



## HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

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Corp. Office: HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020  
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### 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, Circulars issued by the Ministry of Corporate Affairs ("MCA") on April 8, 2020, April 13, 2020, May 5, 2020 and June 15, 2020 ("MCA Circulars"), Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013 and the rules, circulars and notifications thereunder (including any statutory modification(s) or re-enactment(s) thereof), seeking approval of the Members of Housing Development Finance Corporation Limited ("the Corporation") through Postal Ballot for the resolutions set out hereinafter.

In compliance with the aforesaid provisions and the MCA Circulars, the Corporation has extended the remote e-voting facility for its Members, to enable them to cast their votes electronically.

A statement pursuant to Section 102 of the Companies Act, 2013 pertaining to the said resolutions, setting out material facts and the reasons thereof is annexed hereto for your consideration.

**1. To consider, and if thought fit, to pass the following resolution as a Special Resolution for issuance of security(ies) of the Corporation through one or more modes:**

**"RESOLVED THAT** pursuant to the provisions of Sections 23, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 including the rules framed thereunder, the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (hereinafter referred to as "ICDR Regulations"), the Securities and Exchange Board of India (Issue and

Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Corporation, the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident outside India) Regulations, 2017, Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and such other applicable rules, regulations, guidelines, notifications, circulars and clarifications issued/to be issued thereon by the Government of India ("GOI"), the Ministry of Corporate Affairs ("MCA"), the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), the National Housing Bank ("NHB"), the BSE Limited and the National Stock Exchange of India Limited and/or any other regulatory/statutory authorities, from time to time, to the extent applicable and subject to the consents and approvals of any regulatory/statutory authorities and guidelines and clarifications issued thereon from time to time and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include any committee(s) constituted/to be constituted by the Board, from time to time, to exercise its powers including powers conferred by this resolution), the consent of the Members of the Corporation be and is hereby accorded

to the Board to offer, issue and allot in one or more tranches, in either one or more international offerings in foreign market(s) and/or in one or more domestic offering(s) in India, such number of equity shares and/or any securities convertible into or exchangeable for such number of equity shares including but not limited to Convertible Debentures (compulsorily and/or optionally, fully and/or partly) and/or Warrants with a right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Corporation at a later date simultaneously with the issue of Non-Convertible Debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and/or Foreign Currency Exchangeable Bonds ("FCEBs") and/or any other permitted fully and/or partly paid securities/instruments/warrants convertible into or exchangeable for equity shares at the option of the Corporation and/or holder(s) of the security(ies) (hereinafter referred to as "Securities") secured or unsecured, listed on a recognized stock exchange in India or abroad, whether rupee denominated or denominated in foreign currency, to such investors including Qualified Institutional Buyers ("QIBs") who are eligible to acquire such Securities in accordance with all applicable laws, rules, regulations and guidelines whether or not such persons are Members of the Corporation, through a Qualified Institutions Placement ("QIP") pursuant to Chapter VI of the ICDR Regulations, or any other method as may be permitted under applicable laws, through issue of prospectus, offer document, offer letter, offering circular, placement document or otherwise, for cash, at such price or prices (including floor price) in consultation with the Lead Manager(s), Merchant Banker(s) and/or other advisor(s) or otherwise (giving effect to any premium/discount as may be permitted) and on such terms and conditions as may be deemed appropriate

by the Board in its absolute discretion considering the then prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) for such issue; subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, for an aggregate amount (including any premium thereon) not exceeding ₹ 14,000 crore (Rupees Fourteen thousand crore only) or foreign currency equivalent thereof.”

**“RESOLVED FURTHER THAT** in accordance with the provisions of the ICDR Regulations, the relevant date for determining the price of the Securities to be issued by way of QIP/FCCBs/FCEBs or by way of any other issue(s) shall be the date of the meeting in which the Board decides to open the proposed issue or such other date as may be prescribed by the applicable laws from time to time.”

