

HELD AT _____ ON _____ TIME _____

MINUTES OF THE PROCEEDINGS OF THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF GIC HOUSING FINANCE LTD., HELD ON 17th July, 2012 AT 4.00 P. M. CULTURAL HALL, 4th FLOOR, AT Y. B. CHAVAN CENTRE, GEN. JAGNATH BHOSALE MARG, NARIMAN POINT, MUMBAI - 400 021.

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Fifty Nine 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 Company Ltd., The New India Assurance Company Ltd., National Insurance Company Ltd., United India Insurance Company Ltd. and LIC of India.

Shri. Ashok K. Roy, Chairman, Director(s) S/s. A. R. Sekar, N. R. Ranganathan, M. K. Tandon, Manu Chadha, N. Mohan 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 organisation. Then Managing Director requested the Chairman to conduct the proceedings.

Shri. Ashok K. Roy took the Chair, welcomed the Members and Directors present for the Twenty-second 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 proxies were received from members holding shares. Company Secretary also read out the details of representations received from the following Corporates namely, General Insurance Corporation of India, The Oriental Insurance Company Ltd., The New India Assurance Company Ltd., National Insurance Company Ltd., United India Insurance Company Ltd. and LIC of India under section 187 of the Companies Act, 1956.

Chairman then addressed the members. In his address covered the economic scenario, performance highlights for the year 2011-12, future outlook and prospects for the current year.

With the consent of members the Notice dated 29th May, 2012 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, 2012 and Balance Sheet as at that date together with reports of the Directors and the Auditors thereon.**

The Resolution was proposed by Shri. S. K. Rajani, shareholder and seconded by Mrs. Shobhana S. Mehta, 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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Mrs. Ashalata Maheshwari, shareholder, welcomed the new members of the Board namely Shri. A. R. Sekar and Shri. N. Mohan and thanked for recommending dividend payment at 45% per equity share and expressed satisfaction over the growth, Net Non Performing Assets, credit rating and capital adequacy ratio. Then the shareholder raised the following issues:

- What are the growth rate expected in overall income; profitability; loan approvals and loan disbursements during the current year?
- What are the steps taken for reduction of cost of funds?

Mrs. C. E. Mascarenhe, shareholder, complimented for the good presentation of the Annual Report and then suggested that:

- Venue for Annual General Meeting may be kept in a convenient location which will be easily accessible to the shareholders and also suggested that timings can be little earlier.
- Shareholders photo may be published in the Annual Report.

Then, she raised the following issues:

- Whether Dividend percentage will come down next year?
- Why Profit before tax and Profit after tax has come down?
- Why our Company's market capitalization is not in comparison with other Housing Finance Companies?
- Are you funding reverse mortgage loans?
- Whether company is having "whistleblower policy" and if so how many cases has been reported?
- Whether our Company will also enter building houses for "senior citizens" like LICHFL?
- Why holding by Foreign Institutional Investors are less in our Company?
- What are the steps taken by the Company to mitigate the various risks to which it is exposed?
- What is the percentage of Non-performing assets and the quantum of retail loan portfolio?

Shri. Adil, shareholder, raised the following issues:

- Whether Company will be in a position to sustain the dividend payout next year when the inflation is going up and the interest rates are not coming down.
- Why none of Directors are not holding any Equity Shares of the Company and the Company may consider "Employee Stock Option".

Ms. Shobha, shareholder, raised the following issues:

- The venue of the meeting is not convenient.
- Whether the Company makes any specific plans in advance for branch expansion?
- Why promoters' are not increasing their holding in the Company?
- Margins are coming down and is it the reason our share price also coming down.
- Why market capitalization is low?
- What is the expected profit in the 2nd quarter of the current financial year?

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- What is the Company's mission and vision?
- Board may consider issue of bonus shares at the ratio of 1:1.

and then suggested that date of birth of Directors who are getting appointed/reappointed in the Annual General Meeting may be mentioned in the Annual Report.

Shri. Mihir M. Manek, shareholder, raised the following issues:

- Why Company is not accepting fixed deposit?
- What are the steps taken for reducing the cost of fund?
- Why Company is not doing reverse mortgage loan?
- When dividend will be remitted?

Shri. S. K. Rajani, shareholder, raised the following issues:

- Why the Company has made extra provision which is not required and why not the extra provision be written back?
- Why the Company is not having the policy of rotating of Directors? Why one of the Directors is holding chairmanship of many Committees?

and then suggested that the Company may take steps to request the shareholders who are holding shares in physical form to convert into demat form.

Shri. Prakash Tamhani, shareholder, raised the following issues:

- Why dividend rate is reduced?
- Why PAT and EPS has come down?
- Whether any tie-up with builders are made for funding affordable housing?

Shri. Prakash Buva, shareholder, raised the following issues:

- The size of the Board is big for the Company.

and then suggested that:

- Chairman speech may be distributed in advance.
- Shareholders picture may be publish in Annual Report.

More information may be given in the Chairman's speech about:

- ✓ Funding pattern for the current year.
- ✓ Comparison of position of NPA for two years.
- ✓ Business trend for the current year
- ✓ Brief of branch expansion programme.
- ✓ Brief about increasing of capital if any during the current year.
- ✓ Interest margin and spread.

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Shri. Hariram Choudhry, shareholder, suggested the following:

- Quarterly results may be circulated or mailed to the shareholders.
- Accidental insurance may be taken for the borrowers' in addition to the present coverage of outstanding loan amount.
- Accidental insurance coverage may be extended to shareholders also.
- The Company may consider issue of "Bonus Shares" given the present position of reserves and surplus.
- The company may introduce "Reverse Mortgage" loans.
- Steps may be taken for further reduction of Non Performing Assets.

