



## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Regd. Office: Ramon House, 169, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020  
Corp. Office: HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020  
Corporate Identity Number: L70100MH1977PLC019916, Phone: +91-22-66316000, Fax: +91-22-22811203  
Website: www.hdfc.com, e-mail: investorcare@hdfc.com

### POSTAL BALLOT NOTICE

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

Dear Member(s),

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 Housing Development Finance Corporation Limited ('the Corporation') through postal ballot including electronic voting (e-voting) for the resolutions set out hereinafter.

**1. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 61 read with Section 13 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, the Authorised Share Capital of the Corporation be and is hereby increased from ₹ 340,00,00,000 (Rupees Three Hundred and Forty Crore only) comprising 170,00,00,000 equity shares of face value of ₹ 2 each to ₹ 350,00,00,000 (Rupees Three Hundred and Fifty Crore only) comprising 175,00,00,000 equity

shares of face value of ₹ 2 each **AND THAT** the existing Clause V of the Memorandum of Association of the Corporation be deleted and in place thereof the following new Clause be substituted -

V. The Authorised Share Capital of the Corporation is ₹ 350,00,00,000 (Rupees Three Hundred and Fifty Crore only) comprising 175,00,00,000 equity shares of face value of ₹ 2 each."

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, including the circulars and notifications issued by the Reserve Bank of India, the relevant provisions of Securities and Exchange Board of India (SEBI) (Share Based Employee Benefits) Regulations, 2014 and Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI (collectively referred to as SEBI ESOP Regulations) and SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015, the relevant provisions of the Memorandum and Articles of Association of the Corporation and subject to such other rules, regulations and guidelines that may be issued by SEBI and/or such other authorities, from time to time, the consent of the Members of the Corporation be and is hereby accorded to the Board of Directors of the Corporation (hereinafter referred to as the 'Board' which term shall be deemed to include the Nomination and Remuneration Committee of Directors duly constituted by the Board which shall be designated as the Compensation Committee in pursuance of Regulation 5 of the SEBI ESOP Regulations, to exercise its powers including powers conferred by this resolution) to create, issue, offer and allot equity shares of the aggregate nominal face value not exceeding ₹ 9,97,03,048 (Rupees Nine Crore Ninety Seven Lac Three Thousand and Forty Eight only) represented by 4,98,51,524 equity shares of ₹ 2 each of the Corporation, fully paid (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Corporation as may be applicable, from time to time) to the present and future permanent

employees and directors of the Corporation, whether in India or abroad (hereinafter referred to as 'employees'), under the Employees Stock Option Scheme - 2017 (ESOS - 2017) in terms of this resolution and on such terms and conditions and in such tranches as may be decided by the Board, in its sole and absolute discretion."

**"RESOLVED FURTHER THAT** the consent of the Members be and is hereby accorded to the Board to grant under ESOS - 2017, the options, if any, lapsed or that may lapse under the earlier employees stock option scheme(s) as the Board may decide in its sole and absolute discretion."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the above but subject to the terms mentioned in the explanatory statement to this resolution, which are hereby approved by the Members, or any amendment or modification thereof, the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the terms and conditions of ESOS - 2017, from time to time, as it may in its sole and absolute

discretion decide, subject to the conformity with the SEBI ESOP Regulations and issue clarifications in this regard."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to decide on the number of options to be granted to each of the non-executive directors of the Corporation (to the extent and in the manner as may be permissible under the relevant provisions of the Companies Act, 2013, rules made there under and SEBI ESOP Regulations); subject however that the aggregate of such options to be granted to all non-executive directors shall not exceed a maximum of 3% of the options to be granted under ESOS - 2017 in any financial year and in aggregate."

