

CERTIFIED TRUE COPY OF THE EXPLANATORY STATEMENT TO THE RESOLUTION PASSED FOR ISSUANCE OF ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES AND WARRANTS TO QUALIFIED INSTITUTIONAL BUYERS PASSED BY THE SHAREHOLDERS AT THE THIRTY-SEVENTH ANNUAL GENERAL MEETING HELD ON JULY 28, 2015:

In order to augment the long-term resources of the Corporation for the purpose of on lending for housing finance and its future capital needs, the Board of Directors of the Corporation has been exploring various fund raising options.

Accordingly, the Corporation proposes the issue of Secured Redeemable Non-Convertible Debentures (NCDs) simultaneously with Warrants to Qualified Institutional Buyers (QIBs) on a Qualified Institutions Placement (QIP) basis, pursuant to and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time (hereinafter referred to as 'ICDR Regulations').

The following would *inter alia* be broad terms and conditions of the proposed issue:

Objects of the Issue

To augment the long-term resources of the Corporation for the purpose of on lending for housing finance and its future capital needs.

Total number of shares or other securities to be issued

The Corporation plans to issue NCDs and Warrants under the QIP route. Such maximum number of NCDs would be issued so that the aggregate value of NCDs would be up to ₹ 5,000 crore. The maximum number of warrants that may be issued would be decided by the Board of Directors of the Corporation (hereinafter referred to as the "Board" which term shall be deemed to include any Committee of Directors constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution).

If the Warrants are exchanged with the equity shares of the Corporation, it would result in a maximum issue of 3.65 crore equity shares of face value of ₹ 2 each of the Corporation. The maximum dilution that could take place in future, if all the Warrants are exchanged with the equity shares of the Corporation, would not exceed 2.2% of the expanded issued and paid up share capital of the Corporation, taking into consideration the un-exercised stock options as on date and that the total amount raised through issue of NCDs under QIP does not exceed ₹ 5,000 crore.

Price or Price Band

The floor price of the equity shares to be issued on conversion of the Warrants would be decided by the Board in accordance with the ICDR Regulations. Further, the ICDR Regulations permit the granting of discount after seeking shareholder approval. In the present case no discount is intended to be given and accordingly no separate shareholder approval is being sought for granting such discounts.



The NCDs will be issued at such face value and at such interest rates as may be decided by the Board.

The Warrants would be issued at a value as may be decided by the Board and the amount paid on Warrants is not refundable and would not be adjusted with the conversion price at the time of exercise of option to convert the Warrants.

Basis on which the Price has been arrived at

The pricing would be arrived at by the Board depending on market conditions and on the guidance of the lead managers/ merchant bankers to the issue. The pricing would not be less than the price that is determined in accordance with ICDR Regulations in relation to QIP.

Relevant Date

The relevant date for the purpose of pricing of the equity shares to be issued upon exchange with the Warrants, shall be the date of the meeting in which the Board decides to open the proposed issue of the NCDs and Warrants by way of the QIP, in accordance with the ICDR Regulations.

The Warrant holder will be entitled to exchange the Warrants with the equity shares of the Corporation at such time and within such period as may be decided by the Board in its sole and absolute discretion, in any case within such maximum period (currently 60 months) as permitted under the ICDR Regulations and at a price, which will be at a premium to the price to be determined at the time of issue of the Warrants in accordance with the ICDR Regulations. The equity shares issued and allotted pursuant to the resolution as set out in Item No. 8 shall rank *pari passu inter se* with the then existing equity shares of the Corporation, in all respects.

The NCDs and Warrants will be issued simultaneously and listed separately on BSE Limited and National Stock Exchange of India Limited.

Class or classes of persons to whom the allotment is proposed to be made

The allotment would be made only to QIBs who are permitted to acquire such debentures and warrants under the ICDR Regulations and eligible under the extant RBI regulations and the Foreign Direct Investment policy to subscribe to such NCDs and Warrants.

Intention of Promoters, Directors or Key Managerial Persons

The Corporation does not have any promoters. The directors and the key managerial persons and their relatives are not in any way, concerned or interested in the said resolution and would not be eligible to subscribe to the said issue.

Proposed time within which the allotment shall be completed

The Allotment of NCDs and Warrants would be completed within a period of 12 months from the date of this Meeting.



Name of the proposed allottees and the percentage of the capital post allotment

The allottees would be identified pursuant to the process for the QIP and accordingly at this time it is not possible to indicate who would be the proposed allottees and their capital post allotment.

Change in control

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

Number of persons to whom preferential allotment has already been made during the year

The Corporation has not made any preferential allotment during the year to any person, other than allotments made pursuant to exercise of stock option by its employees/directors.

The net worth of the Corporation as on March 31, 2015 was ₹ 30,970 crore excluding deferred tax liability of ₹ 200.67 crore and thus the funds to be raised through the said issue of NCDs on a QIP basis is within the limits prescribed under the ICDR Regulations.

In terms of the provisions of the ICDR Regulations, the resolution as set out in Item No. 8, is valid for a period of 12 months from the date of passing of the said resolution.

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.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities including NCDs under the Companies Act, 2013 only after the prior approval of its shareholders by way of a special resolution.

Consent of the Members in general meeting 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 applicable Listing Agreements. The resolution as set out in Item No. 8 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.

The approval of the Members is being sought to enable the Board to decide on the issue of the NCDs simultaneously with the issue of the Warrants on a QIP basis to the extent and in the manner as set out in the resolution, with the authority to the Board to decide on the timing of the issue, the tranches in which the NCDs/ Warrants are to be issued, the price at which the Warrants will be exchanged with equity shares of the Corporation and the manner in which the issue will



be made, as it may deem appropriate in its sole and absolute discretion.

The authorised share capital of the Corporation, at present, is ₹ 325 crore consisting of 162,50,00,000 equity shares of face value of ₹ 2 each. At present the paid-up share capital of the Corporation is ₹ 315.11 crore. The conversion of the said Warrants, if issued, into equity shares of the Corporation along with exercise of stock options by the employees of the Corporation, would increase the paid-up equity share capital of the Corporation beyond the existing authorised share capital and therefore it needs to be increased to accommodate the said conversion.

The proposed increase in the authorised share capital of the Corporation to ₹ 340 crore, consisting of 170,00,00,000 equity shares of face value of ₹ 2 each and the corresponding changes in the Memorandum and Articles of Association, requires the approval of the Members of the Corporation.

The alteration in the Memorandum and Articles of Association of the Corporation are only consequential changes to reflect the proposed increase in the authorised share capital of the Corporation.

Your Board, accordingly, recommends passing of the resolution as set out at Item Nos. 8 to 11 of this Notice, for the approval of the Members.

Save and except for the shares of the Corporation held by them, none of the Directors or Key Managerial Personnel of the Corporation or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution.

CERTIFIED TRUE COPY


AJAY AGARWAL
COMPANY SECRETARY