

NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of LIC Housing Finance Limited will be held at "M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18 / 20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001 on Thursday, 25th July, 2013 at 3.00 p.m. to transact the following business :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Profit and Loss Account for the year ended 31st March, 2013 together with Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri S. Ravi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jagdish Capoor, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to Section 224A of the Companies Act, 1956 M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai be and are hereby appointed as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be determined by the Board of Directors in consultation with them plus applicable service tax for the purpose of audit of the Company's accounts at the Registered and Corporate Office as well as few Back Offices."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to appoint in consultation with the Company's Joint Statutory Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company under section 226 of the Companies Act, 1956, to conduct audit of other Back Offices in India on such terms and conditions as may be mutually agreed depending upon the nature and scope of their work."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions under sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such sanctions as may be necessary, approval be and is hereby given to the

appointment of Shri V. K. Sharma, as Managing Director & CEO of the Company for a period of 5 years or as decided by LIC of India from time to time.

The terms and conditions of his service shall be determined from time to time by LIC of India and the Board of LIC Housing Finance Limited which will be within the limit as per the Companies Act, 1956 as set out in the Explanatory Statement attached to this notice."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

By Order and on behalf of the Board

NITIN K. JAGE
General Manager (Taxation) &
Company Secretary

Date : 26.04.2013

Registered Office:
Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai 400 001.

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND SUCH A PROXY NEED NOT BE A MEMBER.

THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (2) The Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of item Nos. 5 & 6 of the Notice convening the Meeting is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 11th July, 2013 to Thursday, 25th July, 2013 (both days inclusive).
- (4) The dividend on equity shares, if declared at the meeting, will be paid on or after 27th July, 2013.

- (i) to those members holding shares in physical form, whose names would appear on the Register of Members of the Company, at the close of business hours on Thursday, 25th July, 2013 after giving effect to all valid transfers in physical form lodged

with the Company on or before Wednesday, 10th July, 2013 and

- (ii) in respect of the shares held in electronic form, on the basis of the details furnished by NSDL and CDSL at the close of business hours on Wednesday, 10th July, 2013.
- (5) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
- (6) Members holding shares in electronic form may please note that dividend in respect of the shares held by them will be credited to their bank account as per the details furnished by the respective Depositories to the Company as per the applicable regulations of the Depositories and the Company will not be in a position to entertain any direct request from such members for change / deletion in such bank details. Further, instructions, if any, already given by members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants (DP).
- (7) The Company proposes the payment of dividend, if declared, through National Electronic Fund Transfer (NEFT), National Electronic Clearing Services (NECS) or by way of dispatch of physical dividend warrants with Bank Details as furnished by the members. Members

holding shares in physical mode are advised to immediately submit the NEFT / Bank Details alongwith IFSC code to the Company's Registrar and Transfer Agent – Sharex Dynamic (India) Private Limited (SDIL) or notify the changes, if any, to SDIL and Members holding the shares in dematerialization mode are advised to submit the Bank Details alongwith IFSC code to their respective DP or notify the changes, if any, in their Bank Details to their respective DP. NECS mandate form is being sent alongwith the Annual Report so as to enable the shareholders to update their address and bank particulars and ensure timely and faster credit of dividend to their bank account.

- (8) Re-appointment of Directors: [As required under clause 49(VI)(A)]

Shri S. Ravi

Shri S. Ravi, Director of the Company retires by rotation at the ensuing Annual General Meeting.

Shri S. Ravi is a post graduate in Commerce and fellow member of Institute of Chartered Accountants of India. He is promoter partner of M/s. Ravi Rajan & Company Private Limited. He has to his credit wide experience in banking and specialization in the field of accounting, auditing, financial and management consulting, business valuation, merger, acquisition, restructuring, business advisory services etc. He was appointed as Director on 26th June 2005. He is Chairman of Audit Committee and member of Investors' Grievance Committee and Banking Licence Committee of Directors.

The details of other Directorships/committee memberships of Shri S. Ravi are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Bharat Heavy Electricals Limited	Director	Chairman of Audit Committee
Mahindra Ugine Steel Company Limited	Director	Member of Audit & Investors' Grievance Committees
IDBI Capital Market Services Limited	Director	Chairman of Audit Committee
IDBI Bank Limited	Director	Member of Audit Committee & Chairman of Investors' Grievance Committee
Religare Housing Development Finance Corporation Limited	Director	Member of Audit Committee
GMR Chennai Outer Ring Road Private Limited	Director	Chairman of Audit Committee
UTI Trustee Company Private Limited	Director	Member of Audit Committee
SME Rating Agency of India Limited	Director	Member of Audit Committee
Canbank Venture Capital Fund Limited	Director	-
S Ravi Financial Management Services Private Limited	Director	-
SBI – SG Global Securities Services Private Limited	Director	-
Management Development Institute	Member of Board of Governors	-

Shri Jagdish Capoor

Shri Jagdish Capoor, Director of the Company retires by rotation at the ensuing Annual General Meeting.

Shri Jagdish Capoor holds a Masters degree in Commerce and is a Fellow of Indian Institute of Banking and Finance. He retired as Deputy Governor of Reserve Bank of India after serving for 39 years. While with Reserve Bank of India, he was the Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India, and Bharatiya Reserve Bank Note Mudran Limited and served as a Director on the boards of Bank of Baroda, Export Import Bank of India, State Bank of India, National Bank of Agriculture and Rural Development, National Housing Bank, Infrastructure Development Finance Company Limited and GHCL. He had been Chairman of Agriculture Finance Corporation Limited,

Bombay Stock Exchange Limited and HDFC Bank Limited. Presently Shri Capoor is on the Board of Directors of the Assets Care & Reconstruction Enterprise Limited, Quantum Trustee Company Private Limited, Indian Hotels Company Limited, LIC Pension Fund Limited, LICHL Trustee Company Pvt. Limited, and Manappuram Finance Limited. He is also a member on the Board of Governors of the Indian Institute of Management, Indore. Shri. Capoor is a member of Audit Committee of Indian Hotels Company Limited and Chairman of Audit Committees of Quantum Trustee Company Private Limited and LIC Pension Fund Limited.

He was appointed as Director on 25th May 2012. He is a member of Debenture Allotment Committee and Banking Licence Committee.

The details of other Directorships/committee memberships of Shri Jagdish Capoor are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Indian Hotels Company Limited	Director	Member of Audit Committee
LIC Pension Fund Limited	Director	Chairman of Audit Committee
Quantum Trustee Company Private Limited	Director	Chairman of Audit Committee
Entegra Limited	Director	Member of Audit Committee-
Atlas Documentary Facilitators Company Private Limited	Director	Member of Audit Committee
Manappuram Finance Limited	Director	-
Vikas Global One Limited	Director	-
Assets Care & Reconstruction Enterprise Limited	Director	-
LICHL Trustee Company Private Limited	Director	-
Banyantree Bank Limited	Director	Member of Audit Committee
Indian Institute of Management	Member, Board of Governors, Chairman, Finance Committee	-

- (9) Members are requested to bring Attendance Slip to the meeting. Members who hold shares in dematerialized form are requested to bring their Depository Account Number for identification.
- (10) As per the amended provisions of the Companies Act, 1956, the facility for making nomination is now available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrar and Transfer Agent – SDIL or can be downloaded from the Company's website.
- (11) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the Company's Registrar & Transfer Agent- SDIL.
- (12) Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the company – SDIL in respect of their physical share folios.
- (13) Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred

the unclaimed / unpaid dividend for the financial years upto 2004-2005, to the Investor Education and Protection Fund of the Central Government on expiry of seven years from the date of declaration in terms of the provisions of Section 205A of the Companies Act, 1956. The unpaid dividend for the financial year 2005-2006 will become due for transfer to the Fund, on 2nd August, 2013. Members who have not yet encashed the dividend warrants for any of the financial years from 2005-2006 to 2011-2012 and Interim Dividend warrants for the financial year 2006-2007, are once again requested to make their claims immediately to the Company or the Company's Registrar & Transfer Agents - SDIL for issuance of duplicate / revalidated dividend warrant/s.

- (14) Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
- (15) The Members desiring any information as regards to accounts are requested to write to the Company at an early date, so as to enable the Company to keep information ready.
- (16) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.

Members are therefore requested to bring their copy of the Annual Report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 5

As the Public Financial Institutions are holding more than 25 per cent shares of the Company, the appointment / re-appointment of Auditors is required to be made by a Special Resolution under section 224A of the Companies Act, 1956.

M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai have been proposed for appointment of Joint Statutory Auditors of the Company. The Board of Directors recommends their re-appointment as Joint Statutory Auditors.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No.6

Shri V. K. Sharma was appointed as Managing Director & CEO of the Company by the Board of Directors w.e.f. 19th March, 2013 under section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, and holds Office upto the date of the Twenty Fourth Annual General Meeting of the Company.

The terms and conditions of his appointment are,

- a. From 19th March, 2013 for a period of 5 years or as decided by LIC of India from time to time.
- b. The terms and conditions of his service shall be determined from time to time by LIC of India and the Board of LIC Housing Finance Limited which will be within the limit as per the Companies Act, 1956.

The Board of Directors recommends the passing of the Ordinary Resolution as per Item No.6 of the Notice.

None of the Directors, except Shri V. K. Sharma is concerned or interested in the Resolution.

By Order and on behalf of the Board

NITIN K. JAGE
General Manager (Taxation) &
Company Secretary

Date: 26.04.2013

Registered Office:
Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai - 400 001.