**"RESOLVED FURTHER THAT** subject to the terms stated herein, the equity shares allotted pursuant to this resolution shall rank *pari passu inter se* and with the then existing equity shares of the Corporation, in all respects."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle all questions, difficulties or

doubts that may arise in relation to the formulation and implementation of ESOS - 2017 and to the shares (including to amend or modify any of the terms thereof) issued herein without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as may be deemed necessary, expedient and incidental thereto and to delegate all or any of its powers herein conferred to any Committee of Directors and/or director(s) and/or officer(s) of the Corporation, to give effect to this resolution."

By Order of the Board

MUMBAI  
January 30, 2017

Ajay Agarwal  
Company Secretary  
FCS: 9023

## NOTES:

- (i) The explanatory statement and reasons for the proposed resolutions pursuant to 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 herewith and forms part of this notice.
- (ii) The Postal Ballot Notice is being sent to all the Members, whose names appear in the Register of Members / Statements of beneficial ownership maintained by the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on the close of business hours on Tuesday, January 31, 2017.
- (iii) The Postal Ballot Notice is being sent by e-mail to those Members who have registered their e-mail address with the Corporation (in respect of shares held in physical form) or with their Depository Participants (DP) (in respect of shares held in electronic form).
- (iv) Kindly note that the Members can opt only one mode of voting, i.e., either through physical Postal Ballot Form or e-voting. However, in case Members cast their vote by physical Postal Ballot Form and e-voting, then voting done through e-voting shall prevail and voting done by physical Postal Ballot Form will be treated as invalid.
- (v) In case a Member is desirous of obtaining Postal Ballot Form in printed form or a duplicate one,

the Member may write to the Corporation or send an e-mail to [investorcare@hdfc.com](mailto:investorcare@hdfc.com). The Corporation shall forward the same along with a self addressed pre-paid business reply envelope to the Member.

- (vi) All documents referred to in this Postal Ballot Notice and explanatory statement setting out material facts and other statutory registers are open for inspection by the Members at the Registered Office of the Corporation between 10:00 a.m. and 12 noon on all working days except Saturdays, Sundays and national holidays, from the date hereof up to Friday, March 10, 2017.
- (vii) The voting rights of the Members shall be in proportion to their shares in the paid-up equity share capital of the Corporation as on the cut-off date i.e. Tuesday, January 31, 2017.

### (viii) Instructions for Voting:

#### A. *Voting through Physical Postal Ballot Form*

1. A Member 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 Corporation. 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.

2. 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 Friday, March 10, 2017. Postal Ballot Forms received after the said date shall be treated as if the reply from the Members have not been received.
3. 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 Corporation) shall be accepted.

#### B. *Voting through electronic means*

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 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 Corporation is providing remote e-voting facility to all its Members to enable them to cast their vote on the matters listed in the Postal Ballot Notice by electronic means. The Corporation has engaged the services of the National Securities Depository Limited (NSDL) to provide the e-voting facility.

**Steps for remote e-voting:**

- a) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
- b) Click on **Shareholders – Login**.
- c) If you are already registered with NSDL for e-voting, then use your existing User ID and Password for Login.
- d) If you are logging in for the first time, then:
  - In case you have received the Postal Ballot Notice by e-mail, the User ID and Password is mentioned in the file attached. To open the file, please use your Client ID or Folio No. as Password.
  - In case you have received the Postal Ballot Notice in physical form, then the said details are provided at the bottom of the Postal Ballot Form.

EVEN	USER ID	PASSWORD/ PIN
105948	Refer - Postal Ballot Form	

- The **Password Change Menu** will appear on your screen. Change the Password with new Password of your choice with minimum 8 digits/ characters

or combination thereof. Note the new Password. Please take utmost care to keep your Password confidential.

