

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED



40 YEARS

ALL FOR HOUSING

FORTIETH ANNUAL REPORT 2016-17



From pioneering Housing Loans to creating a financial conglomerate.

The strength of intent

The confidence of clarity

*The knowledge that one can contribute
to one's own and the society's growth
with the single-minded pursuit
of a cherished vision*

Think integrity, transparency, trust and professionalism, and chances are more often than not, you will think of HDFC. Since our inception, we have focussed on the core objective of meeting the housing needs of our customers. In our journey so far, we have fulfilled the dreams of 5.8 million customers. We are forging ahead on the legacy we have inherited from Shri H T Parekh, our Founder Chairman.

Having partnered with all sections of the society in their home ownership quest, we have built a strong reputation as an able partner who guides its customers at every step of the journey. The Government's support to affordable housing has added momentum to this dream of home-ownership.

At HDFC, our pioneering housing finance efforts and learnings have led to several innovations in products, processes and services. We have evolved into a diversified financial services conglomerate with independent entities across varied services and have set the performance benchmark in most of the sectors we are present in – Banking, Insurance, Asset Management.

As a new decade starts, we re-affirm our commitment to anticipate and exceed our customers' expectations, creating value for all stakeholders.



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ANNUAL GENERAL MEETING (AGM)

Day/Date : Wednesday, July 26, 2017 Time: 2.30 pm
Venue : Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400020.

E-VOTING PERIOD

Commences on : Saturday, July 22, 2017 at 10.00 am
Closes on : Tuesday, July 25, 2017 at 5.00 pm

Financial Highlights

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Income	8,196	11,018	11,361	12,878	17,354	21,148	24,198	27,471	30,957	33,160
Profit After Tax	2,436	2,283	2,826	3,535	4,123	4,848	5,440	5,990 ¹	7,093 ¹	7,443 ¹
Shareholders' Funds	11,947	13,137	15,198	17,317	19,018	24,830	27,955	30,970	34,121	39,645
Loans from Banks and Financial Institutions	21,200	25,372	32,137	42,490	40,697	17,824	32,952	26,194	42,802	37,270
Market Borrowings	36,655	39,110	41,347	48,296	62,138	89,071	94,443	1,16,317	1,20,845	1,56,690
Deposits	11,296	19,375	23,081	24,327	36,293	51,933	56,578	66,706	74,670	86,574
Loans Under Management ²	75,949	91,378	1,08,268	1,29,274	1,55,431	1,87,010	2,17,763	2,53,333	2,91,531	3,38,478
Loans Outstanding	73,328	85,198	97,967	1,17,127	1,40,875	1,70,046	1,97,100	2,28,181	2,59,224	2,96,472
Dividend (%)	250	300	360	450	550	625	700	750	850	900
Book Value per Share (₹) ³	84	92	106	118	129	162	179	197	216	250
Earnings per Share (₹) ⁴	13 ¹	16	20	24	28	32	35	38	44	46

¹ After impact of Deferred Tax Liability on Special Reserve.

² Inclusive of outstanding loans sold.

³ The face value of equity shares of the Corporation was sub-divided to ₹ 2 per equity share from ₹ 10 per equity share in FY 2011. Previous year figures have been adjusted to reflect the revised value.

⁴ Excluding exceptional income.

From learning the ropes to defining service benchmarks.

Our excellence in customer service is the result of consistent ideation and development of several path-breaking products and processes. At every stage of growth, we always took the road less travelled, faced challenges and emerged successful.

From introducing the 'hub and spoke' model for offices to reducing the turn-around time for loan approvals, from providing Certificates of Deposits 'on the spot' to interest payments reaching depositors on their due dates, from dedicated customer service to a relentless commitment to increasing productivity, the entire process – from intent to execution kept evolving.

We continue to counsel and connect with our customers, assisting them to make an informed decision. Our product offerings too have evolved with the times:

Home improvement loans, home extension loans, plot loans, non-residential premises loans, loans against property, top-up loans are some such examples. We are harnessing technology to increase our reach and have made our services easily accessible across the country.

Service and guidance now includes aspects like home-searching, home-building and home-caring, thus providing the customers a more-fulfilling and holistic experience.



From understanding customer needs to developing an eco system.

The positive response of home-owners to our initiatives has contributed to the growth of the industry. HDFC has reached out to varied geographies through new offices – the endeavour is to offer the whole gamut of services at every location. Outreach programmes has been one such example, where HDFC employees from the nearest HDFC branch interact with customers of a remote location on a weekly or fortnightly basis.

'HDFC Property Fair' was another innovative concept developed to bring together reputed developers and prospective customers under one roof. Changing with the times, our recent thrust on online exhibitions allow customers to choose from a wide variety of options from the comfort of their location.

We have always emphasised, it would need an industry, not a company to meet the housing finance needs of the entire nation. In keeping with this outlook, we not only promoted housing subsidiaries with other leading organisations, but also provided training for their first set of employees.



From defining value systems to building brand equity.



The secret to building a world-class organisation, as demonstrated by HDFC, is through fulfilling a social need, without compromising on sound business principles. To us, economic progress has to be accompanied by social progress.

