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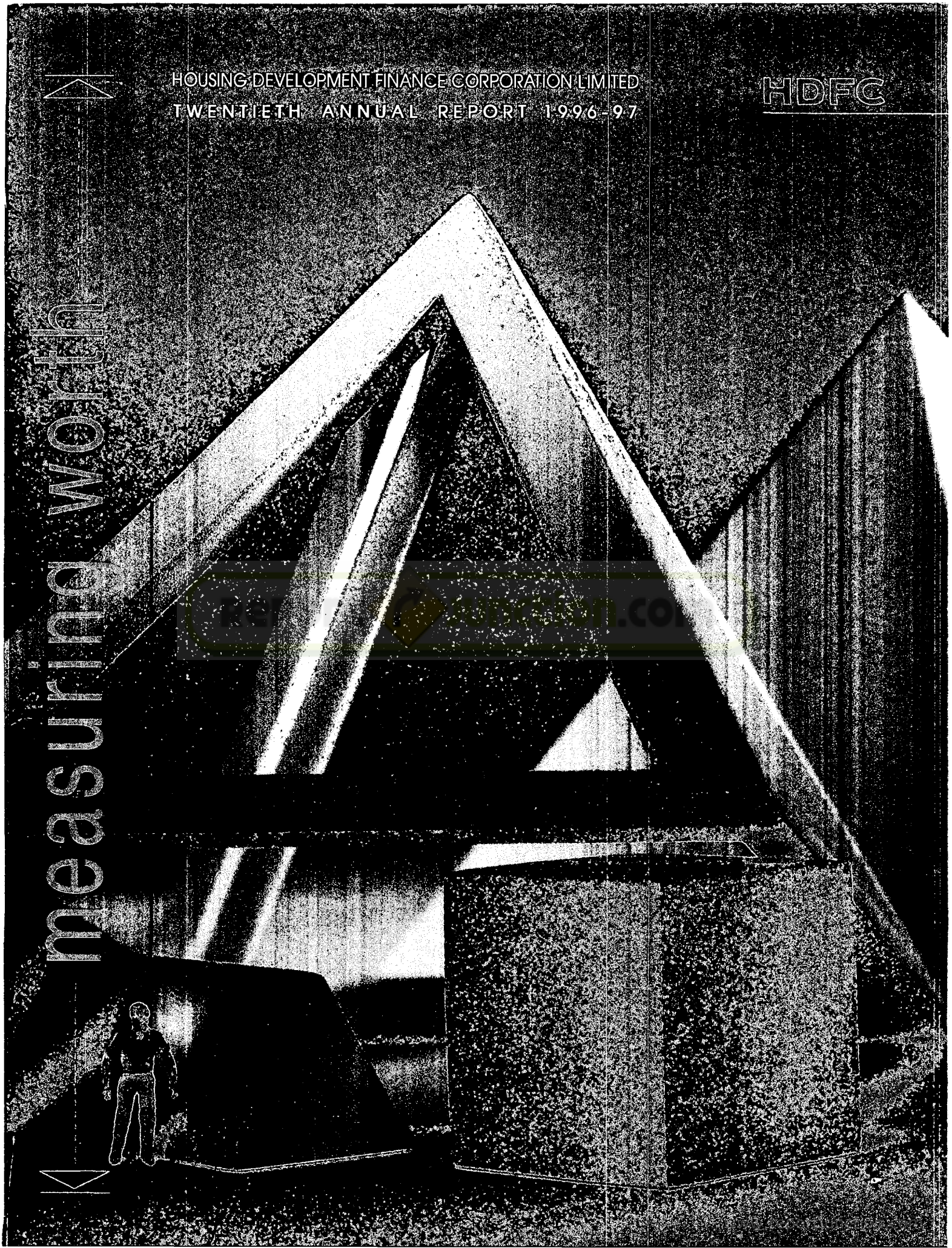
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

TWENTIETH ANNUAL REPORT 1996-97

HDFC

measuring world



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HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

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HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

