Limited and BSE Limited. It is engaged in providing a range of banking and financial services including retail banking, wholesale banking and treasury operations.

Financial Performance of HDFC Bank (past three financial years):

(Amt in Rs. crore)

Particulars	FY 22-23	FY 21-22	FY 20-21
Net worth	273,063.04	233,613.81	198,601.03
Total Income	192,800.36	157,263.02	1,46,063.12
Profit after Tax	44,108.70	36,961.36	31,116.52
Assets under Management	NA	NA	NA

#### III. Rationale for the changes

As mentioned above, the board of directors of the Corporation, on April 4, 2022, had approved the Scheme for the Proposed Amalgamation.

The Scheme contemplates the amalgamation and dissolution of HDFC Investments, HDFC Holdings and the Corporation without winding up.

In light of the above, upon the Scheme being effective, the Corporation along with all its assets, liabilities, contracts, employees, licenses, records, approvals etc. being its respective integral part shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in HDFC Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the Scheme, in accordance with Sections 230 – 232 of the Companies Act, 2013, the Income-Tax Act, 1961 and applicable provisions, if any.

#### IV. Effects of the proposed changes

Pursuant to the Proposed Transaction, there shall be no change in the names of the schemes of HDFC MF (“**MF Schemes**”) which are under the management of HDFC AMC and there shall be no impact on the day-to-day operations of HDFC MF. Further, HDFC AMC will continue to be the Investment Manager of HDFC MF. There will be no changes to the provisions of the Trust Deed or the Investment Management Agreement.

#### V. Requisite approvals for the Proposed Transaction

The Board of Directors of HDFC AMC has approved the formalities for the Proposed Transaction on April 27, 2022. The Board of Directors of HDFC Trustee Company Limited has approved the Proposed Transaction on April 29, 2022.

The Securities and Exchange Board of India (“**SEBI**”) vide its letter dated August 4, 2022 granted its in-principle approval to the proposed change in control.

Vide its order dated March 17, 2023, the NCLT has sanctioned the Scheme (“**NCLT Order**”).

Upon submission of the NCLT Order and the other requisite documents, SEBI vide its letter dated April 21, 2023, has granted its final approval for the proposed change in control (“**SEBI Final Approval**”).

HDFC AMC will ensure compliance with applicable provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, if any.

In light of the requirements in terms of SEBI (Mutual Funds) Regulations, 1996 ("**MF Regulations**") and in terms of the SEBI Final Approval, this letter serves as a communication to the Unit-Holders of the MF Schemes ("**Unit-Holders**") about the procedure that will be followed leading up to the Proposed Transaction.

#### VI. **Option for exit to the Unit-Holders without exit load**

The above-mentioned change would result in change in control within the meaning of Regulation 22(e) of the MF Regulations.

As per regulation 22(e), MF Regulations, no change in control of an asset management company can be made unless the unitholders are given an option to exit on the prevailing Net Asset Value ("**NAV**") without any exit load.

In accordance with the MF Regulations, and pursuant to the SEBI Final Approval, an exit option is being provided to Unit-Holders as on close of business hours on the record date being May 12, 2023 to exit from their investment in the MF Schemes at the prevailing NAV without any exit load, for a period of 30 days from May 25, 2023 to June 23, 2023 (both days inclusive) (up to 3.00 p.m. on June 23, 2023) ("**Exit Option Period**") if they do not wish to stay invested in the Schemes upon the change in control becoming effective.

Please note that the no load exit option ("**Exit Option**") is not available to investments in HDFC TaxSaver, HDFC Children's Gift Fund and HDFC Retirement Savings Fund of HDFC MF which have not completed the statutory lock-in period / stated lock-in period under Scheme Information Document ("**SID**"). However, Unit-Holders who have completed the statutory lock-in period will be eligible to exercise the option to exit without being charged an exit load.