As the Country's premier housing finance provider, our philosophy has always been to make the complex simple, to study changing trends in the society, and constantly innovate. Through the years, we have also built a strong rapport with all stakeholders of the housing finance industry: regulators, investors, employees, depositors and the customers.

Our management's emphasis on values and transparency in financial practices has held us in good stead, even when times were tough. The best practices are shared across the board helping every employee gain from the collective experience, while also ensuring the 'HDFC customer experience' is standardised across all branches.

From studying consumer insights to exceeding market expectations.

Leveraging consumer insights to develop and enhance our products and services is one of the key reasons why HDFC's products and services have always found resonance with the customers. We have evolved with the times - from providing personal guidance and counselling to the consumers on aspects of the loan process and real estate projects in the early days, now our advisory model is available online and retains its interactive nature.

Our ability to integrate the customer's voice to meaningful improvisations has led to many product, processes and service delivery refinements. Reduced waiting time, advanced online functions of disbursements and Electronic funds transfer (EFT) helping customers and developers alike, customised products for customers, longer tenure loans and loans for commercial properties, efficient recovery mechanisms, are a few cases in point. Our efforts to achieve customer delight have helped us consistently attract a major proportion of business through referrals.

We have also devised specific products for the rural economy, the informal and unorganised income segments by addressing their documentation challenges through new innovative methods of appraisals. Our own sales channels and partnerships with localised sourcing associates have helped us create several touch-points to reach these consumers.

The results are evident and our values and practices have often received national and international recognition.



From inspiring team spirit to encouraging accountability.

HDFC has always promoted the culture of team work. Our emphasis while recruiting people has always been on the core attributes of optimism, sincerity, adaptiveness and the ability to shoulder responsibility. This has helped build a sense of harmony in relationships within and outside the organisation.



Training and development is considered vital, and the efforts range from induction workshops for new management trainees to specialised training programmes for middle and senior management. Our training centre has been specially set up for enhancing knowledge not only of our staff, but also to provide training and technical assistance to housing finance institutions of developing countries.

Employee motivation and retention has been one of the reasons for our consistent performance. While we empower each team member with responsibility, we ensure they are aware and uphold ethical standards, compliance and accountability. Our value system finds resonance not only in HDFC, but also in our group companies.

As a responsible corporate leader, we need to stay rooted to our value systems, more than ever before. At no point has customers' goodwill been more relevant than now, and the values we hold dear are the guiding principles which will hold us in good stead in the coming times.

The value of legacy

The respect of equity

The wisdom to be future-ready, without any compromise on core values, furthering goodwill, transparency and customer-centricity in all our dealings.

Board of Directors

Mr. Deepak S. Parekh
Chairman

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Dr. S. A. Dave

Mr. Nasser Munjee

Dr. Bimal Jalan

Dr. J. J. Irani

Mr. V. Srinivasa Rangan
Executive Director

Ms. Renu Sud Karnad
Managing Director

Mr. Keki M. Mistry
Vice Chairman & Chief Executive Officer



Brief Profile of the Directors of the Corporation

Mr. Deepak S. Parekh (DIN: 00009078) is the Chairman of the Corporation. He is a Fellow of The Institute of Chartered Accountants in England & Wales. Mr. Parekh joined the Corporation in a senior management position in 1978. He was inducted as a whole-time director of the Corporation in 1985, appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993. He retired as the Managing Director (designated as 'Chairman'), with effect from the close of business hours on December 31, 2009. Mr. Parekh was appointed as a director of the Corporation liable to retire by rotation by the shareholders of the Corporation at the 33rd Annual General Meeting held on July 14, 2010. He is a director on the boards of several prominent companies in India. He is also the Chairman of the Corporate Social Responsibility Committee of Directors.

Mr. B. S. Mehta (DIN: 00035019) is a graduate in commerce and a Fellow of The Institute of Chartered Accountants of India. Mr. Mehta is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1988. He is also the Chairman of the Nomination and Remuneration Committee of Directors and a member of the Audit Committee of Directors.

Mr. D. M. Sukthankar (DIN: 00034416) was an officer of the Indian Administrative Service and was Secretary, Ministry of Urban Development, Government of India and later Chief Secretary to the Government of Maharashtra. Mr. Sukthankar is recognised as an expert on issues related to urban development and management and has been associated with the housing sector for a number of years. He has been a director of the Corporation since 1989. He is also a member of the Stakeholders Relationship Committee of Directors.

Mr. D. N. Ghosh (DIN: 00012608) holds a Master's degree in Economics. He was the former Chairman of the State Bank of India. He is the Chairman Emeritus of ICRA Limited. He has been a director of the Corporation since 1989. He is also a member of the Audit Committee of Directors and Corporate Social Responsibility Committee of Directors.

Dr. S. A. Dave (DIN: 00001480) is a Doctorate in Economics and holds a Master's degree in Economics from the University of Rochester, USA. Dr. Dave was the former Chairman of the Securities and Exchange Board of India and the Unit Trust of India. He is the Chairman of Centre for Monitoring Indian Economy and is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1990. He is also the Chairman of the Audit Committee of Directors, Stakeholders Relationship Committee of Directors and Risk Management Committee. Dr. Dave is the nominee of the Corporation on the board of HDFC Standard Life Insurance Company Limited.

