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MINUTES OF THE PROCEEDINGS OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF GIC HOUSING FINANCE LTD., HELD ON 27TH JULY, 2011 AT 4.00 P. M. CULTURAL HALL, 4TH FLOOR, AT Y. B. CHAVAN CENTRE, GEN. JAGNNATH BHOSALE MARG, NARIMAN POINT, MUMBAI – 400 021.

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58 members were personally present at the commencement of the meeting including six authorised representatives of the corporate bodies namely, General Insurance Corporation of India, The Oriental Insurance Co. Ltd, The New India Assurance Co. Ltd., National Insurance Co., Ltd., United India Insurance Company Ltd., and LIC of India.

Shri. Yogesh Lohiya, Chairman, Director (S) S/s N. R. Ranganathan, M. K. Tandon, Manu Chadha, Shivendra Tomar, Ashok Kumar Roy and Shri. M. Sivaraman, Managing Director were present.

Shri. M. Sivaraman, Managing Director welcomed the Chairman, Board of Directors and shareholders and thanked the shareholders for their active participation and showing interest in the organization. Then Managing Director requested the Chairman to conduct the proceedings.

Shri. Yogesh Lohiya, Chairman took the Chair, welcomed the Members and Directors present for the Twenty First Annual General Meeting and having ascertained that the members present form the quorum as per Article 84 of the Articles of Association of the Company, called the meeting to order and initiated the proceedings. Company Secretary informed the members present that 7 proxies were received from members holding 5, 80,204 shares. Company Secretary also read out the details of representations received from the following Corporates namely, LIC of India, United India Insurance Company Ltd., National Insurance Company Ltd., The oriental Insurance Company Ltd., The New India Assurance Company Ltd., and General Insurance Corporation of India under section 187 of the Companies Act.

Chairman then addressed the members. In his address covered the economic scenario, performance highlights for the year 2010-11, future outlook and prospects for the current year.

With the consent of members the Notice dated 31st May, 2011 was taken as read. Chairman then asked the Company Secretary to read the Auditors' Report. Company Secretary read the report to the members.

The Chairman then proceeded to propose the resolutions.

- 1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date together with reports of the Directors and the Auditors thereon.**

The Resolution was proposed by Shri. P. S. Modi, shareholder and seconded by Shri. H. C. Singh shareholder. Before putting the resolution to vote on show of hands Chairman asked the members as to whether they had any questions or clarifications to seek on the financial statements.



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Shri. Aspi Bhasania, Shareholder welcomed the new members of the Board namely Shri. Ashok Kumar Roy and Shri. Shivendra Tomar and thanked for the increased percentage of dividend recommended for the year. Then raised the following issues:

- Why venue for Annual General Meeting is not kept in a convenient location which will be easily accessible to the shareholders.
- The Company has spent sizable amount on repairs of building during the year. What for the amount has been sent?
- Is there increase in disbursement during the first quarter of the current year?

Shri. Rajendra W. Gharse, Shareholder complimented the Company for the good performance and also for the good presentation of the Annual Report and then raised the following issues:

- Whether Company will be in a position to sustain the performance considering the increase in interest rates recently announced by the Reserve Bank of India in its current credit policy review.
- Suggested that the Director's report may also give the following additional information:
 - Key performance highlights of the year.
 - Brief on future prospects and initiatives taken if any during the current year.
 - Gross Non Performing Assets Ratio.
 - Net Interest Margin.
 - Cost to Income Ratio.
 - Net Profit per Employee.
 - Business per employee.
- Expressed his concern about raising cost of funds, reducing yield on advances and consequent impact in profitability.
- Reason for availing unsecured loan amounting to Rs.100 crores
- Whether Company is having Risk Management Committee to monitor Credit Risks, Operating Risks etc.,
- Whether Company is having Vigilance Mechanism.
- Suggested that the Company has to take more Human Resources initiatives.
- Suggested to have more branches headed by females.

Shri. S. K. Nangia, shareholder expressed his satisfaction towards increase in percentage of dividend for the year. Then raised the following issues:

- Expressed his concern that profit after tax excluding the profit on sale of long term investments is very meager. Operating income has grown only by 12% whereas operating expenses are much higher due to increase in interest expenses. What went wrong last year and exactly in which quarter our Company's performance is not up to the target.
- Suggested that quarterly results are sent to shareholders.
- In interest income on housing loans disbursed by the Company, there is a deduction of tax at source. What for tax is deducted by the borrower on the interest payment on our loan.