**“RESOLVED FURTHER THAT** in case of a QIP pursuant to Chapter VI of the ICDR Regulations, the issue of Securities shall be made only to QIBs within the meaning prescribed under the said Regulations, who are eligible under the extant RBI regulations to subscribe to such Securities and who are selected as such by the Board, which shall be completed within 365 days from the date of passing of this resolution or such other time as may be allowed under the ICDR Regulations from time to time.”

**“RESOLVED FURTHER THAT** in the event the issue is undertaken by way of a QIP, the Board may, in its absolute discretion, issue equity shares at or above the floor price or at a discount, if any, not exceeding 5% of the floor price or such other permissible limit as may be specified under the ICDR Regulations, calculated in accordance with the pricing formula provided under the ICDR Regulations.”

**“RESOLVED FURTHER THAT** the Securities to be issued may be redeemed and/or converted into and/or exchanged for the equity shares of the Corporation, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, in a manner as may be provided in the terms of their issue **AND THAT** the equity shares to be so

allotted shall rank *pari passu inter se* with the then existing equity shares of the Corporation, in all respects.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to engage, appoint and to enter into and execute all such agreement(s)/arrangement(s)/ memorandum of understanding(s)/ placement agreement(s)/underwriting agreement(s)/deposit agreement(s)/trust deed(s)/subscription agreement/payment and conversion agency agreement/any other agreements or documents with any consultants, lead manager(s), co-lead manager(s), manager(s), advisor(s)/counsel(s), underwriter(s), authorised representatives, trustee(s), banker(s) and all such professionals, intermediaries and agencies as may be required or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees and such other expenses as it deems fit, authorizing any director(s) or any officer(s) of the Corporation, severally, to sign for and on behalf of the Corporation, the offer document(s), arrangement(s), application(s), authority letter(s) or any other related paper(s)/document(s), give any undertaking(s), affidavit(s), certification(s), declaration(s) including without limitation the authority to amend or modify such document(s).”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, where required, in consultation with the merchant banker(s) and/or other advisor(s), be and is hereby authorized to do all such acts, deeds, matters and things including, but not limited to finalisation and approval of the preliminary as well as final document(s), determination of the form, terms, manner and timing of the issue(s)/offering(s) including the category of investors to whom the Securities are to be offered/issued, floor price (including any discount thereto, as may be permitted under the applicable laws) and the issue price of equity shares, face value, the number of equity shares or other Securities to be issued and allotted, rate of interest, period of redemption/conversion/exchange or variation of the price or period of such redemption/conversion/exchange, listing of the Securities on one or more stock exchanges in India and/or abroad, and matters related thereto,

as the Board may decide, in its sole and absolute discretion.”

**“RESOLVED FURTHER THAT** such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such manner, as the Board may deem fit and as permissible by law.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required to give effect to this resolution, with power to settle all questions, difficulties or doubts that may arise with regard to the said matters as it may in its sole and absolute discretion deem necessary, utilize the issue proceeds based on the disclosure made in the prospectus/offer document/offer letter/offering circular/placement document, and to delegate all or any of its powers hereinabove conferred, to any Committee of Directors and/or director(s) and/or officer(s) of the Corporation.”

**2. To consider, and if thought fit, to pass the following resolution as a Special Resolution for issuance of shares to eligible employees and directors of the Corporation under ESOS-2020:**

**“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 thereunder, as well as the circulars and notifications issued by the Reserve Bank of India, the relevant provisions of the 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 (Listing Regulations), 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 of the Corporation 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 ₹ 7,11,10,000 (Rupees Seven crore Eleven lac Ten thousand only) represented by 3,55,55,000 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 including but not limited to by way of any corporate action, from time to time), to the present and future permanent employees and 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 thereunder, SEBI ESOP Regulations and Listing Regulations), whether in India or abroad (hereinafter referred to as "employees"), under the Employees Stock Option Scheme - 2020 (ESOS-2020) 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-2020, the options lapsed or that may lapse under the earlier employee stock option scheme(s) of the Corporation or this scheme as the Board may decide 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-2020, the options that are not granted/yet to be granted under the earlier employee stock option scheme(s) of the Corporation 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, the Board be and is hereby authorised to make modifications, changes, variations, alterations or revisions in the terms and conditions of ESOS-2020, from time to time, as it may in its sole and absolute discretion decide, subject to the conformity of the SEBI ESOP Regulations and clarifications issued in this regard."