Mr. Nasser Munjee (DIN: 00010180) holds a Master's degree in Economics from the London School of Economics, UK. He is the Chairman of DCB Bank Limited and a director on the boards of several prominent companies in India. He was earlier the Executive Director of the Corporation and had been working with the Corporation from 1978 to 1998. He has been a director of the Corporation since 1993. He is also a member of the Nomination and Remuneration Committee of Directors. He is deeply interested in development and infrastructure issues.

Dr. Bimal Jalan (DIN: 00449491) is a former Governor of the Reserve Bank. He has previously held several positions in the Government including those of Finance Secretary and Chairman of the Economic Advisory Council to Prime Minister. He was also a nominated Member of Parliament from 2003 to 2009. He was

Brief Profile of the Directors of the Corporation

associated with a number of public institutions and was the Chairman of Centre for Development Studies, Thiruvananthapuram. He has been a director of the Corporation since 2008.

Dr. J. J. Irani (DIN: 00311104) holds a Doctorate from University of Sheffield, UK. He also holds a Master's degree in science from Nagpur University and M. Met from University of Sheffield, UK. The President of India conferred on him the award of Padma Bhushan in 2007 for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation. He has been a director of the Corporation since 2008. He is also a member of the Nomination and Remuneration Committee of Directors.

Mr. V. Srinivasa Rangan (DIN: 00030248) is the Executive Director of the Corporation. He holds a Bachelor's degree in Commerce and is an Associate of The Institute of Chartered Accountants of India and that of The Institute of Cost Accountants of India. Mr. Rangan joined the Corporation in 1986 and has served in Delhi Region and was the Senior General Manager – Corporate Planning & Finance function at head office since 2000. He was appointed as the Executive Director of the Corporation, with effect from January 1, 2010. He is responsible for the Treasury, Resources and Accounts functions of the Corporation. Mr. Rangan is also a member of the Stakeholders Relationship Committee of Directors and Risk Management Committee.

Ms. Renu Sud Karnad (DIN: 00008064) is the Managing Director of the Corporation. She holds a Master's degree in Economics from the University of Delhi and is a graduate in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. Ms. Karnad joined the Corporation in 1978 and was appointed as the Executive Director of the Corporation in 2000 and was re-designated as the Joint Managing Director of the Corporation in October 2007. She was appointed as the Managing Director of the Corporation, with effect from January 1, 2010. Ms. Karnad is also a member of the Risk Management Committee.

Mr. Keki M. Mistry (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of the Corporation. He is a Fellow of The Institute of Chartered Accountants of India. Mr. Mistry is also the Chairman of CII National Council on Corporate Governance. Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007 and as the Vice Chairman & Chief Executive Officer, with effect from January 1, 2010. Mr. Mistry is also a member of the Risk Management Committee.

Senior Executives

MEMBERS OF EXECUTIVE MANAGEMENT

Mr. Conrad D'Souza
Ms. Madhumita Ganguli
Mr. Mathew Joseph
Mr. Suresh Menon
Mr. M Ramabhadran
Mr. R Arivazhagan
Mr. Rajeev Sardana

SENIOR GENERAL MANAGERS

Mr. Praveen Kumar Bhalla
Mr. Nikhil B Dwivedi
Mr. Dipta Bhanu Gupta
Mr. Sudhir Kumar Jha
Mr. K Suresh Kumar
Ms. Sonal Modi
Mr. Subodh Salunke
Mr. R Sankaranarayan
Mr. Dilip Shetty

ADDITIONAL SENIOR GENERAL MANAGERS

Ms. Mala I Bhojwani
Mr. Prosenjit Gupta
Mr. S V Shaligram

GENERAL MANAGERS

Mr. Satrajit Bhattacharya
Mr. S K Chaudhari
Mr. Varghese George
Mr. Ankur Gupta
Mr. Arjun Gupta
Mr. T A Jaishanker
Mr. Sanjay Joshi
Ms. Iravati N Narvekar
Mr. Vinayak P Parkhi
Mr. T Ravishanker
Mr. Mahesh Shah
Mr. Sujir Udayanand
Mr. K V Vishwanathan

COMPANY SECRETARY

Mr. Ajay Agarwal

DEBENTURE TRUSTEES

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17, R. Kamani Marg, Ballard
Estate, Mumbai 400 001.

Central Bank of India
Debenture Trustee Section
Merchant Banking Division
4th Floor, MMO Building,
55, Mahatma Gandhi Road,
Fort, Mumbai 400 001.

PRINCIPAL BANKERS

HDFC Bank Ltd.
Axis Bank Ltd.
State Bank of India

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants

AUDITORS - DUBAI OFFICE

PKF
Chartered Accountants

SOLICITORS AND ADVOCATES

Wadia Ghandy & Co.
AZB & Partners
Cyril Amarchand Mangaldas
Shardul Amarchand Mangaldas & Co.

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