Further, the Exit Option will not be available to Unit-Holders who have pledged or encumbered their units in the MF Schemes and HDFC MF has been instructed to mark a pledge / lien on such units, unless the release of the pledge / lien is obtained and appropriately communicated to HDFC AMC / HDFC MF prior to applying for redemption / switch-out.

#### VII. **Procedure for exercising exit option**

The Exit Option can be exercised by submitting a normal redemption request at any of the official points of acceptance of HDFC MF, details of which are available in the relevant SID / website viz. [www.hdfcfund.com](http://www.hdfcfund.com).

The redemption proceeds will be remitted / dispatched to the respective Unit-Holders within stipulated period from the date of receipt of the valid redemption request.

Unit-Holders should procure a release of their pledges / vacate the lien prior to applying for redemption / switch-out during the Exit Option Period. In case units / folio have been frozen / locked pursuant to an order of a government authority or a court or on account of non-compliance with any applicable law, such Exit Option can be executed only after the freeze / lock is vacated or revoked through order / upon compliance with the applicable law, by submitting the redemption request within the Exit Option Period specified above.

In case any existing Unit-Holder has not received the letter relating to Exit Option ("**Letter**"), they are advised to contact any of the Investor Service Centres of HDFC MF or download and print the Letter from the website.

#### VIII. **Expenses & Taxation**

**The expenses related to the Proposed Transaction and other consequential changes as outlined above will NOT be charged to the Unit-Holders of the schemes of HDFC MF.**

As regards the Unit-Holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information ("**SAI**") of HDFC MF and the SID of the respective MF Scheme(s) would apply including deduction of tax at source (TDS) in accordance with applicable tax laws. In view of individual nature of tax consequences, you are advised to consult your financial / tax advisor for detailed tax advice.

#### IX. **Others**

A list of all the open ended and close ended schemes of HDFC MF along with their maturity dates and AUM as on April 30, 2023 is hosted on our website at: <https://www.hdfcfund.com/statutory-disclosure/letter-unitholder>. You can also click the link - [List of All Schemes of HDFC Mutual Fund as on April 30, 2023](#)

The details of the unclaimed redemption and IDCW amounts as of April 30, 2023 along with the procedure for claiming the same by the Unit-Holders are hosted on our website at: <https://www.hdfcfund.com/statutory-disclosure/letter-unitholder>. You can also click the link -

[Details of unclaimed IDCW and Redemption and procedure for claiming.](#)

In case any Unit-Holder desires to avail a hard copy of the above, they may make a separate request by sending an email to the *dedicated email id for this purpose* viz. [requests@hdfcfund.com](mailto:requests@hdfcfund.com) or writing to us at: Client Services Department, HDFC Mutual Fund, Ramon House, 1st Floor, 169, Backbay Reclamation, Churchgate, Mumbai - 400020.

As a Unit-Holder, you are requested to go through this communication carefully and consult your Advisor in the event that you have any questions.

Unit-Holders having no objection to the Proposed Transaction and wishing to remain invested need not take any further action.

This option to exit is merely an option and not compulsory.

#### X. **Updation of Scheme related documents**

The SAI, the SID, the Key Information Memorandum and other relevant documents relating to the Schemes shall be appropriately amended and updated (wherever applicable) in accordance with the MF Regulations and SEBI Circular dated March 4, 2021, so as to reflect the relevant change(s).

#### XI. **Contact Details**

In case you need any further clarifications, please contact us on the details provided as follows - you may call us on 1800 3010 6767 / 1800 419 7676 (toll free) or email us on [hello@hdfcfund.com](mailto:hello@hdfcfund.com).

Details of Investor Relations Officer: Mr. Sameer Seksaria, Head - Client Services can be contacted at Ramon House, 1st Floor, 169, Backbay Reclamation, Churchgate, Mumbai - 400020 at telephone number (022) 66316333.

We will be happy to assist you.

We look forward to your continued support.

With regards,

Yours faithfully

For **HDFC Asset Management Company Limited**  
(Investment Manager to HDFC Mutual Fund)

Sd/-

Authorised Signatory