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- As per the notes forming part of the Notice of the Annual General Meeting, shareholders who wish to do nomination are advised to approach the Company's Registrar's and Share Transfer Agents. Since majority of the shares are demated, the company has to advise the shareholders to submit the nomination request to their Depository Participant. The same was pointed out in the last Annual General Meeting.
- Suggested that whatever informed to the Stock Exchanges as per the Listing Agreement requirement especially about the recommendation of dividend, the verbatim to be reported in the Directs' Report.
- **Why Company is not accepting Fixed Deposits.**

Shri. Cyrus Dara Mukadym, shareholder thanked the Board for recommendation of 55% dividend and then raised the following issues:

- What is the direct action management has taken for maintaining the profitability.
- What are the actions taken for reducing the Non Performing Assets?

Shri. P. I. Tamane, shareholder raised the following issues:

- Why the share price of the Company is not going up, when the dividend yield is good.
- Expressed satisfaction over the dividend quantum but raised concern about the operating income not keeping its pace in increase, increase in interest expenses and staff expense.
- Whether increase in staff expenses is due to addition of staff?
- The net secured borrowings of the Company are Rs.2600 crores; what is the rate at which the company is borrowing funds?
- What is the impact in profitability due to raise in cost of funds.
- Why the Company has not gone for ISO Certification?
- What is the level of Computerisation in the Company?
- What efforts are taken for affordable housing?
- Why Company is not giving loans to Cooperative societies?

Shri. Pessy Irani, shareholder raised the following issues:

- Why assets are less than liabilities in "over 3 months to 6 months" bucket in Asset Liability Management Report – Maturity pattern.
- Whether the Company has taken adequate steps for bridge the gap in assets and liabilities?
- Advances (Assets) over ten years are Rs.122.60 crores but there are no borrowings more than 10 years.
- Suggested that units of investments bought and sold during the year need not be given in decimals.
- In cash flow statement; cash flow from investment activities are stated as Rs.5158.43 crores. Is it correct?


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Shri. J. P. Maheswari, shareholder complimented the management for increase in dividend percentage, growth in profitability and the raised the following issues:

- What is the growth expected in the current year?
- What is the position of Non Performing Assets?
- What are the steps taken for resource mobilisation?
- Whether Company has raised any resources through issue of Commercial Papers?
- How many branches the Company has plan to open during the current year?
- Why Company is not accepting Fixed Deposits?

The Chairman then replied to shareholders. Chairman in his reply thanked the shareholder for making good observations in the Annual Report and then replied as follows:

- The Company as a part of the compliance of the Corporate Governance is having a Risk Management Committee and a Board Committee for monitoring Asset Liability Management.
- Adequate management information system is in place.
- Connectivity of the branches and Central Data Base will be on line by the end of the year.
- Company will advise the shareholders to approach their respective "Depository Participant" for nomination in the next Annual Report.
- The Board is dealing the issue of increase in cost of funds due to rise in repo rates and confident that net spread will be maintained at 1.25%.
- The Company is not having any reservations in giving additional information like various ratios, salient features and future prospects and the same will be considered for inclusion in the next annual report.
- The request for conducting the Annual General Meeting in different venue will be looked into.
- The suggestion for ISO Certification will be looked into.
- The quarterly unaudited results are published in newspaper and also put in company's website. We will also send to shareholders individually.
- The Company is having vigilance mechanism
- The suggestion for having more female branch managers are welcome. Female branch managers will be accommodative, sensitive and transparent.
- Structural change in the organization is in the process to have a fool proof and systematic structure.

Chairman then requested Managing Director to clarify on certain specific issues raised by the shareholders.

Managing Director replied as follows:

- The amount spent on repair of buildings are on renovation of interiors of office buildings hired on long lease.
- The Company is regularly sponsoring the employees for trainings conducted by National Housing Bank and other recognized training institutions including regularly conducting our "induction programme".
- The unsecured loan of Rs.100 crores is availed from a private bank at 9% rate of interest which is advantageous to the Company.


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- The tax deducted on housing loan interest is on interest paid by the borrower who has to deduct tax at as per the provisions of the Income Tax Act, 1961.
- There is considerable improvement in position of Non Performing Assets. Gross NPA as at 31st March, 2011 is 2.78% and Net NPA is 0.41%.
- Increase in interest expenses are due to increase in rate of interest in the economy and also the effect of introduction of "base rate" system by the banks.
- There is an increase in profit exclusive of profit on sale of long term investments by Rs.7 crores.
- Increase in staff expenses due to wage revision implemented with effect from 1st April, 2011 and the corresponding increase in mandatory provision for "Leave encashment" and Gratuity due to wage revision.
- The amount stated in cash flow pertaining to investment activities amounting to Rs.5158 crores is the cumulative quantum of mutual fund units purchased in "liquid plans" of various schemes during the year and an amount of Rs.5281 crores was the sale consideration for the same. The details are given in point no 16 of the notes to accounts for the year.
- The Company is proposing to open seven branches during the current year.
- The Company is in the process of business process restructuring.
- There is no Asset Liability mismatch and majority of the loans are repaid in 10 to 13 years.