Annual Report 2012-13

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Corporate Information

BOARD OF DIRECTORS

D. K. Mehrotra	: Chairman
Sushobhan Sarker	: Director (from 19.03.2013)
Dhananjay Mungale	: Director
S. Ravi	: Director
K. Narasimha Murthy	: Director
B. N. Shukla	: Director
Jagdish Capoor	: Director
Savita Singh	: Director
V. K. Sharma	: Managing Director & CEO (from 19.03.2013)
Sushobhan Sarker	: Managing Director (till 18.03.2013)
V. K. Sharma	: Director & Chief Executive (till 18.03.2013)

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

Rajeev Chaturvedi	: General Manager
Naveen Koul	: General Manager
S. N. Mokashi	: General Manager
A. K. Anand	: General Manager
N.K. Mittal	: General Manager
Surinder Mohan	: General Manager
S. T. Samtani	: Chief Financial Officer
Pardaman Singh	: Chief Manager
Venkata Subramanian B	: Chief Manager

REGIONAL MANAGERS

P. B. Roy	Eastern Region
R. J. Rajaraman	South Central Region
Ratikanta Singh	Central Region
T. R. Chowdury	South Eastern Region
Ajay Grover	Northern Region
Deepak Kumar	Western Region
S. Ramasamy	Southern Region (information as on 26.04.2013)

AUDITORS

Joint Statutory Auditors:

M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai
M/s. Shah Gupta & Co., Chartered Accountants, Mumbai

BANKERS

Andhra Bank
Axis Bank Ltd.
Corporation Bank
HDFC Bank Ltd.
State Bank of India
Union Bank of India

REGISTERED OFFICE

Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road, Mumbai - 400 001.
Phones : 022- 2204 0006, 2204 9682
& 2204 9919 Fax : (022) 2204 9839.
email : lichousing@lichousing.com
website: www.lichousing.com.

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.
Unit No.1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri - East, Mumbai - 400 072.
Phones : 022 - 28515606, 28515644.
Fax : (022) 22641349.
email: sharexindia@vsnl.com
Website : sharexindia.com

CORPORATE OFFICE

131 Maker Tower, "F" Premises,
13th Floor, Cuffe Parade, Mumbai – 400 005.
Phones : 022- 22178600, 22178700
& 22178611 Fax : (022) 22178777
email : lichousing@lichousing.com
website: www.lichousing.com

APPEAL TO SHAREHOLDERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The Companies can now send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register their e-mail addresses at lichsggogreen@sharexindia.com, in respect of electronic holdings with the Depository through their concerned Depository Participants.

Profile & Progress..... At A Glance.....

- ❖ Provides loans for homes, construction activities, corporate housing schemes.
- ❖ Around 93.82% of the loan portfolio derived from the retail segment and the rest from large corporate clients.
- ❖ Rated 'AAA' by CRISIL for the 12th consecutive time in 2012-13; Fixed Deposit scheme rated as FAAA/stable by CRISIL.
- ❖ Promoted by world's premier financial institution, LIC of India, incorporated as Company in June 1989.
- ❖ Registered & Corporate Offices at Mumbai with 7 Regional Offices, 15 Back Offices, 194 Marketing Offices and 1 Customer Service Points.
- ❖ Apart from wide marketing network comprising Direct Selling Agents (DSAs), Home Loan Agents (HLAs) and Customer Relationship Associates (CRAs), a wholly owned subsidiary also distributing the company's product.
- ❖ Representative overseas presence in Dubai and Kuwait.
- ❖ Listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and was the first Indian housing finance company to be listed overseas i.e., on Luxembourg Stock Exchange.
- ❖ Has been a profit making and consistently dividend paying company since 1990 – its first year of operation.
- ❖ The concept of a life insurance linked mortgage product was first introduced in the country by the Company.
- ❖ Participated in the pilot issue of mortgage backed securities launched in August 2000 by National Housing Bank.
- ❖ Attractive and competitive product to withstand the fierce competition in the market.
- ❖ Awarded the 'Best Outstanding Company in Home Finance' on 16.09.2012.
- ❖ Pioneer in introducing a scheme called 'Bhagyalakshmi' exclusively for women which has 0.25% additional rebate for the entire loan tenure.
- ❖ Competitive Advantage for LIC Housing Finance lies in
 - Strong parentage and Brand Recall,
 - Transparent systems and procedure &
 - Competitive Interest Rates
- ❖ More than 15.56 lakh satisfied customers across the country since inception.
- ❖ Reported 21.63 percent increase in individual and project loan disbursals in 2012-13.
- ❖ Balance sheet size increased to 80546.15 crore from 65755.47 crore.
- ❖ Recommended increased dividend over previous year i.e., from 180 percent to 190 percent.



Vision

To be the best housing finance company in the country.

Mission

Provide secured housing finance at an affordable cost, maximizing shareholders' value with higher customer sensitivity.

Values

Transformation to a knowledge organisation

The Company is committed to the growing use and sharing of knowledge as driver of business success. All decisions are based on merit and a respect for sound Judgement.

Sense of ownership

At the Company, we believe that superior performance comes from a feeling of ownership. And ownership comes from aggressive delegation and empowerment.

Quality and autonomy in Operations

The Company is committed to an aggressive delegation in decision-making whereby relevant initiatives can be taken closest to the customer.

Fair and transparent business practices

Ethics and transparency form the basis of the business of LIC Housing Finance.

On the macro-level, the Company complies with all the laws of the lands in which it operates, on the micro-level the Company respects the dignity of every individual.

Management Discussion and Analysis Report

MACRO-ECONOMIC & MONETARY DEVELOPMENTS IN 2012-13.

Overview

Monetary policy eased during 2012-13, in response to some softening of inflation and significant moderation in growth. However, monetary policy response to addressing growth concerns was constrained by inflation persistence and the twin deficit risks that prevailed for the most part of the year. Although fiscal risks were lowered during H2 of 2012-13, current account deficit (CAD) risks intensified during Q2 and Q3.

The impact of monetary policy in boosting GDP growth is contingent upon resolution of supply bottlenecks, governance issues impeding investments and the government's efforts towards fiscal consolidation. Domestic energy price adjustments, inadequate supply response and sustained wage pressures on inflation are expected to drag down growth for some more time. These factors, coupled with subdued domestic business confidence, are likely to keep recovery in 2013-14 modest. The challenge is to counter the growth slowdown by reviving investment while managing the trade-off between objectives of reviving demand and restraining the CAD.

While non-food manufactured products inflation has moderated, there is always the risk that the current high food inflation could spill over to broader price formation, undermining the efforts of monetary policy to contain inflation.

INDIAN ECONOMY: DEVELOPMENTS AND OUTLOOK

OUTPUT

Slow-paced recovery likely to shape 2013-14

The Indian economy remained sluggish in Q3 of 2012-13, with slowdown turning visibly pervasive across most sectors. The deceleration in the services sector growth, which has been the mainstay of high growth in the recent period, had dragged down overall economic activity and employment creation. The agriculture output was dented by deficient rainfall that impacted kharif crop. Domestic policy uncertainties, governance concerns, the impact of earlier monetary tightening and the slacking of external demand continue to adversely impact growth.

AGGREGATE DEMAND

Resolving structural bottlenecks and providing public investment stimulus can turnaround falling investment

Aggregate demand remained sluggish during Q3 of 2012-13 with inflation impacting real consumption and cyclical and structural factors affecting investment. Corporate results

suggest weak demand, with moderation in investment as well as consumption. Government consumption expenditure has decelerated, reflecting expenditure-cutting as part of its fiscal consolidation strategy. Corporate data on planned fixed investments indicate that investment slowed further during Q3 of 2012-13. Given the intensity of the slowdown, a public investment stimulus balanced with offsetting reductions in current expenditures, along with concerted action to remove supply-side bottlenecks, are needed to shape the revival of the economy.

GLOBAL ECONOMIC CONDITIONS

Global growth likely to stay sluggish in 2013.

Global growth turned weaker in 2012 and is expected to stay sluggish in 2013 as fiscal adjustments drag growth in advanced economies (AEs) and, in turn, delay cyclical recovery in emerging market and developing economies (EMDEs). The International Monetary Fund (IMF) in its World Economic Outlook has forecast global growth to stay sluggish at 3.3 per cent in 2013 before improving to 4.0 per cent in 2014. While downside tail risks have reduced in early 2013 because of the supportive policy action in the euro area and the measures to tackle the fiscal cliff in the US, risks to global recovery have increased consequent to the Chinese economy slowing down.

Global commodity price inflation likely to remain soft, although with some risks from Quantitative Easing (QE)

The outlook for global commodity prices during 2013 remains benign, with a further decline expected in metal and oil prices. This should help reduce imported inflation in the domestic economy, subject to prevalence of stable exchange rate movements. However, global commodity price inflation risks remain from the large and continuous doses of quantitative easing (QE).

Global financial markets bolstered by policy actions aimed at reducing tail risks

Notwithstanding weak global growth and austerity measures imposed in the US and in the euro area, international financial markets gained traction following unconventional monetary easing. However, this has not translated into growth revival. Although the tail risks have reduced, they remain significant, calling for committed action to trim the balance sheet exposures and prepare adequate buffers against possible contagion effects.

EXTERNAL SECTOR

Sustained efforts needed to reduce the CAD, though fall in global commodity prices brings temporary respite

External imbalances were in focus as the current account

deficit (CAD) to GDP ratio reached a historic high of 6.7 per cent in Q3 of 2012-13. However, CAD in Q3 was adequately financed by capital inflows, without any reserve depletion. Current account in 2013-14 is likely to benefit from moderation in global commodity prices of oil, gold and other metals. Yet, sustainability of the CAD continues to face risk from event shocks that may cause a sudden stop or reversals of capital inflows. As such, there is need to initiate policy actions to bring structural improvements in the current account through productivity enhancements to boost competitiveness. Going forward, the government's recent initiatives to curtail the fiscal deficit, if pursued along the indicated path, are likely to reduce pressure on the CAD and lower twin deficit risks.

MONETARY AND LIQUIDITY CONDITIONS

Reserve Bank calibrated monetary policy easing to evolving growth-inflation dynamic and macroeconomic imbalances

The Reserve Bank eased monetary policy to revive investment and growth. It was guided by the imperative to optimally use the limited monetary space while balancing the concerns of persisting inflation and historically high CAD. In this vein, the Reserve Bank cumulatively reduced the repo rate by 100 bps in 2012-13. Furthermore, amidst increasing structural and frictional liquidity deficits, it injected ₹ 1.5 trillion of primary liquidity through outright open market operations (OMOs). Also, ₹ 1.3 trillion of primary liquidity was infused through cuts in the Cash Reserve Ratio (CRR) since January 2012. Further, liquidity requirements were met through LAF repos.

FINANCIAL MARKETS

Strong FII flows augured well for the Indian rupee and equity market

Policy actions, both domestic and global, augured well for the Indian financial markets in Q4. Nonetheless, limited policy space and political uncertainties continued to weigh down the markets. The easing trend in G-sec yields reversed at the end of the year due to same reasons. Primary equity markets remained subdued. Sustained commitment to reforms and policy action to reduce external sector risks and improvement in the global economy are crucial to boosting market sentiments and support capital raising. On the asset price front, house price inflation remains high.