**"RESOLVED FURTHER THAT** subject to the terms stated herein, the equity shares allotted pursuant to this resolution shall rank *pari passu inter se* 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-2020 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."

By Order of the Board

MUMBAI  
June 19, 2020

Ajay Agarwal  
Company Secretary  
FCS: 9023

**NOTES:**

- (i) The explanatory statement 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 hereto and forms part of this Notice.
- (ii) In view of the ongoing COVID-19 pandemic and the provisions of Circulars issued by the Ministry of Corporate Affairs on April 8, 2020, April 13, 2020, May 5, 2020 and June 15, 2020 (MCA Circulars), the Corporation has sent this Postal

Ballot Notice only through e-mail to all the Members, whose names appear in the Register of Members/ List of Beneficial Owners as received from Depositories as on Friday, June 19, 2020 (the cut-off date) and who have registered their e-mail address with the Corporation/Depository Participant (DP).

- (iii) Members holding shares in physical form and who have not yet registered their e-mail address are requested to register the same with the Corporation by sending an e-mail to [investorcare@hdfc.com](mailto:investorcare@hdfc.com). Members holding shares in electronic form are requested to get their e-mail address registered with their respective DP. Thereafter, the Corporation would endeavour to send the Postal Ballot Notice to such Members to enable them to cast their vote through e-voting.
- (iv) The Postal Ballot Notice is placed on [www.hdfc.com](http://www.hdfc.com), [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com) and [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- (v) On account of the threat posed by the COVID-19 pandemic and in terms of the MCA Circulars, the Corporation will send this Postal Ballot Notice in electronic form only. The hard copy of this Notice along with postal ballot forms and pre-paid business envelope will not be sent to the Members for the postal ballot in accordance with the requirements specified under the MCA Circulars. Accordingly, the communication of the assent or dissent of the Members would take place through e-voting only.
- (vi) All documents referred to in this Notice and other statutory registers are available for inspection by the Members at the Registered Office of the Corporation on all working days except Saturdays, Sundays and National Holidays between 10:00 a.m. and 12 noon for a period of 30 days from the date of this Notice.
- (vii) The voting rights of the Members shall be in proportion to their share in the paid-up equity share capital of the Corporation as on the cut-off date i.e. Friday, June 19, 2020.

(viii) **Instructions for e-voting:**

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sections 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (as amended), MCA Circulars and the Secretarial Standard on General Meetings, the Corporation is providing a facility to all its members to enable them to cast their vote on the matters listed in this Notice by electronic means (e-voting). The e-voting facility is provided by National Securities Depository Limited (NSDL). The steps for e-voting are as under:

Step 1	:	Login to the NSDL e-voting portal, <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>
Step 2	:	Click on the "Shareholder/Member" login.  The login credentials are as follows:  <b>A. User ID</b>  1. Members with NSDL account: 8-character DP ID followed by 8-digit Client ID (for example, if your DP ID is IN***** and Client ID is *****), then your user ID is IN*****.  2. Members with CDSL account: 16-digit Beneficiary ID (for example, if your Beneficiary ID is 12*****), then your user ID is 12*****.  3. Members with physical folio: EVEN i.e. 113010 + Folio Number registered with the Corporation (for example, if your folio number is *****), then your user ID is 113010*****).