- e) Once the home page of e-voting opens, click on e-voting: **Active Voting Cycles**.
- f) Select EVEN (E-voting Event Number) of Housing Development Finance Corporation Limited, which is provided above.
- g) Once you select the EVEN, the Cast Vote page will open. Now you are ready for e-voting.
- h) Cast your vote by selecting your favoured option, click on Submit and Confirm when prompted.
- i) Upon confirmation, the message “Vote cast successfully” will be displayed. Please note that once your vote is cast on the selected resolution, it cannot be modified.
- j) In case of shares held by companies, trusts, societies etc. they are required to send a scanned copy (PDF/JPG Format) of the relevant board resolution/ authority letter, etc., together with attested specimen signature(s) of the duly authorised signatory(ies) who is/are authorised to vote, to the

Scrutinizer through e-mail to [scrutinizer@hdfc.com](mailto:scrutinizer@hdfc.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by quoting the DP ID and Client ID or Folio No.

**(ix) General Instructions:**

- a) In case of any queries, please refer to the FAQs- Shareholders and e-voting User Manual Shareholder available in the Downloads section of <https://www.evoting.nsdl.com>. You can also mail your queries to NSDL by sending an e-mail to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact Ms. Sarika Mahajan, Deputy Manager- Secretarial of the Corporation at 022 6631 6241.
- b) The e-voting period shall commence at 10:00 a.m. on Thursday, February 9, 2017 and end at 5:00 p.m. on Friday, March 10, 2017. During this period, Members of the Corporation, holding shares either in physical or dematerialised form, as on the cut-off date i.e. January 31, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.
- c) If you forget your password, you can reset your password by using ‘Forget User Details/ Password’ option available on <https://www.evoting.nsdl.com>.

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| <p>d) Mr. N. L. Bhatia, Company Secretary (Membership No. FCS 1176), Partner Messrs N L Bhatia &amp; Associates, Practising Company Secretaries (C.P. No. 422) has been appointed by the Corporation to act as the Scrutinizer to scrutinize Postal Ballot voting and the</p> | <p>e-voting process in a fair and transparent manner.</p> <p>e) The date of declaration of result of the Postal Ballot shall be the date on which the resolutions would be deemed to have been passed, if approved by the requisite majority as mandated under</p> | <p>the relevant provisions of the Companies Act, 2013.</p> <p>f) The result, along with the Scrutinizer's Report, will be placed on the website of the Corporation and NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited.</p> |
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## ANNEXURE TO THE NOTICE

### Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts

#### Item Nos. 1 and 2

The Corporation with the objective of rewarding and motivating employees for their long association and in recognition of their dedicated service to the Corporation and also to attract and retain the best talent, has been granting stock options pursuant to the approval of its Members at general meeting.

In recent times, the Corporation has been granting stock options after every three years. Rewarding employees with stock options aligns with the long term sustainable growth of the Corporation and ensures active participation by a team of motivated employees in ensuring the desired growth of the Corporation. It will provide competitive edge in the current economic and market scenario if adoption and implementation of such incentive structure is encouraged and supported by way of grant of stock options. Last three stock options were approved by the Members at the annual general meeting held in the year 2008, 2011 and 2014.

Since the date of the last shareholders approval in the year 2014, many new employees have joined the Corporation

and in order to retain the existing employees of the Corporation and also to attract and retain the best talent, the Corporation proposes to grant stock options to its present and future permanent employees and directors [to the extent and in the manner as may be permissible under the relevant provisions of the Companies Act, 2013, rules made there under and Securities and Exchange Board of India (SEBI) (Share Based Employee Benefits) Regulations, 2014 as amended and Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by the SEBI (hereinafter SEBI ESOP Regulations)], whether in India or abroad ('employees'), subject to the employees meeting the eligibility criteria and on such other terms as may be determined by the Board of Directors of the Corporation (hereinafter referred to as the 'Board' which term shall be deemed to include the Nomination and Remuneration Committee of Directors constituted by the Board to exercise its powers including powers conferred by this resolution) under Employees Stock Option Scheme - 2017 (ESOS - 2017) in terms of this resolution and in accordance with the provisions of the Companies Act, 2013, the rules framed

there under, SEBI ESOP Regulations and other laws as applicable.

In accordance with the terms of this resolution and the ESOS - 2017, the options would be granted in one or more tranches as may be decided by the Board, from time to time.