Price Situation

Headline inflation and demand side price pressures moderate, but suppressed inflation poses risks

Headline, and especially the non-food manufactured product inflation pressures, softened during 2012-13, even as consumer price inflation firmed up. The average headline WPI inflation during 2012-13 at 7.4 per cent was significantly lower than the 9.0 per cent recorded in the preceding year.

The year-end inflation turned out to be even lower at 6.0 per cent. However, consumer price inflation stays in the double digits, reflecting substantially food inflation pressures. Headline inflation in 2013-14 is likely to exhibit a downward bias on account of expected lower global commodity prices, but face an upward bias from significant pass-through from suppressed inflation

Macroeconomic Outlook

Slow-paced recovery, range-bound inflation and macro-financial risks require a cautious monetary policy response

Growth continued to slow down in 2012-13, but could witness a slow-paced recovery later this year, contingent on improved governance and concerted action to resolve structural bottlenecks. Subdued business and consumer confidence, reflected in various surveys, is expected to drag growth down. Headline inflation is likely to remain range-bound in 2013-14, with some further moderation in H1 but slight increase in H2 on account of strong base effects. Most surveys anticipate modest gains, both on growth and inflation. Currently, significant macro-financial risks prevail from slow growth, high CAD and inflation above the threshold over which it becomes inimical to growth sustainability. Therefore, monetary policy would need to be calibrated recognising the very limited policy space available to ease further.

(source: RBI Macroeconomic & Monetary Developments issued with the Monetary Policy Statement 2013-14 – 2 May 2013)

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

India's housing finance industry comprises banks and housing finance companies. Given India's rapid population growth, increasing urbanisation and rising affordability the housing finance market will continue to grow. However, given increasing competition in the sector from banks, Housing Finance Companies which have access to low cost funds, better operational and credit cost control, and better service quality will continue to grow.

Housing constitutes over 70% of the real estate sector and is amongst the three basic necessities of life viz. food, clothing and shelter. However, it is largely ignored. The estimated shortage in dwelling units during the period 2007-12 is 25 million approx.

With increase in urbanisation and improving affordability, the demand for mortgage loans will continue to grow at a healthy pace. Further, steady prices and continuation of tax concessions to self-occupied residential home borrowers, are contributors to the growth of the industry. The average age of borrowers has declined over the years, while the number of double-income households has grown significantly which enabled them to borrow higher loan amount due to higher repaying capacity.

The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive. The shortage in housing is estimated to be around 25 million units, of which a large part pertains to the economically weaker section and the middle class. According to projections by the McKinsey Global Institute, the shortage would increase to 38 million units by 2030 unless there is radical change.

India's population is estimated to increase to 1.38 billion by 2020, with 500 million (36% approx) of urban population, which is estimated to generate unprecedented demand for quality real estate and infrastructure. Approximately 123 million of additional urban population by 2020 is likely to require professional assistance for construction of houses. This will lead to a whopping 95 billion square feet of potential demand of real estate space across residential, retail, commercial, industrial and civil amenities over 2010-20. This would mean an average demand of 8.7 billion square feet which potentially needs to be built every year.

The expansion of housing finance institution in the country and regulatory support, including fiscal incentives, have seen mortgage interest rates for housing decline from a high of 16% in the middle and late 1990s to 8-10% in recent years. Much of the increase in housing stock however continues to be limited to the higher end, and the challenge is to get these markets working for the common man.

For markets to work, two things are very important, one, the availability of land at affordable rates, and the other, creation of an enabling environment that would make affordable housing a viable proposition for private players. The strategy is to catalyze planning and land-use reforms to drive down land costs through programmes like Jawaharlal Nehru National Labour Renewal Mission and Rajiv Awas Yojana. It also promotes Public Private Partnership (PPP) and private sector initiatives through a combination of financial and non financial incentives. Financial incentives at the national level include capital subsidy for PPP initiatives, tax incentives for affordable housing developers, priority sector credit for home loans up to ₹ 25 Lakh and viability gap funding.

Demand side measures include addressing entry barriers for low income borrowers through measures such as the Credit Guarantee Fund, creation of affordable rental option for urban migrants and professionals, simplified procedures for housing loan credit appraisals, tax incentives for ordinary home buyers and interest subsidy for weaker sections.

A sound regulatory environment is an indispensable condition for the development of a robust housing market. The Government of India has drawn up a draft Real Estate (Regulation and Development Regulation), 2011 Bill. It aims to establish a uniform regulatory environment and enforce transparency and fair practices in the sector. It is also expected to pave the way for the planned and orderly growth of housing and facilitate large scale institutional inflows, including greater venture funding into the sector. A welcome sign that the market is beginning to respond to these measures is the

emergence of a new category of players targeting low income consumers with homes priced between Rs 4 Lakh and ₹ 15 Lakh. If Indian cities are to achieve their true potential as the engines of growth, every Indian must be able to aspire to a home. To achieve this goal, it is important to ensure that the current momentum is not merely maintained but accelerated.

Looking ahead:

It is estimated that the housing finance industry will be able to maintain a higher growth in fresh origination of residential home loans over next three to five years mainly due to demand for affordable housing projects.

The evolution of the Indian real estate sector has been phenomenal since 2000, propelled by a growing economy, liberalized foreign direct investment policy and the higher yields the sector is offering. The Information Technology boom also had a huge impact on the real estate sector. Thanks to the IT boom and rising disposable income, among other things, home buyers have become younger and more discerning; a new generation of builders has come in, adding an international outlook to the traditional wisdom and experience of their elders, and the real estate players have begun to realize the value of unity, professionalism and transparency. Even, the nomenclature has changed. With the word 'builders' having acquired a slightly disreputable air in previous decades, industry players now prefer to be known as developers. After all, these are the people who are building the new India, its township, its infrastructure, its schools, shopping malls and multiplexes- the whole gamut that defines and expands the way we live today.

Real estate prices in India have grown at between 15% and 20% annually, over the past 10 years, across cities. This growth is projected to continue, given the combination of various enabling factors. There include a favourable demographic distribution in the country, increasing urbanisation and an increasing preference for nuclear families.

The real estate market has an underlying demand especially for first home buyers and surprisingly starting from a range of ₹ 25 lakh and going upto ₹ 5 crore.

India is among the few countries where property prices have actually risen after the recessions of 2008 while major economies such as the US, UK and even China have seen an absolute reduction in property prices. The need to reduce prices is more in metros. When the recession hit the real estate sector in 2008, it also saw the emergence of a new buzz word 'AFFORDABILITY'. This was to be the key for the revival of the real estate sector especially in the residential sector. This was because it was felt that demand for affordable homes was recession proof and would lead to faster turnaround of stock.

The expectation of a price correction seems unlikely for prospective home buyers, for now, in a market which analysts rate as too expensive in the urban centres of Delhi and Mumbai but that is still being driven by widespread expectations for hefty capital gains. Developers, who had reaped profits off

a booming market, say relatively high borrowing costs and an average 30 percent rise in the cost of cement, steel and labour over the last few years, stops them from lowering the prices. In addition, some analysts say, speculators with vested interests act as a buffer, preventing prices from falling or even levelling off and also shutting out many buyers who just need a home.

India has led the list of top - performing housing markets globally, with a 284 percent real rise in prices since 2001, which is equivalent to an average annual rise of 14 percent, according to the Lloyds TSB International Global Housing Market Review. Though trends vary by city, prices in most Indian urban centres have doubled since the property market boom began in 2006-07 driven by growing numbers of middle class Indians, looking to invest in real estate as well as speculators.

There is no doubt that the second homes wave is here to stay. The ever growing size of homes buyers in the country is poised to drive the phenomenon well into the future. In fact, there is now an established trend of home buyers looking at options beyond the ordinary for their second home purchases both by geography as well as by residence formats. Looking ahead, it is anticipated that the depth and size of the second home market would improve further owing to the sophistication of buyers as well as pro-activeness of developers to meet burgeoning demand for such products across the country.

Demand also comes up with attractive offers during festivals, which give further boost to this sentiment. Even though buyers are in the wait and watch mode, festivals such as Gudi Padwa, Akshaya Tritiya could prove to be the turning point as there are many bookings around this festival. Indians are traditional by nature and even younger buyers who are influenced by the older generation do believe in this being a good time to buy. There are new launches of projects as everyone considers this an auspicious time to buy. A lot of developers tend to offer sops, freebies or discounts to prospective buyers, booking a property around this time.

Interest rates on home loans, which range from 10 to 12 percent, will probably not fall anytime soon either. With prices rising and buyers required to pay around 25 percent of the total cost of the house as a down payment, it has become increasingly difficult to buy a house. In most of the urban centres across India, average house prices are expected to rise this year, even though demand for homes has fallen significantly over the last year.

Competition:

The Housing Finance Industry is one of the most keenly competitive segments of the Economy, with the Banking sector having a significant presence. However, Housing Finance Companies with a dedicated focus on the industry and better understanding of the underlying real estate markets stand on a better footing when it comes to understanding the needs of the customers as also assessing the risks in the industry.

With few signs of interest rates easing, high demand for loans and the likelihood of many infrastructure projects getting delayed due to tightening liquidity, banks may have to settle for lower profits and revenue growth.

Some banks have cut by half the processing fee on loans when competitors were contemplating to raise it to offset losses on waiver of pre-payment penalty. The decision taken by some banks is aimed at creating goodwill when retail customers are increasingly suspicious of charges that banks levy for various services. Borrowers in metropolitan cities, where deal values are substantially higher than rest of the nation, would be spared a huge one-time payment.

Besides efficiency, interest rates have been one of the key differentiators among housing entities. Every borrower, corporate or individual is sensitive to interest rates.

One of the key concerns emerging among developers is about banks getting a little more cautious about lending to the realty sector. Banks are reluctant to lend money to realty companies as RBI made it tougher for banks to provide high value loans to properties costing over ₹ 75 lakh. The RBI had also raised the provision requirement for loans.

This move by RBI gives more space for HFCs to capitalize and consolidate its market share by providing loans at very competitive rate to enable the developers come up with affordable housing project and be part of the Government's objective of providing housing for all

Opportunities:

The aspiration to own a home remains a basic concern for anyone and everyone. In fact, developers remain positive that it's this 'need-based concern' which would ultimately help them to tide over the present lull phase. And catering to this basic concern are several housing companies or banks that extend various loan schemes.