Then, he raised the following issues:

- What are steps taken by the Company in the direction of fulfilling Corporate Social Responsibility?"
- Out of approximately 43000 shareholders, for how many shareholders soft copy of the Annual report was sent this year.
- What is the reason for absence of some members of the Board who are getting reappointed in this Annual General Meeting?

Shri. Beruz F. Pouredehi, shareholder, complimented the Board for rewarding the shareholders and then raised the following issues:

- Why there is increase in expenses on rent?
- Why advertisement expenses have come down?
- Why Earning per share has come down?
- Out of total travelling and conveyance expenses, how much quantum is incurred towards travelling and conveyance respectively?
- Whether Audit fees has gone up?
- What is the quantum of standard assets?

Mrs. Shobhana Metha, shareholder, welcomed the new Directors, Shri. A. R. Sekar and Shri. N. Mohan and suggested the following:

- Chairman's statement may be distributed in the meeting.
- How the company is mitigating the risks?
- What is the rate of interest for resources raised through Commercial Paper?
- What is the average rate of interest for long term loans?

Mrs. H. B. Pouredehi, shareholder, raised the following issues:

- Whether Company is having cost auditor?
- Who are all the internal Auditors – you may list out the name of the firms and the fees paid?
- How many employees are there in the Company and out of that how many are women employees?
- Board may consider appointing a lady Director.
- What is the road map for opening of new branches?

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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 has made structural changes in the last year to enable to have foolproof controls.
- Profitability in the 1st quarter of the financial year is encouraging.
- Rate of interest appears to be peaked and we are expecting better rates ahead.
- The request for conducting the Annual General Meeting in a convenient venue and date will be looked into.
- Majority of our Directors are representing the promoters and are public servants and hence they are not holding shares in our Company.
- Copy of quarterly results and Chairman's statement will be circulated.
- The Company is having vigilance mechanism.
- The company has implemented in the current year the connectivity of all of its branches by having "centralised Data Base" software.
- Some of our Directors who were Chairman and Managing Director of promoter companies were not able to attend Annual General Meeting due to other very important commitments.
- Considering the issue of Bonus shares will be taken at the appropriate time.

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

Managing Director replied as follows:

- Cost of funds has gone up after introduction of "Base Rate" in the Banking sector and we were not in a position to pass on the same to borrowers due to intense competition, and hence there is reduction in margin.
- Profitability has come down due to change in provisioning norms for Non Performing Assets and introduction of provision requirements for standard housing loan assets during the year under review.
- The amount spent on overheads namely fees to third party agencies and office upkeep has gone up due to increase in disbursements.
- Lease rents have gone up due to revision in rental rates after the expiry of the lease period and also due to hiring of premises for new branches.

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 2011-12 be and are hereby approved and adopted."

2. TO DECLARE DIVIDEND ON EQUITY SHARES FOR THE YEAR ENDED 31st March, 2012.

The following Resolution proposed as an **Ordinary Resolution** by Shri. Suresh A. Kamath shareholder and seconded by Shri. Vinodh Agarwal representing shareholder was put to vote and carried unanimously.

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"RESOLVED THAT a dividend of 45 % on the paid up equity capital be and is hereby declared for the year 2011-12 to those shareholders holding shares in physical form whose names appear in the Register of Members of the Company as on 17th July, 2012 and those holding shares in the Demat form as Beneficial Owners in the record of the depositories as on 6th July, 2012."

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

The following Resolution proposed as an **Ordinary Resolution** by Shri. Hemal Marfatia, shareholder and seconded by Shri. V. R. Jayan, was put to vote and carried unanimously

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

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

The following Resolution proposed as an **Ordinary Resolution** by Shri. Naresh S. Minawala, shareholder and seconded by Shri. V. S. Karnaik, shareholder was put to vote and carried unanimously

"RESOLVED THAT Shri. N.S.R Chandraprasad 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 2012-13 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. Anand R. Desai, shareholder and seconded by Shri. V. R. Berde, 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. A. R. Sekar, Officiating Chairman Cum Managing Director of New India Assurance Company Ltd., who was appointed as an Additional Director by the Board of Directors on 29th March, 2012 and holds office up to the 22nd 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. A. R. Sekar, for the office of the Director, liable to retire by rotation:

The following Resolution proposed as an **Ordinary Resolution** by Shri. D. R. Joshi, shareholder and seconded by Ms. Supriya S. Joshi, shareholder was put to vote and carried unanimously

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"**RESOLVED THAT** Shri. A. R. Sekar, 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 March, 2012 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."

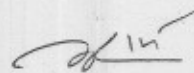
7. To appoint, Shri. N. Mohan, General Manager, GIC Re., who was appointed as an Additional Director by the Board of Directors on 30th April, 2012 and holds office up to the 22nd Annual General Meeting of the members of the Company and is eligible for appointment. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, proposing the candidature of Shri. N Mohan, for the office of the Director, liable to retire by rotation:

The following Resolution proposed as an **Ordinary Resolution** by Shri. S. K. Nnagia, representing, shareholder and seconded by Shri. Vijay T. Jayan, shareholder was put to vote and carried unanimously.

"**RESOLVED THAT** Shri. N. Mohan, who was appointed as an Additional Director of the Company pursuant to Article 111 of Articles of Association of the Company with effect from 30th April, 2012 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."

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

Date: 16/08/2012



Ashok K. Roy
Chairman