The following would *inter alia* be the broad terms and conditions of ESOS - 2017:

#### Brief Description of the Scheme

In order to retain the existing employees and also to attract and retain the best talent, the Corporation proposes to grant stock options to its present and future permanent employees and directors under ESOS - 2017 in terms of this resolution and in accordance with the relevant provisions of the Companies Act, 2013, the rules framed there under, SEBI ESOP Regulations and other laws as applicable. The ESOS - 2017 shall be implemented and administered directly by the Corporation by way of new issue of shares.

#### Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Directors of the Corporation comprising of Independent



Directors shall act as the Compensation Committee under Regulation 5 of the SEBI (Share Based Employee Benefits) Regulations, 2014, which has been authorised to *inter alia* formulate, administer and supervise ESOS – 2017 including framing of its terms and conditions in terms of the SEBI ESOP Regulations. All questions of interpretation of ESOS – 2017 shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding.

#### **Total number of options to be granted**

The total number of options to be granted under ESOS–2017 shall not exceed 4,98,51,524 options representing 4,98,51,524 equity shares of ₹ 2 each of the Corporation plus the number of options that the Board may decide to grant under ESOS-2017 out of the lapsed options, if any, under the earlier employees stock option scheme(s) together with options that are yet to be granted under the earlier employees stock option scheme(s) or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Corporation as may be applicable, from time to time. Each of the said options upon exercise shall be entitled for allotment of one equity share of ₹ 2 each of the Corporation or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Corporation as may be applicable, from time to time.

The maximum dilution that could take place in future, if all the aforesaid options are exercised, would not exceed 3% of the expanded issued and paid-up share capital of the Corporation, taking into consideration the un-exercised stock options as on date and outstanding Warrants.

The options, that may lapse/expire or are forfeited, will be available for grant to the eligible employees.

#### **Identification of classes of employees entitled to participate in ESOS-2017**

The present and future permanent employees and directors of the Corporation, whether in India or abroad, are eligible to participate in ESOS - 2017, subject to such eligibility criteria as may be decided by the Board, from time to time.

#### **Vesting, period of vesting and the maximum period of vesting**

Subject to SEBI ESOP Regulations, the gap between the date of grant and date of vesting shall not exceed 3 years and 1 month and the minimum gap shall be as may be required by the statutory authorities.

The Nomination and Remuneration Committee of Directors at its sole and absolute discretion shall be entitled to make the vesting of any or all of the options granted to eligible employee(s) conditional upon fulfilment of the criteria mentioned in ESOS – 2017 and such additional criteria, as may be determined by it, for any individual eligible employee or class / group of eligible employees.

#### **Pricing formula and Exercise Price**

At the latest available closing price on the stock exchange on which the shares of the Corporation are listed on the date immediately prior to the date of the meeting of the Board at which the options are granted. As the shares of the Corporation are listed on more than one stock exchange, the latest available closing price on the stock exchange with higher trading volume on the said date shall be considered.

#### **Recovery of Tax**

In terms of the provisions of Section 17(2)(vi) of the Income Tax Act, 1961

and other applicable laws, the eligible employees shall be liable to pay the amount of perquisite tax and/or other taxes, charges and levies (by whatever name called) in respect of the options exercised, if any.

It is further clarified that the Corporation shall be entitled to receive the entire consideration and the perquisite tax and/or other taxes, charges and levies (by whatever name called) at the time of exercise of the options by the eligible employees, irrespective of when the Corporation may be required to deposit the tax with the relevant authority.

#### **Exercise period and process of exercise**

Such period as may be determined by the Board, subject to a maximum of 5 years from the date of respective vesting.

The option shall be deemed to be exercised when the Corporation receives the written notice of exercise of options, in the manner and as per the prescribed format, from the person entitled to exercise the options along with full payment for the shares with respect to which the options are exercised and the amount of applicable tax, if any.