	1992-93	1993-94	1994-95	1995-96	1996-97	Cumulative
Loan Approvals (Rs. in crores)	859.14	1,024.77	1,494.55	2,071.46	**2,521.70**	**11,586.61**
Loan Disbursements (Rs. in crores)	719.89	889.07	1,211.66	1,683.55	**2,100.78**	**9,479.38**
Cumulative Investment made possible in the housing sector (Rs. in crores)	9,053.21	11,275.47	15,137.77	19,928.88	**26,207.51**	

1 Crore = 10 million
1 Lac = 100,000

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	1992-93	1993-94	1994-95	1995-96	1996-97
Gross Income	473.50	608.15	780.33	982.18	**1,265.33**
Profit After Tax	55.55	105.36	146.15	195.69	**247.89**
Shareholders' Funds	325.58	500.28	874.85	1,501.82	**1,662.75**
Share Capital – Equity	68.62	92.24	101.24	119.11	**119.11**
– Preference	—	—	—	50.00	**50.00**
Reserves and Surplus	256.96	408.04	773.61	1,332.71	**1,493.64**
Long Term Borrowings	2,008.75	2,101.56	2,583.10	2,552.34	**3,035.47**
Deposits	1,029.32	1,458.18	1,853.24	2,512.69	**3,502.19**
Loans Outstanding	2,561.71	3,071.19	3,747.55	4,740.68	**5,709.32**
Dividend	25%	28%	32%	37%	**45%**
Book Value per Share (Rs.)	474	542	864	1,219	**1,354**
Earnings per Share (Rs.)	81	114	144	161	**203**

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NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED WILL BE HELD AT 3.30 P.M. ON TUESDAY, JUNE 24, 1997, AT 'BIRLA MATUSHRI SABHAGAR', 19, MARINE LINES, MUMBAI 400 020 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To consider and adopt the audited Profit and Loss Account for the year ended March 31, 1997, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Mr. N. Vaghul who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. D. N. Ghosh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. Venkitaramanan who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Dr. R. S. Tarneja who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint Auditors and to fix their remuneration and in this connection, to pass, with or without modifications, the following Resolution as an Ordinary Resolution; Provided that in the event of the provisions of Section 224A of the Companies Act, 1956, becoming applicable to the Corporation on the date of holding of this Meeting the same will be proposed as a Special Resolution:

   "RESOLVED THAT Messrs S. B. Billimoria & Company, Chartered Accountants, be and are hereby re-appointed Auditors of the Corporation to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on a remuneration of Rs. 12,50,000 (Rupees twelve lacs fifty thousand) plus reimbursement of out-of-pocket expenses incurred by them for the purpose of audit of the Corporation's accounts at the Head Office as well as at all Branch Offices of the Corporation in India."

SPECIAL BUSINESS

To consider, and if thought fit, to pass, with or without modifications, the following Resolutions:

8. **As an Ordinary Resolution or in the event of the provisions of Section 224A of the Companies Act, 1956, becoming applicable to the Corporation on the date of holding of this Meeting, as a Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 228 of the Companies Act, 1956, Messrs Ratan Mama & Company, Chartered Accountants, be and are hereby appointed Branch Auditors of the Corporation for the purpose of audit of the accounts of the Corporation's branch office at Dubai, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, on such terms and conditions and on such remuneration as may be fixed by the Board of Directors of the Corporation, depending upon the nature and scope of their work."

9. **As an Ordinary Resolution:**

   "RESOLVED THAT the consent of the Corporation be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Corporation, to borrow from time to time such sum or sums of money as they may deem requisite for the purpose of the business of the Corporation, notwithstanding that monies to be borrowed together with the monies already borrowed by the Corporation (apart from temporary loans obtained from the Corporation's Bankers in the ordinary course of business) would exceed the aggregate of the paid-up Capital of the Corporation and its free Reserves, that is to say, Reserves not set apart for any specific purpose, Provided that the total amount upto which monies may be borrowed by the Board of Directors shall not exceed the sum of Rs.12500,00,00,000 (Rupees twelve thousand five hundred crores) at any one time."