After clarifying all the points raised as above, the following Resolution proposed as an **Ordinary Resolution** was put to vote and carried unanimously.

"RESOLVED THAT the Directors' Report, Audited Statement of Accounts of the Company and the Auditor's Report for the year 2010-11 be and are hereby approved and adopted."

2. TO DECLARE DIVIDEND ON EQUITY SHARES FOR THE YEAR ENDED 31ST MARCH, 2011.

The following Resolution proposed as an **Ordinary Resolution** by Shri. Ketki N. S. shareholder and seconded by Shri. K. P. Srinivasan, representing National Insurance Company Ltd., shareholder was put to vote and carried unanimously.

"RESOLVED THAT a dividend of 55% (including onetime special dividend of 10%) on the paid up equity capital be and is hereby declared for the year 2010-11 to those shareholders holding shares in physical form whose names appear in the Register of Members of the Company as on 27th July, 2011 and those holding shares in the Demat form as Beneficial Owners in the record of the depositories as on 15th July, 2011."

3. To appoint Director in place of Shri. M. K. Tandon, who retires by rotation and being eligible, offers him for re-appointment.

The following Resolution proposed as an **Ordinary Resolution** by Shri S.K.Nangia, shareholder and seconded by Shri Jitendra Singh was put to vote and carried unanimously

"RESOLVED THAT Shri. M. K. Tandon be and is hereby re-appointed as Director of the Company liable to retire by rotation from the conclusion of this Annual General Meeting."


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4. To appoint a Director in place of Shri. Manu Chadha, who retires by rotation and being eligible, offers himself for re-appointment:

The following Resolution proposed as an **Ordinary Resolution** by Shri Hemi L Thliani, shareholder and seconded by Shri Rajendra Saha, shareholder was put to vote and carried unanimously

"RESOLVED THAT Shri. Manu Chadha be and is hereby re-appointed as Director of the Company liable to retire by rotation from the conclusion of this Annual General Meeting."

5. To appoint Auditors for the year 2011-12 and fix their remuneration and for that purpose to pass the following resolution with or without modification, as a SPECIAL RESOLUTION:

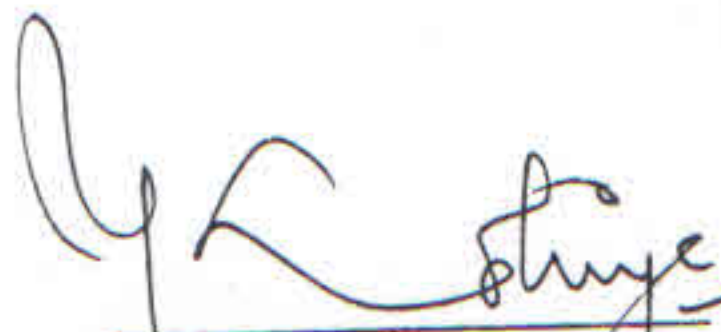
The following Resolution proposed as **Special Resolution** by Shri. Suresh Kamath, shareholder and seconded by Shri. Gajanan N. Patil shareholder was put to vote and carried unanimously

"RESOLVED THAT M/s. Contractor, Nayak & Kishnadwala, Chartered Accountants, Mumbai, be and is hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as mutually agreed upon by the Board of Directors and the Auditors".

6. To appoint, Shri Ashok Kumar Roy , General Manager, GIC Re, who was appointed as an Additional Director by the Board of Directors on 25th October, 2010 and holds office up to the 21st Annual General Meeting of the members of the Company and is eligible for appointment. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Shri Ashok Kumar Roy, for the office of the Director, liable to retire by rotation:

The following Resolution proposed as an **Ordinary Resolution** by Ms. Rashmi Dedhia, shareholder and seconded by Shri. Suresh A kamath shareholder was put to vote and carried unanimously

"RESOLVED THAT Shri. Ashok Kumar Roy, who was appointed as an Additional Director of the Company pursuant to Article 111 of Articles of Association of the Company with effect from 25th October, 2010 and who holds office up to the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."


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7. To appoint, Shri Shivendra Tomor , Vice President, IFCI Ltd., who was appointed as an Additional Director by the Board of Directors on 29th January, 2011 and holds office up to the 21st Annual General Meeting of the members of the Company and is eligible for appointment. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Shri. Shivendra Tomor, for the office of the Director, liable to retire by rotation:

The following Resolution proposed as an **Ordinary Resolution** by Ms. Pallavi representing John Hancock Funds 2 , shareholder and seconded by Shri Prabhakar Shrolkar , shareholder was put to vote and carried unanimously.