With real estate investments turning out to be a proven and time – tested asset appreciation mechanism, any time can be considered a good time for investment in property. However, purchase behaviours are often affected by auspicious dates, as defined by the Indian calendar. "This is particularly so, in the case of individuals buying homes for their own use, where the emotional reasons to buy on an auspicious date, assume greater importance". After all, a home is one of the most significant investments of a lifetime.

For the last few quarters, developers have been gearing up in order to buck the market trend and devise various measures to incentivise their property sales to prospective buyers. The incentives range from free registration, stamp duty waiver, cash discounts to innovative schemes like 20:80. Under the 20:80 scheme, the buyer has to pay 20 percent of the cost of the property upfront, while booking a flat and the remaining 80 percent only on taking possession. The buyer also gets home loans sanctioned by a bank / housing finance company. The bank disburses the loan amount to the developer but the EMI for the loan starts only after the buyer gets possession

of the property. This scheme has worked out quite well in the dull market condition where buyers look for mitigating risks. As buyers are getting more price sensitive, developers are moving away from freebies like gold coins, holiday packages, to offers that ease the financial burden. In fact, it is a wholesome package where not only developer and buyers gain but banks / housing finance company too benefits.

To support affordable housing, an additional benefit for first – home buyers is being proposed. New section 80EE is proposed to be introduced to provide additional deduction on payment of interest to the tune of ₹ 1,00,000/- which will be deductible in the AY 2014-15. In case, the limit is not exhausted then the balance amount shall be deductible in A.Y. 2015-16. This deduction is over and above the existing deduction of ₹ 1,50,000/- under section 24 of the Income tax Act, 1961. Eligibility for deduction is subject to the following condition:

1. The loan should be sanctioned during the F.Y. 2013-14. (01.04.13 to 31.03.14)
2. The sanctioned loan amount should not exceed ₹ 25,00,000/-.
3. The value of residential home property should not exceed ₹ 40,00,000/-.
4. The assessee (buyer) should not own any other residential house property on the date of sanction of the loan.

There are several tax advantages that can be availed by investing in a second home. These include:

1. The rent received from the second home (Less 30% for repairs & maintenance) can be set off against the interest paid on the home loan taken for the flat. If the rent received is less than the interest paid, then the resultant “Loss from House property” can be set off against one’s regular income. Thus, there is a tax hedge provided by the property till it begins to pay for itself.
2. When the flat is sold, the acquisition cost (adjusted for indexation) is deducted from the sale proceeds and only the balance is taxable.

Further, the incentives provided in last Union Budget for FY 12-13 continues such as Allowance of External Commercial Borrowing (ECB) for the affordable housing, extension of one percent tax subvention on home loans up to ₹ 15 lakh where the cost of the house is upto ₹ 25 lakh and increased funding on highways and infrastructure, are steps that could go a long way in reviving the realty market. The doubling of allocation in the infrastructure debt fund through allocation to NHDP, IIFCL, NHB and SIDBI coupled with full exemption from basic custom duty for equipment for road and highway construction would boost infrastructure and construction sector.

The withholding tax on ECBs for affordable housing has been reduced from 20 percent to 5 percent for three years

and this move would help ease the liquidity in the sector. Investment linked deduction of capital expenditure incurred in businesses like Cold Chain Facility, warehouses for storage of food grains, hospitals, fertilizers and affordable housing is provided at the rate of 150 percent, as against the current rate of 100 percent. This would decrease tax liability of the firms involved in above mentioned business and further boost the investments in logistics, hospitality and affordable housing. All these measures would encourage supply of low cost housing. Exempting proceeds from the sale of a residential property from capital gains tax if they are invested in equity of an SME definitely provides home owners with more re-investment options. Previously, the only route for exemption was purchase of another property or tax saving bonds.

A house is a stable asset and is not bought and sold frequently. There is no greed or desire to cash in when the prices are high and there is no panic when prices do not rise. An important psychological factor is that real estate prices do not fluctuate on a daily basis and there is no mark to market that is available on a daily basis. This makes the house a comfortable asset to hold.

Buying or investing in a property would continue to remain a lucrative option. Besides building an asset, a buyer ends up reaping the benefits of investment made already. Moreover, with an organized finance sector and with the increase in transparency levels, it has become easier to create financing vehicle.

India is a country that is challenging the limits of aspirations and possibilities every day. If there is one sector that reflects the changing aspirations and growing needs of this new India, it is the residential sector. Strong economic growth has led to rising incomes, better availability of attractive home loan options, wide range of supply and growing aspirations. All these factors have made buying an attractive proposition.

In fact, in metropolitan cities, it is not uncommon to see young professionals aspiring to own additional home than the one they reside in, thus leading to a ‘Second Home Wave’ in the country.

Demand Drivers

Since real estate price in metros are increasing day by day, more and more people are buying second home as an investment option. On auspicious occasion like ‘Gudi Padwa day’, there is positivity associated with buying a second home. It has effectively become a symbol of success for the people these days. Last few years have witnessed a sea-change, with alternative real estate option like plots of lands in new developing areas or weekend-second home

Second home in India is a relatively new phenomenon that gained steam in the mid-1990s as the country went through its first real estate upswing. No single factor can be attributed as the driver of the second home wave; rather it was combination

of a host of converging factors that led Indian home buyers to explore second home purchases. Some of the factors include:

1. Real estate as an attractive investment option
2. Improved real estate transparency levels
3. Wider option to choose from.
4. Availability of high- quality residential formats.
5. Competitive home loan rates.
6. Flexible home loan financing-EMI holiday by developers.
7. Increased NRI buyer interests

Suburbs across the country have emerged as a preferred location for home buyers for premium residence, given the better land availability in these areas as compared to city centers, yet away from its hustle and bustle. Growing market maturity has ensured that a wide range of top-end housing projects which are closer to nature are now available. This category includes residence options along beaches, hill-side homes, and riverside resorts and in other natural surroundings. What is interesting is not only the geographical diversity of these homes, but also the significant range of formats in which such projects are being developed in planned communities across the country including villas, townhouse, row-house and even apartments.

A subset within this category includes wellness homes, which allow-buyers to rejuvenate themselves from demanding careers and stressful lifestyles. Such homes offer relaxation and wellness centers that offer yoga, meditation and other rejuvenation avenues.

There has been noticeable trend among home buyers exploring the options of buying second homes in pilgrimage centers as trips to such places tend to be periodic. Homes in pilgrimage centers serve the dual need of being a holiday home and a good investment.

Threats (bottlenecks)

Unavailability of land, delays in project approvals and low floor space index norms are constraining the supply in certain markets, thereby affecting the ability of prices to settle at a more rational level.

Residential real estate is defying the conventional wisdoms of economics where a constant price hike is not benefitting the real estate companies either. With pressure on both, the demand and supply side, residential real estate has gone into a vicious cycle of ever increasing cost, falling demand, liquidity crunch and last but not the least, delay in approvals adding to the woes of the developers. Home sales have slowed down, private equity has dried up, the primary market is subdued and banks have been reluctant to lend to builders. A combination of consumer activism, agitation by farmers, bureaucratic delays, labour shortage and legal wrangles,

have contributed to the holding up of projects.

Land acquisition complexities could put off investors. The core issues that surround the acquisition of land are more complex than those related to built-up property. Some of these are:

- a. Litigation due to inheritance.
- b. Multiple sales which have not been properly recorded.
- c. Pledging of land to local money lenders.
- d. Fragmented holdings.
- e. Requirement of cash while dealing with sellers.
- f. Difficulty in obtaining contiguous land.
- g. Land which have been granted to SC/ST by the government.
- h. Land ceiling laws.
- i. Tough re-settlement and rehabilitation laws.

According to a pan-India survey by the real estate research firm Liases Foras, about 50 percent of the 3,23,000 homes due for 2013 delivery, would be delayed by slow construction approvals and liquidity issues. Most of the projects are lagging behind construction schedule, with a third not ready for a house warming before 2014. The track record of developers in the Delhi-National Capital Region have been the worst with a 74 percent late delivery rate, followed by Mumbai and Chennai at 61 percent, Bengaluru at 59 percent and Kolkata at 57 percent. "Data indicates that there would be more delays going forward because of the stress on cash flows of developers". The Impact of the economy slowdown is reflecting on the ground now, by way of slowdown in demand and execution of projects being hit.

According to a recent report by real estate consulting firm, Prop Equity, the number of unsold properties in India's top seven cities at the end of December 2012 is estimated to be around 32,000 units and valued at over ₹ 21,000 crore. According to data available on stock exchange, 25 listed real estate companies have a total of around ₹ 40,000 crore worth inventories on their balance sheets. Also, the Mumbai Metropolitan Region (MMR) AND National Capital Region (NCR) have around 2,50,000 unsold apartments.

In the best of States, one needs a minimum of 17 Govt. approvals to get a project started and they are Metropolitan Regional Development Authority, Department of Minor Irrigation, Department of Civil Aviation, Fire Department, Water & Sewage Board, Electricity Board, Department of Town Planning, District Collector's office, Panchayat Office and several other agencies that need to grant approval. And none of them work in parallel. Each approval is sequential. Very few States have transparent published rules.

Segment wise Reporting

Segment has been identified in line with the Accounting Standard on segment reporting, taking into account the organization structure as well as the differential risk and returns of these segments. The Company is exclusively engaged in the Housing Finance business and revenues are mainly derived from this activity.

Outlook

Though the Indian property market remained stable throughout 2012, there were a few hiccups to conquer: facing the pangs of global economic crises and with clearances in cold storage for a long time, it was a battle indeed. Rising inflation, rupee depreciation and increasing cost of capital added to the woes that affected demand as well as future supply dynamics of real estate in the country. However, in the last quarter, the government has tried to ease sluggishness in the market by announcing a few reforms to revive the sentiment. The revival in the sector has brought hope as we move towards the New Year.

Despite the sluggish trend, the residential real estate market witnessed good demand. Residential was the only sector that witnessed moderate growth, compared to the commercial sector that includes office, retail and industrial that saw limited or no growth. Infrastructure development has played a key role in helping residential real estate in city like Mumbai to flourish, where the infrastructure works undertaken by MMRDA and various other authorities brought great relief to the sector by creating location - based demand.