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10. **As a Special Resolution:**

"RESOLVED THAT subject to the provisions of the relevant laws as applicable from time to time and subject to such consents, permissions and sanctions as may be required from appropriate authorities, the consent of the Corporation be and is hereby accorded for acquiring and holding of Equity Shares of the Corporation, by the Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) and Non-Resident Indians (NRIs) upto an aggregate limit of 30% of the paid-up Equity Share Capital of the Corporation or upto such other limit as may be permitted by law and approved by the Board of Directors of the Corporation, Provided however that the Equity Share holding of a single FII or a sub-account of an FII, in the Corporation shall not at any time exceed 10 percent of the paid-up Equity Share Capital of the Corporation or such other limit as may be permitted by law and approved by the Board of Directors of the Corporation."

"RESOLVED FURTHER THAT the Board of Directors of the Corporation be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, deeds and writings as may be required for the aforesaid purpose and which it may deem fit in the interest of the Corporation."

11. **As a Special Resolution:**

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Corporation be and is hereby altered as follows:

a. After sub-clause xiv of Article 1 the following sub-clauses shall be inserted:

(xv) the word 'beneficial owner' shall mean the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996,

(xvi) the word 'Depositories Act, 1996' shall include any statutory modification or re-enactment thereof and

(xvii) the word 'Depository' shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.

b. In Article 11 after the words '_ _ _ no shares shall be sub-divided' to add the words 'provided however that the provision relating to progressive numbering shall not apply to the shares of the Corporation which have been dematerialised.'

c. Article 14 be replaced with the following:

'Save as herein otherwise provided, the Corporation shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.'

d. To insert the following Article after the existing Article 21 and to be numbered as 21-A:

'Notwithstanding anything contained herein, the Corporation shall be entitled to dematerialise its Shares, Debentures and other securities pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other securities for subscription in a dematerialised form. The Corporation shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media.'

e. Article 46 to be renumbered as Article 46 (a) and the following sub-clause (b) to be inserted:

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'46(b)In the case of transfer of shares or other marketable securities where the Company has not issued any Certificates and where such Shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.' "

April 30, 1997. By Order of the Board

Registered Office:
Ramon House,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

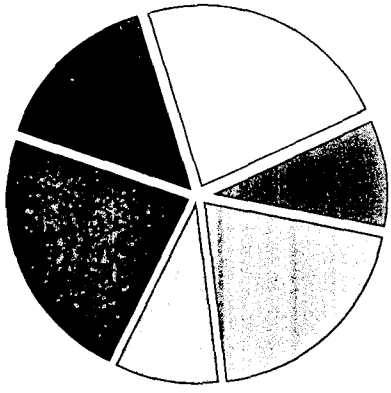
SUSIR KUMAR M.
Company Secretary &
Chief-Recoveries

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE CORPORATION. The proxy form should be lodged with the Corporation at its Registered Office at least 48 hours before the time of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Corporation will remain closed from Monday, June 2, 1997 to Tuesday, June 24, 1997, both days inclusive.
4. Members are requested to promptly notify any changes in their address to the Corporation's Share Dept. at 'Tel Rasayan Bhavan', Ground Floor, Tilak Road, Dadar T.T., Mumbai 400 014.
5. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Corporation during office hours on all days except Saturdays, Sundays and public holidays; between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. The Corporation has transferred the unclaimed dividends declared for the financial year 1992-93 to the General Revenue Account of the Central Government. All Members who have either not received or have not encashed their dividend warrants for the financial year 1993-94, 1994-95 and 1995-96 are requested to write to the Corporation's Share Department at the aforesaid address, mentioning the relevant Folio No.(s), for issuance of duplicate dividend warrant(s).

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.

SHAREHOLDING PATTERN AS ON 31-03-1997



- INDIVIDUALS 23%
- CORPORATE BODIES 10%
- BANKS/FINANCIAL INST. & INS. CO. 19%
- MUTUAL FUNDS 9%
- FOREIGN INSTITUTIONAL INVESTORS 24%
- FOREIGN DIRECT INVESTMENT 15%

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ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 8

Messrs Ratan Mama & Company, Chartered Accountants were appointed as Branch Auditors of the Corporation for the purpose of the audit of the accounts of the Corporation's branch office at Dubai. Their office as Branch Auditors expires at the conclusion of this Meeting and the Board recommends their re-appointment as Branch Auditors. Resolution for this purpose, pursuant to Section 228 of the Companies Act, 1956, is placed before the Members for their approval.