"RESOLVED THAT Shri. Shivendra Tomar, who was appointed as an Additional Director of the Company pursuant to Article 111 of Articles of Association of the Company with effect from 29th January, 2011 and who holds office up to the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956, and is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 , proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Increase in borrowing powers of the Board.

The following Resolution proposed as an **Ordinary Resolution** by Shri. Suresh A Kamath, shareholder and seconded by Shri. Naresh S. Meenawala, shareholder was put to vote and carried unanimously.

"RESOLVED THAT in supersession of the Resolution passed at the Eighteenth Annual General Meeting held on 29th July, 2008 consent be and is hereby accorded to the Board of the Directors of the company pursuant to section 293(1)(d) of the Companies Act, 1956 and Article 66, 67 and 68 of the Articles of Association of the Company, for borrowing time to time any sum of money from Commercial Banks, financial institutions, Mutual Funds, Public Financial Institutions, National Housing Bank, Promoters, Foreign Financial Institutions, Provident Fund Trusts, Pension Funds or from any other person(s) or entities as term loans, through issue of Commercial Paper, through issue of Secured Redeemable Non Convertible Debentures on private placement basis which together with monies already borrowed by the company (apart from the temporary loans obtained from the bankers of the company in the ordinary course of the business) shall not exceed in the aggregate at any one time beyond Rs.6000 crores irrespective of the fact such aggregate of amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserve, i.e. reserve not set apart for any specific purpose."

"RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of section 293 (1)(a) of the Companies Act, 1956 and Article 67 of the Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956 and subject to all other necessary approvals to the Board to secure, for creation of mortgage or charge on all or any of the Company's immovable and/ or movable assets, both present future, in such manner and on such terms as may be deemed fit and appropriate by the Board for the purpose of the said borrowings".


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9. Alteration of Authorised Capital.

The following Resolution proposed as an **Ordinary Resolution** by Shri. Rajendra Gharse, shareholder and seconded by Shri. C. C. Alphonso shareholder was put to vote and carried unanimously.

"RESOLVED THAT pursuant to provisions of Section 16, 94 and any other applicable provisions of the Companies Act, 1956 and provisions of Article 63 of the Articles of Association of the Company the Authorised capital of the company be and is hereby altered from Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 10,00,00,000 (Ten Crore Only) Equity Shares of Rs.10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lakhs Only) Redeemable Cumulative Participating or Non Participating Preference Shares of Rs.100/- (Rupees Hundred Only) amounting to Rs.50,00,00,000/- to 15,00,00,000/- (Fifteen Crore only) Equity Shares of Rs.10/- (Rupees Ten Only) each by canceling 50,00,000 (Fifty Lakhs Only) Redeemable Cumulative Participating or Non Participating Preference Shares of Rs.100/- (Rupees Hundred Only) each and increasing Equity share capital by corresponding 5,00,00,000 (Five Crore Only) Equity Shares of Rs.10/- (Rupees Ten Only) each and clause V of the Memorandum of Association of the Company be and is hereby amended by substitution of the following figures and words in the existing Clause V:

The Authorised Share Capital of the Company is Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crore only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and decrease the same and to divide the share capital into several classes and to attach thereto, respectively, such rights, privileges or conditions, whether in regard to dividend, voting, return of capital or otherwise, as may be determined by or in accordance with the regulations of the Company and to vary them subject to the provisions of the Companies Act, 1956."

10. Alteration of Articles of Association

The following Resolution proposed as **Special Resolution** by Shri. K. R. Sethumadhavam representing New India Assurance Company Ltd., shareholder and seconded by Shri. S B Salián, shareholder was put to vote and carried unanimously.

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, if any, the Articles of Association of the Company be and are hereby amended, altered and/ or substituted in the manner and to the extent as is set out herein below:

The existing article 4 of the Articles of associations of the Company is substituted by the following figures and wording, viz.:

The Authorised Share Capital of the Company is Rs.150,00,00,000/- (Rupees One Hundred and Fifty crores Only) divided into 15,00,00,000 (Fifteen crores only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and decrease the same and to divide the share capital into several classes and to attach thereto, respectively, such rights, privileges or conditions, whether in regard to dividend, voting, return of capital or otherwise, as may be determined by or in accordance with the regulations of the Company and to vary them subject to the provisions of the Companies Act, 1956."


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"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds necessary for giving effect to the alteration and also to authorise the Managing Director or the Company Secretary to do all such acts, deeds required for the purpose."

Chairman thanked all the members for attending the Annual General Meeting. And declared the meeting as concluded.

Date: 23rd August, 2011


Yogesh Lohiya
Chairman

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