There has been good demand for luxury and super luxury residential apartments. The new generation of home buyers are looking for innovation in design and technology as well as world class amenities. Luxury homes have caught the market's fancy with nearly 2 billion (over ₹ 10,000 crore) worth of such house launched across the country last year, this at a time, when there is a general slowdown in the housing segment.

According to estimates, close to 5000 homes priced above ₹ 3 crore (above ₹ 5 crore in Mumbai) were launched across major metros during the year as absorption beat supply in many of the markets. The super-rich clientele prefers to put their money into these hard assets than any intangible service or instruments. Sales of luxury homes across big cities such as Mumbai, Bengaluru, Gurgaon, Chennai and Pune have been moving up along with 6-23% year on year price rise in this segment, reaffirming the upward movement. Mumbai, for instance, sold 789 units against 652 new launches; Gurgaon sold 792 compared with new launches of 726 units, while Chennai saw sales overtaking new launches by 17%. Although cities like Bengaluru and Pune have seen sales numbers lower than new launches, prices here too have risen by around 10% from a year ago.

Real estate continues to be the most preferred asset class with rich Indians due to higher returns. Luxury home is the reflection of social status and life-style for the rich, which they can flaunt to friends and family.

With the Indian economy improving and global markets also strengthening, all segments of Indian real estate will improve in 2013. Since global market conditions are much better today, as against the last two years, India stands out as the best investment opportunity in this segment. There is tremendous shortage of housing in this country and until the gap is narrowed down, it is likely to remain up.

Homes are evolving and so is consumer's aspiration. Having seen the world, literally Indians are finally realizing that homes can be developed to be more than just a roof to sleep under. While a home is all about the things that stimulate happiness and contentment such as family, love, care, leisure and play, the core concept of home has far evolved from being a basic 'need' to being 'desired'.

And exactly for such reasons residential offerings have evolved to accommodate concepts of themed projects, designer homes, green homes etc. Today people want to live, work, play entertain, be entertained, flaunt, relax, rejuvenate, study, exercise when it comes to 'where' they stay.

In order to bring the construction quality at par with the global standards, developers, have introduced contemporary technologies such as Mivan and PERI to their construction. The advanced technologies have not only reduced the cost of construction, but also brought down construction turnaround time significantly in the recent past. There has been greater awareness about green building construction in the last decade.

Apart from above, the government has eased its import policies for the construction industry besides introducing amendments to bring in more transparency. Now a developer can import more material than before. So glasses and specialized fittings are generally imported. At the same time, there has been improvement in the quality of materials being produced by Indian companies offering better volumes and satisfaction to the buyers.

Affordable housing is the only way to accommodate people in the suburbs of Mumbai. Commuting will not be much of a problem because of development of infrastructure projects like upcoming Metro, flyovers, skywalks, better roads and increase in the frequency of rail connectivity. So, if the price is right and there is scope for good lifestyle development, people would be open to relocate themselves. This would mean that any neighbourhood can benefit from affordable housing projects of mid to large scale and ultimately, with the added infrastructure and support systems coming into aid the projects, property price will only get better.

Housing sector is bound to receive attention of Government because it is a major sector of the Indian economy. Housing

is the largest component of the financial sector, of the construction sector and is central to economic growth and the related multiplier effects on employment, poverty reduction etc. It has also impact on several other connected industries. It has implications for the healthy growth of households, their optimism and investment opportunities and it creates an environment conducive to a positive outlook in society. Housing helps to provide a stable platform for future development of a democratic society. Globally, there is a strong correlation between economic development and housing and housing quality. It is said that alleviating the urban housing shortage could potentially raise the rate of growth of GDP and have a decisive impact on improving the basic quality of life.

Risks and concerns

LIC Housing Finance is exposed to risks such as liquidity risk, interest rate risk, forex risk, credit risk / increase in NPA and operational risk which are inherent in the financial intermediation business. The risk management process of the Company will proactively manage the uncertainty and volatility in the net interest income of the Company by prescribing maximum exposure limits. The objective can be summarized as below:

- Reduce potential costs of financial distress by making LIC Housing Finance less vulnerable to adverse movements in liquidity, interest rates, exchange rates (wherever applicable);
- Create a stable planning environment by ensuring that the business plan is not adversely affected during the financial year due to any adverse liquidity situations, interest rate and currency fluctuations by using various tools such as time-bucket analysis, liquidity statements, duration gap and forex exposure reports;
- Minimise the credit risk by adopting scientific techniques for credit evaluation, prescribing exposure limits, portfolio composition and periodic review of the portfolio; LIC Housing Finance operates in the mid-market end-user segment where the delinquency rates have been lower. A large chunk of borrowers are in the salary group. The Company has been following stringent credit assessment processes like adoption of the application scoring system (scorecard), compulsory CIBIL checks, field checks, legal and technical due diligence, etc. which have helped to reduce incremental delinquencies.

The average loan to value is in the range of 50-60% (as against the regulatory limit of 90% for loans upto ₹ 20 lakh and 80% for loans above ₹ 20 lakh) and its instalment to income ratio ranges between 30-40%, both being amongst the lower ones in the industry. The low average ticket size of ₹ 15-16 lakh and pan India spread of Business adequately disperses the Risk.

The Company has one of the best recovery machineries in its category, which has addressed NPAs, supported

by legislations such as SARFAESI Act.

- Minimise the operational risk by strengthening the internal control procedures and making systemic corrections to address the deficiencies reported by the Internal Auditors.

Internal Control Systems & their Adequacy

The Company has internal audit system which is effective and commensurate with the size of its operations. Adequate records and documents are maintained as required by law from time to time. Internal audits and checks are regularly conducted and internal auditor's recommendations are seriously considered for improving systems and procedures. The company's audit committee reviews the internal control system and looks into the observations of the statutory and internal auditors. During the year, various guidelines / circulars were issued on the operational side to ensure better credit appraisal, as a result of which quality of loans should improve during the years to come.

Discussion of Financial Performance with respect to Operational Performance

Financial / Fund Management

The Company's borrowing is planned taking into consideration ALM gaps, interest rate mismatches. But, this depends on the prevailing market conditions. LIC Housing Finance has got highest rating for bank borrowings, non convertible debentures, commercial paper and public deposit scheme from CRISIL / CARE rating agencies, which has helped the Company to procure funds at very competitive rates. The Company is selectively entering into derivative contracts with sole objective of managing risk associated with the interest rate movement, balance sheet management, converting fixed / floating coupon of the underlying liabilities, switching from the existing benchmark to favourable benchmark so as to prevent cost escalation on account of unfavourable benchmark and also as a tool to manage the asset liability mismatch.

As derivative transactions are linked with risk, the status of each and every transaction is regularly monitored and the Company has unwound some of the transactions at the appropriate time to mitigate the risk associated with it.

The prime lending rate of the Company is regularly reviewed and revised as it is a benchmark for asset pricing. Since more than 85% of the asset portfolio is on the floating rate, the Company re-prices the loan assets consequent upon the revision in prime lending rate of the company at specified intervals.

The Company also reviews the fund position on daily basis and parks surplus funds in debt oriented mutual fund schemes, fixed deposits, certificate of deposits as per the Board approved policy with an objective of reducing the negative carry to the extent possible.

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The composition of outstanding borrowings as on 31st March, 2013 & the ratings assigned by rating agencies is as under:

Particulars	% to total Borrowing	Rating
Loans from Scheduled Banks	29.79%	CRISIL AAA/ Stable\CRISIL A1 +
Refinances from NHB	3.59%	
Term loans from LIC of India	0.52%	
Non Convertible Debentures	60.61%	CRISIL AAA / Stable \ CARE AAA
Subordinated Bonds (Tier II)	2.18%	CRISIL AAA / Stable \ CARE AAA
Upper Tier II Bonds	2.18%	CRISIL AAA / Stable \ CARE AAA
Public Deposit	1.13%	CRISIL FAAA / Stable
Total	100.00%	

Performance / Operation Highlights

During the year, the Company sanctioned ₹ 26,477.27 crore and disbursed ₹ 24,358.43 crore registering a growth of 20.61% in sanctions and growth of 21.63% in disbursements over the last year. For the year ended March 2013, the Company's total income from operations was ₹ 7,575.92 crore as against ₹ 6,114.86 crore during the same period last year. Net profit for year ended March 2013 was ₹ 1023.21 crore when compared to ₹ 914.20 crore in the corresponding period last year, showing a growth of 12%. The outstanding mortgage portfolio as at 31st March 2013 was ₹ 77,812.66 crore as against ₹ 63080.15 crore as at 31st March 2012 thus registering a growth of 23.35%.

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 194 marketing offices as on 31st March, 2013 across the country and representative offices in Dubai and Kuwait. The Company continues to serve the customers at their door step through Home Loan Agents, Direct Selling Agents and

Customer Relation Associates. During the year, the Company also participated in property exhibitions in various parts of the country and the same has been an impetus for successful marketing.

Recovery Management

The gross non performing assets (NPA) as on 31st March, 2013 stood at ₹ 471.22 crore as against ₹ 265.22 crore as on 31st March, 2012 registering an increase of 77.67%. The gross NPA ratio of the company stood at 0.61% as on 31st March, 2013 as against 0.42% as on 31st March, 2012. Net NPAs excluding provision on standard assets as per NHB norms as at 31st March, 2013 stood at 0.36% (₹ 275.94 crore) as against 0.14% (₹ 84.85 crore) on the corresponding dates last year. The provision cover on the NPAs stood at 41.44% (excluding provision on standard loans as per NHB norms) as on 31st March, 2013. The net interest margin for the year stood at 2.18%.

Human Resources Development

The Company has dedicated staff strength of 1451 persons who have been contributing to the progress and growth of the Company. The manpower requirement of the offices of the company is assessed and recruitment is conducted accordingly. Personal skills of the employees are fine tuned and knowledge is enhanced by providing them internal and external training keeping in views the market requirement from time to time. Outstanding performers are rewarded by way of elevation to the higher cadre. Apart from fixed salary and perquisites, the employees are paid performance linked incentives which motivates them to perform better.

Loan assets per employee as at 31st March, 2013 were ₹ 53.63 crore and net profit per employee ₹ 70.51 lakh.

Conclusion with Caution

Statements in this report, describing the Company's objectives, projections, estimations, expectations are "forward looking statements" within the meaning of applicable securities, laws and regulations. These statements are based on certain assumptions in respect of future events and Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

Directors' Report

To the members of LIC Housing Finance Limited.