None of the Directors of the Corporation, is in any way, concerned or interested in the said Resolution.

Item No. 9

At present, the Board of Directors of the Corporation can borrow only upto Rs. 7500 crores, consequent to the authority vested in it by the Members in the 17th Annual General Meeting held on June 17, 1994. As on March 31, 1997, the total borrowings of the Corporation amounted to Rs. 6537.66 crores. In view of the increasing activities of the Corporation, it may be necessary for the Corporation to borrow monies from various sources, which could exceed the present limit of Rs. 7500 crores.

The Board of Directors accordingly recommend the new limit to the extent as set out in the Resolution, for approval of the Members. None of the Directors of the Corporation, is in any way, concerned or interested in the said Resolution.

Item No. 10

As on date, as per the Register of Members of the Corporation, Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs) and Non-Resident Indians (NRIs) together hold 23.77% of the paid-up Equity Share Capital of the Corporation.

Hitherto, FIIs, OCBs and NRIs could jointly hold only upto 24% of the paid-up Equity Share Capital of any Indian company, being shares acquired through any stock exchange in India. This limit has now been enhanced to 30%, subject to the approval of shareholders of the company by way of a Special Resolution. Several FIIs have expressed their desire to acquire shares of the Corporation and are currently not being able to do so by virtue of the limit of 24%. Increasing the limit to 30% will enable further investment by FIIs in India and thereby increase the foreign exchange inflow to the country. Accordingly it is proposed to increase the ceiling of holdings by FIIs, OCBs and NRIs in the Equity Share Capital of the Corporation from the present limit of 24% to 30%. Members' approval is solicited for the same.

The Board of Directors recommend the new limit to the extent as set out in the Resolutions, for approval of the Members. None of the Directors of the Corporation, is in any way, concerned or interested in the said Resolutions.

Item No. 11

Consequent to the passing of the Depositories Act, 1996 and introduction of the Depository system, some of the provisions of the Companies Act, 1956, pertaining to issue, holding, transfer and dealing in shares and other securities as also certificates thereof have been amended so as to facilitate the Depository system. A few Articles in the Articles of Association of the Corporation, pertaining to issue, holding and dealing in shares and securities which were in line with the erstwhile provisions of the Companies Act, 1956, are conflicting with the provisions of the Depositories Act, 1996 and therefore the relevant Articles need to be amended.

The Board of Directors accordingly recommend the Resolutions for approval of the Members. None of the Directors of the Corporation, is in any way, concerned or interested in the said Resolutions.

April 30, 1997. By Order of the Board

Registered Office:

Ramon House,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

SUSIR KUMAR M.
Company Secretary &
Chief-Recoveries

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HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Registered Office: Ramon House, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.

PROXY FORM

Reg. Folio No. ..... No. of Shares held .....

I/We .....

of .....

being a Member/Members of HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED hereby appoint ..... of .....

or failing him ..... of .....

as my/our proxy to vote for me/us on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Corporation to be held on Tuesday, June 24, 1997 and at any adjournment thereof.

Signed this ..... day of ..... , 1997. Signature ..... Affix 30 paise Revenue Stamp .....

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Note: This form duly completed and signed must be deposited at the Registered Office of the Corporation not less than 48 hours before the Meeting.

✂----------

HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Registered Office: Ramon House, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

20th Annual General Meeting — June 24, 1997

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Corporation held at 'BIRLA MATUSHRI SABHAGAR', 19, Marine Lines, Mumbai 400 020 on Tuesday, June 24, 1997 at 3.30 p.m.

Full name of Member (IN BLOCK LETTERS) .....

Reg. Folio No. ..... No. of Shares held .....

Full name of Proxy (IN BLOCK LETTERS) .....

Member's/Proxy's Signature .....

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All things living are in search for a better world.