Step 2	:	<b>B. Password</b>  Existing Users - use your existing password. In case, you have forgotten your password, you can generate a new password by clicking the appropriate tab provided on the same page.  Login for the first time - password is mentioned in the file attached.  Members may also use OTP based login. The OTP will be sent to the registered mobile number and/or e-mail address.  In case any Member is still unable to get the password through the aforesaid options, he/she can send a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> mentioning his/her DP ID and/or Client ID/folio number and PAN.
Step 3	:	a) Click on e-voting: Active Voting Cycles.  b) Select EVEN of Housing Development Finance Corporation Limited i.e. 113010.  c) Once you select the EVEN, the Cast Vote page will open.  d) Cast your vote by selecting your favoured option along with the number of shares for which you wish to cast your vote and then click on "Submit" followed by "Confirm" when prompted.
Step 4	:	Upon confirmation, the message "Vote cast successfully" will be displayed.  Please note that once your vote is cast on a selected resolution, it cannot be modified.

(ix) Some of the important details regarding the e-voting facility are provided below:

Cut-off date for determining the Members entitled to vote through e-voting	<b>Friday, June 19, 2020</b>
Commencement of e-voting period	<b>Monday, June 22, 2020 at 10:00 a.m.</b>
End of e-voting period	<b>Tuesday, July 21, 2020 at 5:00 p.m.</b>

The e-voting module will be disabled by NSDL after **5:00 p.m.** on **Tuesday, July 21, 2020.**

- (x) Institutional shareholders (i.e. other individuals, HUF, NRI, etc.) are required to send a scanned copy of the relevant board resolution/authority letter, etc., together with attested specimen signature(s) of the authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer by 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 Number.
- (xi) In case of any queries, please refer to the FAQs-Shareholders and e-voting User Manual-Shareholder available in the Downloads section at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990. You can also e-mail your queries with regard to e-voting to Mr. Amit Vishal, Senior Manager at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or Ms. Pallavi Mhatre, Manager at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or call on 022-2499 4360/4545 or you can also send an e-mail to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (xii) Mr. N. L. Bhatia, Company Secretary (Membership No. FCS 1176), Partner, Messrs N L Bhatia & Associates, Practising Company Secretaries (C.P. No. 422) has communicated his willingness and has been appointed by the Corporation to act as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xiii) The Scrutinizer will submit his report of the votes cast to the Chairman or any Director authorised by the Board or the Company Secretary.
- (xiv) The result, along with the Scrutinizer's Report, will be announced on Tuesday, July 21, 2020 and placed on the website of the Corporation and NSDL and shall be communicated to BSE Limited and National Stock Exchange of India Limited. The resolutions, if passed by requisite majority, shall be deemed to have been passed on the last date for e-voting i.e. Tuesday, July 21, 2020. The Corporation will also display the result of the postal ballot at its registered office and corporate office.

# ANNEXURE TO THE NOTICE

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

### Item No. 1

In order to augment the long-term resources of the Corporation, to maintain sufficient liquidity in this uncertain economic environment driven by the outbreak of the COVID-19 pandemic, for general corporate purposes and to finance organic and/or inorganic business opportunities that may arise in financial services including housing finance and/or in areas where the subsidiary(ies) of the Corporation operate, the Corporation has been exploring various fund raising options.

The Corporation is cognizant of the benefits and detriments of the various modes of fund raising and it is needless to state that the Corporation would take a decision keeping the interests of all its stakeholders, especially the retail shareholders.

The Committee of Directors of the Corporation duly authorised by the Board of Directors in this regard, at its meeting held on June 19, 2020, *inter alia* approved seeking of the approval of the Members of the Corporation through Postal Ballot for raising of funds to the extent of ₹ 14,000 crore (Rupees Fourteen thousand crore only) or its equivalent in any one or more currencies, in one or more tranches, in such form, on such terms, in such manner, at such price and at such time as may be considered appropriate by the Board of Directors of the Corporation (hereinafter referred to as "Board" which term shall be deemed to include any committee constituted/to be constituted by the Board, from time to time, to exercise its powers conferred by the resolution under Item No. 1 of this Notice) by way of issuance of equity shares and/or any instruments or securities including convertible debentures (compulsorily and/or optionally, fully and/or partly) and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with equity shares of the Corporation at a later date simultaneously with the issue of non-convertible debentures and/or Foreign Currency Convertible Bonds ("FCCBs") and/or Foreign Currency Exchangeable Bonds ("FCEBs") and/or any other permitted fully and/or partly paid securities/instruments/warrants, convertible into or exchangeable for equity shares at the option of the Corporation and/or holder(s) of the security(ies) (hereinafter collectively referred to as "Securities"), secured or unsecured, listed on a recognized