The Directors have great pleasure in presenting the Twenty Fourth Annual Report together with the audited accounts for the year ended 31st March, 2013.

Financial results

The profit and loss account shows a profit before tax of ₹ 1373.57 crore after writing off bad debts of ₹ 31.37 crore and considering the amount of ₹ 2.50 crore recovered out of earlier write off and taking into account all expenses, including depreciation and prior period items. The provision for income tax (net of deferred tax) is ₹ 350.36 crore and the profit after tax for the year is ₹ 1023.21 crore.

Taking into account the balance of ₹ 688.93 crore being brought forward from the previous year, the distributable profit is ₹ 1712.14 crore.

	(₹ in crore)	
	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Appropriations:		
Special reserve	270.00	245.00
General reserve	400.00	300.00
Proposed dividend	191.77	181.68
Tax on dividend	32.35	29.42
Balance carried forward to next year	818.02	688.93
	1712.14	1445.03

Dividend

Considering the performance during the year 2012-13, your Directors have recommended a dividend of ₹ 3.8 per Equity Share of ₹ 2/- each (190 per cent), for the year ended 31st March, 2013. The total dividend outgo for the current year would amount to ₹ 224.12 crore including Dividend Distribution Tax of ₹ 32.35 crore, as against ₹ 211.10 crore including dividend distribution tax of ₹ 29.42 crore, for the previous year.

Performance

Income and profit

Profit before tax and after tax stood at ₹ 1373.57 crore and ₹ 1023.21 crore respectively as against ₹ 1230.91 crore and ₹ 914.20 crore, respectively, for the previous year. Profit before tax increased by 12 per cent over the previous year while profit after tax showed same growth of 12 per cent as compared to that of previous year.

The Company earned total revenue of ₹ 7658.88 crore, registering an increase of 23.23 per cent. The percentage of administrative expenses to the housing loans, which was 0.38 per cent in the previous year, has decreased to 0.36 per cent during the year 2012-13.

Lending operations

Individual loans:

The main thrust continues on individual housing loans with a disbursement growth of 21.51 per cent during the year. The project loan which had shown a negative growth of 62.10 per cent in the previous year has achieved a growth of 24.03 per cent in the year under review. During the year, the Company sanctioned 1,43,811 individual housing loans for ₹ 24,842.84 crore and disbursed 1,44,480 loans for ₹ 23,230.27 crore. Housing loan to Individual i.e., retail loans constitute 93.82 per cent of the total sanctions and 95.36 per cent of the total disbursements for the year 2012-13 as compared to 94.17 per cent and 95.45 per cent respectively during the year 2011-12. The gross retail loan portfolio grew by over 25.49 per cent from ₹ 59,958.20 crore as on 31st March, 2012 to ₹ 75,238.76 crore as on 31st March, 2013.

The cumulative sanctions and disbursements since the incorporation, in respect of individual housing loans are:

Amount sanctioned : ₹ 1,26,912.17 crore

Amount disbursed : ₹ 1,15,305.13 crore

More than 15.56 lakh customers have been serviced by the Company up to 31st March, 2013 since its inception.

Project loans:

The project loans sanctioned and disbursed by the Company during the year were ₹ 1634.43 crore and ₹ 1128.16 crore respectively. These loans are generally for short durations, giving better yields as compared to individual loans.

Non-Performing Assets and provisions

The amount of gross Non-Performing Assets (NPA) as on 31st March, 2013 was ₹ 471.22 crore, which is 0.61 per cent of the housing loan portfolio of the Company, as against ₹ 265.22 crore i.e. 0.42 per cent of the housing loan portfolio as on 31st March, 2012. The net NPA as on 31st March 2013 was ₹ 275.94 crore i.e. 0.36 per cent of the housing loan portfolio vis-à-vis ₹ 84.85 crore i.e. 0.14 per cent of the housing loan portfolio as on 31st March, 2012. The total cumulative provision towards housing loan as on 31st March, 2013 is ₹ 694.55 crore as against ₹ 644.56 crore in the previous year. During the year, the Company has written off ₹ 31.37 crore of housing loan portfolio as against ₹ 0.03 crore during the previous year.

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Fund raising

The Company raised funds aggregating to ₹ 23,254.78 crore through term loans from banks, Non-Convertible Debentures (NCD), NHB refinance and Public Deposit. The Company's NCD issues were rated 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA' by CARE, bank loans were rated 'CRISIL AAA/Stable \ CRISIL A1+', Public Deposit was rated as FAAA/STABLE.

In view of comfortable capital adequacy ratio as a result of preferential allotment of equity shares to the promoters and development in issue of new banking licence by RBI, the Company decided to defer the raising of equity capital through Qualified Institutional Placement.

Auditors

Statutory auditors M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai retire at the conclusion of the forthcoming Annual General Meeting (AGM). The Company has received the requisite certificate from them to the effect that their appointment, if made would be within the limits specified under section 224(1B) of the Companies Act, 1956.

The Board of Directors recommend appointment of M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai as Joint Statutory Auditors of the Company for financial year 2013-14.

Directors

Shri A. S. Narayanamoorthy, Director resigned from the Board of Directors of the Company with effect from 23.05.2012. The Board places on record its appreciation for his valuable contributions made by him during his tenure as member of the Board.

Shri S. Ravi and Shri Jagdish Capoor, Directors retire by rotation at the ensuing AGM and are eligible for reappointment.

Shri V. K. Sharma has been appointed by the Board of the Company as Managing Director & CEO with effect from 19.03.2013 in terms of nomination received from Life Insurance Corporation of India, subject to approval of shareholders at the forthcoming Annual General Meeting. Consequently, Shri Sushobhan Sarker relinquished the post of Managing Director of the Company, however, he continues to be Director on the board in a non executive capacity as nominee director of LIC of India.

Corporate Governance

A certificate from the Joint Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges is attached to the Corporate Governance Report.

Your Company has been complying with the principles of good Corporate Governance over the years. The Board

of Directors support the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is presented in a separate section forming part of the Annual Report.

Regulatory Compliance

The Company has been following guidelines, circulars and directions issued by National Housing Bank (NHB) from time to time.

Your Company has been maintaining capital adequacy as prescribed by the NHB. The capital adequacy was 16.54 per cent (as against 12 per cent prescribed by the NHB) as on 31st March, 2013 after considering the loan to value ratio for deciding risk weightage.

The Company also has been following directions / guidelines / circulars issued by SEBI from time to time applicable to the listed company.

Depository system

The Company has an agreement with the Central Depository Services (India) Limited (CDSL) for transactions of its shares in dematerialised form, in addition to the National Securities Depository Limited (NSDL), to give a choice to its shareholders in selecting depository participant. As on 31st March, 2013, 10,964 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Public deposits

During 2007-08, the Company started accepting deposits from the public. As on 31st March, 2013, the outstanding amount on account of public deposits was ₹ 773.60 crore. 97 deposits amounting to ₹ 2.15 crore which were due for repayment on or before 31st March, 2013 were not claimed by the depositors till that date. As on 26th April, 2013, 14 deposits amounting to ₹ 0.42 crore thereof have been claimed and paid. The interest due on the public deposits has been paid on time.

The Company through Registrar to the Public Deposit scheme i.e. Link Intime India Pvt. Ltd has been sending reminders on periodical basis to the depositors who have not claimed the maturity proceeds.

Exemption from provision of section 58A (2)(a) & (b)

In exercise of the powers under sub-section 8 of section 58A of the Companies Act, 1956, read with Companies (Amendment) Act, 1977, the Central Government has granted exemption to the public deposit scheme of the Company from provisions of section 58A(2) (a) & (b) of the Companies Act, 1956 on following conditions:

- i. Abridged advertisement shall refer to the statutory advertisement published.
- ii. Abridged advertisement shall be issued during the validity of statutory advertisement.
- iii. Abridged advertisement shall be filed with the Registrar of Companies, Maharashtra, within 15 days of its publication.
- iv. The exemption will not affect any legal rights available to any deposit holder or any shareholder or creditor as per law enforced in respect of recovery of any amount which has become due for repayment.

Statutory information

The Company does not own any manufacturing facility. Hence the particulars relating to the conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable. The particulars of foreign currency expenditure and foreign currency earnings during 2012-13 are given at item No.13 and No.14 in the Notes to the Accounts. There are no employees covered by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Auditors' observations

No adverse remark or observation is given by the statutory auditors.

The Company has an in-house internal audit system for back offices conducted by the audit department personnel and a reputed firm of Chartered Accountants as internal auditor for Corporate Office. Continuous efforts are made to further strengthen the internal audit system to make it commensurate with the size and the nature of business.

Systems and procedures are being upgraded from time to time to provide checks and alerts for avoiding fraud arising out of misrepresentation given by borrower/s while availing the housing loans.

Outlook for 2013-14

The initiatives taken by the Company during the year are expected to improve its operational and financial performance. During F.Y. 2013-14, the Company proposes:

- Expanding its operations by establishing new business centres.
- Increasing its distribution by appointing new agents and activating more agents.
- Incentivising and motivating the marketing intermediaries systematically for improving productivity.
- Raising funds through loans at attractive rate of interest and terms.
- Strengthening and upgrading the existing Risk Management System.
- Making efforts towards reducing overall cost of funds.
- Steps to improve the recovery ratio and ensuring lowest NPA level. Improving receivable management through support system.
- Timely review of credit appraisal system to improve the loan asset quality.
- Continuous effort to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- Brand building measures to improve general awareness and the image of the Company and to also increase the overall market share.
- Swift, appropriate and competitive pricing of its existing loan schemes to attract new customers.

The management perspective about future of the Company

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition in the last three Union budgets. According to the government country needs investment to the tune of ₹ 3,61,000/- crore to meet the shortage of nearly 25 million housing units. There was approximately housing shortage of 25 million dwelling units at the beginning of the 11th five year plan. Therefore, the management reasonably foresees good potential for growth in the business of the Company.

Directors' Responsibility Statement pursuant to Section 217 (2AA) of the Companies Act, 1956

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, and based on the information provided by the management, your Directors state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Accounting policies were applied consistently. Reasonable and prudent judgement and estimates were made so as to give true and fair view of the state of affairs of the Company as at the end of 31st March, 2013 and profit of the Company for the year ended on that date.
- Proper and sufficient care has been taken for maintenance of accounting records in accordance

with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.