#### **Appraisal process for determining eligibility of the employees**

Whilst granting the options to the employees under ESOS–2017, the Board would *inter alia* consider grade, performance, merit, future potential contribution, conduct of the employee and such other factors as in its absolute judgement deemed appropriate.

Notwithstanding anything contained in this resolution or the explanatory statement thereto, the Board would have the sole and absolute discretion to determine the employees eligible to be granted options under ESOS – 2017 and the quantum of options to be granted to any eligible employee.

### **Maximum number of options to be issued per employee and in aggregate**

The maximum number of options to be issued to any eligible employee during any one year will be decided by the Board, subject however that the same shall be less than 1% of the issued equity shares of the Corporation as on the date of grant.

The aggregate of all such options granted shall not exceed 4,98,51,524 options plus the number of options that the Board may decide to grant under ESOS-2017 out of the lapsed options, if any, under the earlier employees stock option scheme(s) together with options that are yet to be granted under the earlier employees stock option scheme(s) or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Corporation, as applicable, from time to time.

The maximum quantum of benefits to be provided to each employee is not quantifiable as it would depend on a case to case and the market price of the share.

### **Accounting policies**

The Corporation shall follow the Guidance Note on accounting for employee share based payments and/ or any relevant accounting standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein and in the absence of any Guidance Note or Accounting Standard, the relevant Accounting Standard as may be prescribed by the ICAI from time to time, in accordance with and subject to the requirements of Regulation 15 of SEBI (Share Based Employee Benefits) Regulations, 2014.

### **The method for valuation of options**

The Corporation shall follow the intrinsic value method to value its stock options.

### **Declaration**

The Corporation will disclose the difference between the employee compensation cost computed using the intrinsic value method and the employee compensation cost that should have been recognised if it had used the fair value of the options and the impact of this difference on the profits and on the earning per share of the Corporation in the Directors' Report, as applicable, from time to time.

### **Listing**

The shares allotted pursuant to the exercise of the stock options, shall be listed on BSE Limited and National Stock Exchange of India Limited.

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

Consent of the Members is also required under SEBI ESOP Regulations by way of a special resolution. The resolution and the terms stated therein as also the terms stated in this explanatory statement hereinabove shall be subject to the guidelines/regulations issued/to be issued by statutory authorities in that behalf and the Board shall have the sole and absolute authority to modify the terms herein which do not conform with the provisions of the said guidelines/regulations.

The authorised share capital of the Corporation, at present, is ₹ 340 crore consisting of 170,00,00,000 equity shares of face value of ₹ 2 each. At present the paid-up share capital of the Corporation is ₹ 317 crore. The conversion of the said stock options by the employees of

the Corporation, if issued, into equity shares of the Corporation along with the conversion of the Warrants issued by the Corporation, would increase the paid-up share capital of the Corporation beyond the existing authorised share capital and therefore it needs to be increased to accommodate the said conversion.

The proposed increase in the authorised share capital of the Corporation to ₹ 350 crore, consisting of 175,00,00,000 equity shares of face value of ₹ 2 each and the corresponding changes in the Memorandum of Association, require the approval of the Members of the Corporation.

Your Board, accordingly, recommends passing of the resolution as set out at Item Nos. 1 and 2 of this Notice, for the approval of the Members.

Since the options under ESOS - 2017 could be also offered and issued to the Directors and Key Managerial Personnel of the Corporation, to the extent and in the manner as may be permissible under the relevant provisions of the Companies Act, 2013, rules made there under and SEBI ESOP Regulations, such Directors and Key Managerial Personnel and their relatives are deemed to be concerned and interested, in the said resolutions.

The Members approval in accordance with the resolutions is *inter alia* also being sought for authorising the Board to do all such acts as stated in the resolutions and hereinabove where they would be the beneficiaries.

By Order of the Board

MUMBAI  
January 30, 2017

Ajay Agarwal  
Company Secretary  
FCS: 9023