stock exchange in India or abroad whether rupee denominated or denominated in foreign currency by way of Qualified Institutions Placement ("QIP") pursuant to Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) or otherwise.

The equity shares, which would be allotted, shall rank in all respects *pari passu* with the then existing equity shares of the Corporation, except as may be provided otherwise under the terms of issue/offering and in the prospectus/offer document and/or offer letter and/or offering circular/placement document and/or listing particulars.

The resolution proposed is an enabling approval and the exact combination of instrument(s), exact price, proportion and timing of the issue of the Securities in one or more tranches and/or issuances and the detailed terms and conditions of such tranche(s)/issuances will be decided by the Board in consultation with lead managers, advisors and such other authorities and agencies as may be required to be consulted by the Corporation in due consideration of prevailing market conditions and other relevant factors.

However, some of the broad terms of the proposed issue would be as under:

#### **Objects of the Issue**

In order to augment the long-term resources of the Corporation, to maintain sufficient liquidity in this uncertain economic environment driven by the outbreak of the COVID-19 pandemic, for general corporate purposes and to finance organic and/or inorganic business opportunities that may arise in financial services including housing finance and/or in areas where the subsidiary(ies) of the Corporation operate.

#### **Pricing**

The pricing would be arrived at by the Board depending on market conditions and in accordance with the ICDR Regulations. In the event of a QIP, the pricing of the equity shares that may be issued to Qualified Institutional Buyers (QIBs) shall be freely determined subject to such price not being less than the floor price calculated in accordance with Chapter VI of the ICDR Regulations, provided

that the Corporation may offer a discount not exceeding 5% of the floor price or such other permissible limit as may be specified under the ICDR Regulations.

#### **Maximum amount to be raised/number of securities to be issued**

The total amount to be raised by issuance of Securities through any of the modes as mentioned above or a combination thereof, would not exceed ₹ 14,000 crore (Rupees Fourteen thousand crore only) or foreign currency equivalent thereof.

#### **Relevant Date**

The relevant date for determining the price of the Securities to be issued by way of QIP/FCCBs/FCEBs or by way of any other issue(s) shall be the date of the meeting in which the Board decides to open the proposed issue, in accordance with the ICDR Regulations.

#### **Listing**

The Securities issued will be listed on one or more stock exchanges in India or abroad.

#### **Class or classes of persons to whom the Securities will be offered**

The Securities will be offered and issued to such investors including QIBs who are eligible to acquire such Securities in accordance with all the applicable laws, rules, regulations and guidelines. The proposed allottees may be residents of India or abroad and whether or not such persons are Members of the Corporation.

#### **Intention of Promoters, Directors or Key Managerial Personnel**

The Corporation does not have any promoters. The directors and the key managerial personnel would not be eligible to subscribe to the said issue.

#### **Proposed time within which the allotment shall be completed**

In case of a QIP, allotment of the Securities would be completed within a period of 365 days from the date of passing of the resolution set out at Item No. 1 of this Notice.

#### **Change in control**

There would be no change in control pursuant to the said issue.

The resolution as set out at Item No. 1 of

this Notice and the terms stated therein and in the explanatory statement hereinabove shall be subject to the guidelines/regulations issued/to be issued by the Government of India or the Securities and Exchange Board of India or the Reserve Bank of India or the Ministry of Corporate Affairs or the National Housing Bank or any other regulatory/statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms contained herein or in the said resolution, if required by the aforesaid regulatory/statutory authorities or in case they do not conform with the ICDR Regulations including any amendment, modification, variation or re-enactment thereof.