- The annual accounts are prepared on a going concern basis.

Human resources

The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Productive high performing employees are vital to the Company's success. The Board values and appreciates the contribution and commitment of the employees towards performance of your Company during the year. To create the leadership bench and for sustainable competitive advantage, the company inducted / promoted employees during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company had organised various training programmes for upgrading the skill and knowledge of its employees in different operational areas. Apart from fixed salaries and perquisites, the Company also have in place performance-linked incentives which reward outstanding performers who meet certain performance targets. It has been sponsoring its employees for training programmes/seminars/conference organised by reputed professional institutions.

Employee relations remained cordial and the work atmosphere remained congenial during the year.

Subsidiaries and group companies

The Consolidated financial statements incorporating the results of the Company's subsidiaries namely LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Trustee Company Private Limited and LICHFL Asset Management Company Limited for the year ended 31st March, 2013, are attached along with the statement pursuant to Section 212 of the Companies Act, 1956, with respect to the said subsidiaries. The review of performance of the subsidiaries is as under:

1. LICHFL Care Homes Limited:

LICHFL Care Homes Limited, a wholly owned subsidiary of LIC Housing Finance Limited, was incorporated on 11th September, 2001 with an authorised capital of ₹ 25 crore. The basic purpose of establishing the Company was to establish and operate assisted community living centers for the senior citizens.

The Company had a turnaround in the year 2011 – 12 making a profit of ₹ 241.71 lakh (profit after tax) and continued its journey in the profit path in the following year as well.

In fiscal 2012 – 13, the Company has made a Profit before tax (PBT) of ₹ 2783.08 lakh and a Profit after tax (PAT) of ₹ 1812.80 lakh, above the expectations. The

project in Bangalore Phase II is likely to be completed in a month's time whereas the Bhubaneswar Project may take another year for completion. The Company is looking forward to making its presence in Kolkata and Pune this year and in other major cities in due course.

With demand for care-homes for elderly increasing day by day, the Company is set on a growth trajectory keeping LIC's vision for fulfilment of Corporate Social Responsibility in the main frame.

2. LICHFL Financial Services Limited :

LICHFL Financial Services Limited, a wholly owned subsidiary of LIC Housing Finance Limited was incorporated on 31st October 2007, for undertaking non fund based activities like marketing of housing loans, insurance products (life insurance and general insurance), credit cards, mutual funds, fixed deposits etc. It has become operational in March 2009 and at present has got 38 offices all over the country spread over 10 states.

"SARVESHAM POORNAM BHAVATU" – the vision of the company is to provide complete financial solutions to Customers. Towards this, the company began distribution of Life Insurance Products of LIC of India, Housing Loans of LIC Housing Finance Limited, Mutual Funds of all fund houses, General Insurance of United India Insurance Company Limited, Credit Cards of LIC Cards Services Limited and Fixed Deposits of LIC Housing Finance Limited. More business verticals will be added depending on market opportunities and customer needs.

The company earned a profit after tax of ₹ 1.32 crore for the financial year 2012-13 and recommended dividend @6% for FY 2012-13 for the fourth consecutive year. The Company during the year under review has got all the 38 offices operational in various parts of the country. The initiatives taken up by the company and the aggression in the marketing of the products during the financial year are expected to improve its operational and financial performance. The Company provides complete financial solution to secure not only the present but also the future of the customers and their family. In this the marketing officials assist at every step – from financial planning to manage every aspect of right investment.

The company has plans to expand in new locations and increase its marketing team strength. There is good potential for growth of business in all verticals especially in home loans and insurance sector. Distribution of these products and increase in sale of these products is expected to generate good revenue for the company. The company has plans to expand its lines of business and would evaluate right opportunities for growth, profitability and value addition to share holders.

REVENUE RATIO YEAR WISE FOR CORPORATE AND RETAIL FROM 2009 TO 2013

(in lakhs)

Year	Income			Expense			REVENUE RATIO		
	Corporate	Retail	Total	Corporate	Retail	Total	Corporate	Retail	Total
2009-10	685.95	104.43	790.38	289.24	413.29	702.52	237%	25%	113%
2010-11	842.66	262.17	1104.83	280.38	541.60	821.98	301%	48%	134%
2011-12	888.02	351.96	1239.98	261.89	690.67	952.56	339%	51%	130%
2012-13	617.07	434.55	1051.62	245.29	577.65	822.94	252%	75%	128%

3. LICHFL Trustee Company Private Limited :

LICHFL Trustee Company Private Limited was incorporated on 5th March, 2008 for undertaking the business of trusteeship. In the year 2010 the Company has registered LICHFL Fund with SEBI as Venture Capital Fund (VCF) under the SEBI (Venture Capital Funds) Regulations 1996. The Fund launched its maiden scheme "LICHFL URBAN DEVELOPMENT FUND" and successfully garnered fund to the tune of ₹ 529.35 crore as against the target of ₹ 500 crore. The Fund is being managed by LICHFL Asset Management Company Ltd. as Investment Manager. Final Closure Date of the Fund was 30th March, 2013. The Fund has initiated its investment activities.

Urban Development Fund through Banks, Financial Institutions, Corporates and HNIs, as against the targeted size of ₹ 500 crore. As stated earlier the final closure date of the fund was 30th March, 2013. The Company has initiated investment activities during the year and it is expected that the momentum of current reforms would be further accelerated which would have favourable impact on real estate sector and particularly the affordable housing.

Acknowledgments

The Directors place on record their appreciation for the advice, guidance and support given by the Life Insurance Corporation of India and the NHB and all the bankers of the Company. The Directors also place on record their sincere thanks to the Company's clientele, lenders and members for their patronage. The Directors also record their appreciation for the dedicated services of the employees and their contribution to the growth of the Company.

4. LICHFL Asset Management Company Limited:

LICHFL Asset Management Company Limited was incorporated on 14th February, 2008 for undertaking the business of managing, advising, administering venture/mutual funds, unit trusts, investment trusts set up formed or established in India or abroad and to act as financial and investment advisor.

The Company has been appointed as Investment Manager to raise and manage the maiden Fund "LICHFL Urban Development Fund". Against challenging economic conditions, the Company has successfully secured total commitments of ₹ 529.35 crore to LICHFL

For and on behalf of the Board

Chairman

Place : Mumbai

Date : 26.04.2013

Report of Directors on Corporate Governance

Corporate Governance is a set of systems and practices ensuring commitment to values, ethical business conduct, accountability, transparency and compliance of laws and acceptance by management of the inalienable rights of shareholders as the true owners of the Company. At LIC Housing Finance, the Corporate Governance structure assigns responsibilities and entrusts authority amongst different participants namely, board of directors, senior management and employees. It also involves building and maintaining relationships with lenders, borrowers, agents, depositors, shareholders and other stakeholders through higher levels of accountability, transparency, responsibility and fairness across all operations. The Company has been following best Corporate Governance and disclosure practices even before these were made mandatory under legislation.

The Company's Board follows ethical standards of Corporate Governance and adheres to the norms and disclosures mentioned in the Clause 49 of the Listing Agreement with stock exchanges. Listed below is the Directors' Report on the compliance of Corporate Governance Code.

Board of Directors

Composition

The Board of Directors as on 31st March, 2013 comprised nine members — eight Non-Executive and one Executive Director. Shri V. K. Sharma, Managing Director & CEO is an Executive Director. The Executive and Non-Executive Directors are competent and knowledgeable personalities in their respective fields. All the Non-Executive Directors except the Chairman, Shri D. K. Mehrotra and Director, Shri Sushobhan Sarker are Independent Directors.

The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its directors, management, subsidiaries or associates. In 2012-13, the composition of the Board was in conformity with clause 49 of the Listing Agreement. Details of Board meetings attended by Directors, attendance at the last Annual General Meeting, number of other Directorships / Committee membership (viz. Audit Committee and Investors' Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2012-13 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 23rd AGM	Attendance at the Board meeting (No. of meetings held – 5)	No. of Directorships (other than LIC Housing Finance Ltd.)	No. of Committees (as per Clause 49) Membership (other than LIC Housing Finance Ltd.)	
						Member	Chairperson
1.	Shri D. K. Mehrotra	Non Executive	Present	4	13	-	-
2.	Shri Sushobhan Sarker*	Non Executive	Present	5	12	2	1
3.	Shri Dhananjay Mungale	Independent and Non Executive	Present	3	15	8	2
4.	Shri K. Narasimha Murthy	Independent and Non- Executive	Present	4	6	4	3
5.	Shri S. Ravi	Independent and Non- Executive	Present	5	11	10	4
6.	Shri B.N. Shukla	Independent and Non- Executive	Present	5	-	-	-
7.	Shri Jagdish Capoor#	Independent and Non- Executive	Present	3	12	6	2
8.	Smt. Savita Singh#	Independent and Non- Executive	Present	4	3	-	-
9.	Shri V. K. Sharma	Executive	Present	5	4	2	1
10.	Shri A. S. Narayanamoorthy§	Independent and Non-Executive	Not Applicable	1	-	-	-

*w.e.f. 19.03.2013 Non Executive Director

w.e.f. 25.05.2012

§ till 23.05.2012

Tenure

Two-third members of the Board are liable to retire by rotation of which one third retire every year. Accordingly, Shri S. Ravi and Shri Jagdish Capoor retire by rotation, and being eligible, offer themselves for re-appointment. There is no relationship between directors of the Company inter-se.

Brief profiles

Shri S. Ravi is a post graduate in Commerce and fellow member of Institute of Chartered Accountants of India. He is promoter partner of M/s. Ravi Rajan & Company Private Limited. He has to his credit wide experience in banking and specialization in the field of accounting, auditing, financial and management consulting, business valuation, merger, acquisition, restructuring, business advisory services etc. He was appointed as Director on 26th June 2005. He is Chairman of Audit Committee and member of Investors' Grievance Committee and Banking Licence Committee of Directors.