Karl Popper, "In Search of a Better World"

Principle centred people are constantly educated by their experiences... They discover that the more they know, the more they realise they don't know; that as their circle of knowledge grows, so does its outside edge of ignorance.

Steven Covey, "Principle Centred Leadership"

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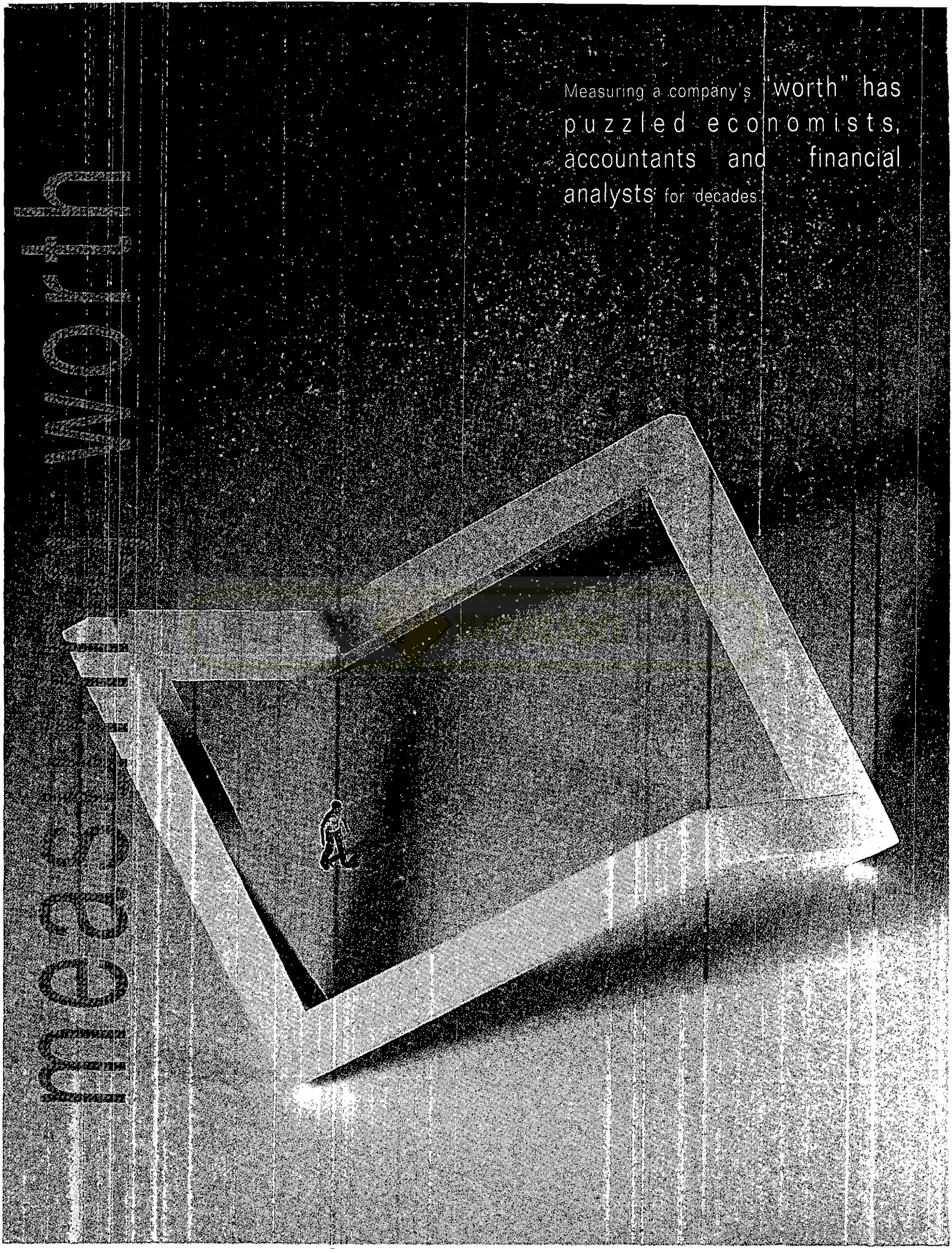
Measuring a company's "worth" has puzzled economists, accountants and financial analysts for decades.