Pursuant to Section 62(1)(c) of the Companies Act, 2013, further equity shares may be issued to persons other than the existing Members of the Corporation as specified in Section 62(1)(a) of the Companies Act, 2013, including any amendment, modification, variation or re-enactment thereof, provided that the Members of the Corporation approve the issue of such equity shares by means of a special resolution.

Consent of the Members would therefore be necessary pursuant to the provisions of Sections 42, 62(1)(c) and 71 of the Companies Act, 2013, the ICDR Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for issuance of Securities through one or more permissible modes for an aggregate amount not exceeding ₹ 14,000 crore (Rupees Fourteen thousand crore only) or foreign currency equivalent thereof with the authority to the Board to decide on the form, terms, manner, number of tranches and timing of the issue(s)/offering(s), as it may in its sole and absolute discretion and wherever required, in consultation with merchant bankers/advisors, deem fit and appropriate.

Your Board, accordingly, recommends passing of the resolution as set out at Item No. 1 of this Notice for the approval of the Members. None of the Directors or Key Managerial Personnel of the Corporation or their relatives, other than to the extent of their shareholding in the Corporation, if any, are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 1 of this Notice.

#### **Item No. 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. In recent times, the Corporation has been instituting stock option schemes after every three years. Rewarding employees with stock options aligns with the long term sustainable growth of the Corporation and ensures active participation of a team of motivated employees in ensuring desired growth of the Corporation. The Corporation believes that if adoption and implementation of such incentive structure is encouraged and supported by way of grant of stock option, it will provide competitive edge in the current economic and market scenario. Last three stock option schemes of the Corporation were approved by the Members in the years 2011, 2014 and 2017.

Given the COVID-19 pandemic and the resultant devastation of economies and businesses across the globe, the Board of Directors and the Management of the Corporation felt that these challenging times call for austerity measures and personal sacrifice at every level and across every function of the Corporation. Thus, the Nomination and Remuneration Committee and the Board of Directors decided to freeze the commission/bonus payable to the working directors, independent directors, Chairman and the members of the senior management of the Corporation at previous year's levels. The Corporation also decided against increments in the salary of employees across the Corporation during the financial year 2020-21 including the whole-time directors.

Further, since the date of the last shareholders' approval in March 2017, many new employees have joined the Corporation across all levels. 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 thereunder and the 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 referred to as "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 Nomination and Remuneration Committee of Directors under Employees Stock Option Scheme - 2020 (ESOS-2020) in terms of this resolution and in accordance with the provisions of the Companies Act, 2013, the rules framed thereunder, SEBI ESOP Regulations and other laws as applicable.

In accordance with the terms of this resolution and the ESOS-2020, the options would be granted in one or more tranches as may be decided by the Board, from time to time.

The Nomination and Remuneration Committee of Directors at its meeting held on May 7, 2020 formulated the ESOS-2020 in accordance with the provisions of the Companies Act, 2013 and the SEBI ESOP Regulations, subject to the approval of the Members of the Corporation. The following *inter alia* are the broad terms and conditions of ESOS-2020:

#### **Brief description of the Scheme**

In order to reward, retain the existing employees and also to attract and retain the best talent, the Corporation proposes to grant stock options to its employees and directors under ESOS-2020 in terms of this resolution and in accordance with the provisions of the Companies Act, 2013, the rules framed thereunder, SEBI ESOP Regulations and other laws as applicable. The ESOS-2020 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 comprising Independent Directors shall act as the Compensation Committee under Regulation 5 of the SEBI ESOP Regulations, which has been authorised to *inter alia* formulate, administer and supervise ESOS-2020 including framing of its terms and conditions in terms of the SEBI ESOP Regulations. Any interpretation of ESOS-2020 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-2020 shall not exceed 3,55,55,000 options representing 3,55,55,000 equity shares of ₹ 2 each of the Corporation plus the number of options that the Board may decide to grant under ESOS-2020 out of the lapsed options 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 including but not limited to those arising out of any corporate action(s) as the case may be, from time to time.

The maximum dilution that could take place in future, if all the aforesaid options are exercised, would not exceed 2% of the expanded issued and paid-up share capital of the Corporation, taking into consideration the un-exercised stock options as on date.

The options, that may lapse/expire or are forfeited under ESOS-2020, will be available for grant to the eligible employees.

#### **Identification of classes of employees entitled to participate in ESOS-2020**

The present and future permanent employees and 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 thereunder, SEBI ESOP Regulations and Listing Regulations), whether in India or abroad, are eligible to participate in ESOS-2020, subject to such eligibility criteria as may be decided by the Nomination and Remuneration Committee 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 4 years and 1 month and the minimum gap shall be as may be required by the applicable regulations.

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-2020 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 Nomination and Remuneration Committee at which the options are granted. Since 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, if any (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 Nomination and Remuneration Committee, 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 option along with full payment for the shares in 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-2020, the Nomination and Remuneration Committee would *inter alia* consider grade, performance, merit, future potential contribution, conduct of the employee and such other factors as it may, in its absolute judgement, deem appropriate.

Notwithstanding anything contained in this resolution or the explanatory statement, the Nomination and Remuneration Committee would have the sole and absolute discretion to determine the employees eligible to be granted options under ESOS-2020 and the quantum of options to be granted to any eligible employee and director.

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

The maximum number of options to be granted to any eligible employee during any one year will be decided by the Nomination and Remuneration Committee, subject to however the same being less than 1% of the issued equity shares of the Corporation as on the date of grant. Further, the aggregate of options to be granted to all non-executive directors shall not exceed 3% of the options to be granted under ESOS-2020 in any financial year and in aggregate.

The aggregate of all such options granted shall not exceed 3,55,55,000 options plus the number of options that the Nomination and Remuneration Committee may decide to grant under ESOS-2020 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 including by way of any corporate action, as the case may be.

#### **Accounting policies and the method for valuation options**

The Corporation shall follow the Indian Accounting Standards (Ind-AS) 102 on Share-based Payment, including the disclosure requirements prescribed therein, in accordance with and subject to the requirements of Regulation 15 of the SEBI ESOP Regulations.

The stock options granted to employees pursuant to the Corporation's stock option schemes, are measured at the fair value of the options at the grant date using Black-Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

#### **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.

### **Dilution in the expanded share capital of the Corporation**

As mentioned above, the stock options would vest within a period ranging from 1 year to 4 years and 1 month from the respective dates of grants, which would be decided by the Nomination and Remuneration Committee. The eligible employees can exercise the vested options within a period of 5 years from the respective dates of vesting. In view of the same, the maximum dilution of 2% that can take place in the expanded issued and paid-up share capital of the Corporation, will be gradual and would take place over a period of up to 9 years.

It can be noted that in respect of ESOS-2017, during the past three years, only 55,62,200 stock options have been exercised till March 31, 2020 which represents 0.32% of the paid-up share capital of the Corporation as against 3% of the share capital as approved by the Members. Accordingly and as stated

above, the dilution under ESOS-2020 will be gradual over a period of 9 years.

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 regulatory/statutory authorities in that behalf and the Nomination and Remuneration Committee 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 Board unanimously recommends passing of the special resolution as set out at Item No. 2 of this Notice, for the approval of the Members.

Since the options under ESOS-2020 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 thereunder and SEBI ESOP Regulations, such Directors and Key Managerial Personnel and their relatives are interested, in the resolution as set out at Item No. 2 of this Notice.

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

By Order of the Board

MUMBAI  
June 19, 2020

Ajay Agarwal  
Company Secretary  
FCS: 9023