The details of other Directorships/committee memberships of Shri S. Ravi are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Bharat Heavy Electricals Limited	Director	Chairman of Audit Committee
Mahindra Ugin Steel Company Limited	Director	Member of Audit & Investors' Grievance Committees
IDBI Capital Market Services Limited	Director	Chairman of Audit Committee
IDBI Bank Limited	Director	Member of Audit Committee & Chairman of Investors' Grievance Committee
Religare Housing Development Finance Corporation Limited	Director	Member of Audit Committee
GMR Chennai Outer Ring Road Private Limited	Director	Chairman of Audit Committee
UTI Trustee Company Private Limited	Director	Member of Audit Committee
SME Rating Agency of India Limited	Director	Member of Audit Committee
Canbank Venture Capital Fund Limited	Director	-
S Ravi Financial Management Services Private Limited	Director	-
SBI – SG Global Securities Services Private Limited	Director	-
Management Development Institute	Member of Board of Governors	-

Shri Jagdish Capoor

Shri Jagdish Capoor holds a Masters degree in Commerce and is a Fellow of Indian Institute of Banking and Finance.

He retired as Deputy Governor of Reserve Bank of India after serving for 39 years. While with Reserve Bank of India, he was the Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India, and Bharatiya Reserve Bank Note Mudran Limited and served as a Director on the boards of Bank of Baroda, Export Import Bank of India, State Bank of India, National Bank of Agriculture and Rural Development, National Housing Bank, Infrastructure Development Finance Company Limited and GHCL. He had been Chairman of Agriculture Finance Corporation Limited, Bombay Stock Exchange Limited and HDFC Bank Limited. Presently Shri Capoor is on the Board of Directors of the Assets Care & Reconstruction Enterprise Limited, Quantum Trustee Company Private Limited, Indian Hotels Company Limited, LIC Pension Fund Limited, LIC HFL Trustee Company Pvt. Limited, and Manappuram Finance Limited. He is also a member on the Board of Governors of the Indian Institute of Management, Indore. Shri. Capoor is a member of Audit Committee of Indian Hotels Company Limited and Chairman of Audit Committees of Quantum Trustee Company Private Limited and LIC Pension Fund Limited.

He was appointed as Director on 25th May 2012. He is a member of Debenture Allotment Committee and Banking Licence Committee.

The details of other Directorships/committee memberships of Shri Jagdish Capoor are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Indian Hotels Company Limited	Director	Member of Audit Committee
LIC Pension Fund Limited	Director	Chairman of Audit Committee
Quantum Trustee Company Private Limited	Director	Chairman of Audit Committee
Entegra Limited	Director	Member of Audit Committee-
Atlas Documentary Facilitators Company Private Limited	Director	Member of Audit Committee
Manappuram Finance Limited	Director	-
Vikas Global One Limited	Director	-
Assets Care & Reconstruction Enterprise Limited	Director	-
LICHFL Trustee Company Private Limited	Director	-
Banyantree Bank Limited	Director	Member of Audit Committee
Indian Institute of Management	Member, Board of Governors, Chairman, Finance Committee	-

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Responsibilities

The Board of Directors provide direction / guidance to the management, review performance and ensure ongoing compliances to protect long-term interest of the shareholders. Apart from its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the Management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz., to provide secured housing finance at an affordable cost, maximizing shareholders' value with higher customer sensitivity, is accomplished. The Board members ensure that their other engagements and preoccupations do not affect their responsibilities as Directors of the Company.

The items placed at the meetings of the Board include the following:

- business plan, budgets (sanction & disbursement) and updates / reviews thereof;
- revenue and capital budgets and updates / reviews thereof;
- status of NPA and updates / reviews thereof;
- fund raising programme of the Company;
- status of swap trades / transactions;
- outstanding term loan / borrowings;
- risk management review;
- asset liability management updates / reviews thereof;
- the unaudited quarterly and the audited financial annual accounts of the Company on both stand alone and consolidated basis;
- internal control systems, compliance of all laws applicable to the Company including the requirement of the Listing Agreement with the Stock Exchanges;
- delegation of financial powers to the management;
- productivity linked incentive, recruitment etc;
- future plans and other decisions / changes of significant importance of price sensitive nature;
- status report on the implementation of decisions taken at the Board meetings;
- report on investor grievances, shareholding pattern and secretarial audit reports;
- Review of subsidiary companies performance.
- Significant changes in policies and internal controls.

The Directors take active part in every deliberation to enable the Company to take informed decisions. The Company benefits from their expertise and experience in respective fields.

All the members of the Audit Committee are Independent Directors. The Members of Investors' Grievance Committee,

except Shri V. K. Sharma, Managing Director & CEO are Independent Directors. The roles / functions of the committees are well defined and the minutes of the committee meetings are circulated and noted at the Board meetings.

Board meetings

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Chairman, Managing Director & CEO. The folder containing the agenda and other relevant notes are circulated to the Directors well in advance. The Directors may suggest additional item for deliberation. Members of the senior management team also attend the meetings to provide additional information and clarification. During 2012-13, five Board meetings took place and they are listed below:

Serial No.	Dates on which the Board meetings were held	Total strength of the Board	No. of Directors present
1	25th April, 2012	7	7
2	24th July, 2012	9	8
3	31st October, 2012	9	7
4	14th February, 2013	9	7
5	18th March, 2013	9	9

Sitting fee is being paid to the Directors (other than Shri D. K. Mehrotra, Chairman, Shri Sushobhan Sarker, Director and Shri V. K. Sharma, Managing Director & CEO) for every Board and committee meetings they attend. Remuneration is being paid to Shri V. K. Sharma as applicable to an officer in the cadre of Executive Director of Life Insurance Corporation of India. In addition he is paid commission as approved by the Board. No other Director is entitled to commission.

Membership of committees

As per the disclosure received by the Company from the Directors, none of them is member in more than 10 committees, nor as Chairman of more than five committees across all companies in which they are Directors, in compliance with clause 49 of the Listing Agreement. The Directors intimate the Company about the committee positions they occupy in other companies and also notify changes from time to time.

Based on the reports received from the Company's functional heads, the Managing Director and CEO periodically informs the Board about compliance with respect to laws applicable to the Company.

Board committees

The Board constituted three committees to facilitate a more focused attention on important issues.

Audit Committee

The Committee comprises three Non-executives, Independent Directors with expertise in finance, accounts, treasury and law.

During the year, seven Audit Committee meetings were held. The composition of Audit Committee and the dates on which the Audit Committee meeting were held and the attendance of the members at the said meetings are as under:

Composition

- Shri S. Ravi Chairman Independent Director
- Shri Dhananjay Mungale Member Independent Director
- Shri B. N. Shukla Member Independent Director

Sr. No.	Dates on which Audit Committee meetings were held	Attendance record of the Audit Committee Members		
		S. Ravi	Dhananjay Mungale	B. N. Shukla
1	25.04.2012	Attended	Leave of Absence	Attended
2	24.07.2012	Attended	Attended	Attended
3	31.10.2012	Attended	Leave of Absence	Attended
4	14.02.2013	Attended	Leave of Absence	Attended
5	18.03.2013	Attended	Attended	Attended

Shri Nitin K. Jage, General Manager (Taxation) and Company Secretary, acts as Secretary to the Committee.

The Audit Committee possesses adequate powers and its terms of reference enable it to play an effective role as mentioned in Clause 49 of the Listing Agreement.

Role and powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

- Review with the management, statutory and internal auditor, the adequacy of internal control systems and audit procedures.
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend the appointment and removal of the statutory auditor, fixation of the audit fee and also approval for payment of any other services.
- Review with the management, the annual financial statements before submission to the Board.
- Review the adequacy of the internal audit function, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors any significant findings and follow-up thereon.
- Review the findings of any internal investigations by the Internal Auditors into matters where there is a suspected irregularity or failure of internal control systems of a material nature and report the matter to the Board.

- Discussion with statutory auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review the Company's financial and risk management policies.
- To look into the reasons for substantial defaults if any, in the payment to debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Review performance of internal and statutory auditors of the Company.
- Review of Auditors' Reports and actions taken by the management with respect to observations and qualifications of the auditors.

Powers

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain external legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee mandatorily reviewed the following:

- Management discussion and analysis report on the financial position and results of operation.
- Statement of significant annual related-party transactions.
- Management letters/letters of internal control weakness issued by the statutory auditors.
- Internal audit reports relating to internal control weakness.
- The appointment, removal and terms of remuneration of the Chief Internal Auditor.

Meetings are scheduled well in advance. The Audit Committee consider and recommend the financial results for approval by the Board. The statutory auditors are invited to attend the meeting. The head of the internal audit function attends the Audit Committee meetings; the Committee also invites senior executives to be present.

Executive Committee

The Executive Committee formed by the Board has been empowered with the following:

- 1) To frame the norms, policies, guidelines, conditions, parameters for all housing loan schemes including Project Finance schemes.
- 2) To relax / waive / alter the norms/ guidelines/ condition of the housing loan schemes including Project Finance schemes on case to case basis.

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- 3) To sanction loan to Builders and Developers under Project Loans beyond the limits delegated to Managing Director & CEO as per FPSO on recommendation of the Project Finance Committee. The Project Finance Committee would be constituted by the Managing Director & CEO from time to time.
- 4) To sanction loan under Rental Securitization of beyond the loan amount delegated to Managing Director & CEO as per FPSO.
- 5) To sanction loan under Individual loan schemes beyond the loan amount delegated to Managing Director & CEO as per FPSO.
- 6) To approve any new loan scheme that Company may launch.
- 7) To revise the interest rate in the existing schemes & new schemes of Individual/ Project loans.
- 8) To modify/ restructure existing & new schemes for Individual / Project loans.
- 9) To revise terms and conditions of the existing & new Individual/ Project loans.
- 10) To take over the portfolio of the Housing Loans subject to the limits as specified by the Board from time to time.
- 11) To waive Interest, Additional Interest, and other charges beyond the limits delegated to Managing Director & CEO in respect of the One Time Settlement under FPSO.
- 12) To waive principal amount irrespective of the waiver amount involved in respect of One Time Settlement beyond the limits delegated to Managing Director & CEO under FPSO.
- 13) To approve the Reserve price under SARFAESI Act, 2002 beyond the limits delegated to Managing Director & CEO under FPSO.
- 14) To approve LICHFL- PLR and to review & revise the same from time to time.
- 15) To approve the purchase / construction of the property for office building / staff quarters beyond the limits delegated to Managing Director & CEO generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as they may believe or may be advised to be reasonably satisfactory.
- 16) To borrow money for the purpose of the business of the Company subject to the limit specified by the Board from time to time.
- 17) To approve the payment for arrangers for fund mobilization.
- 18) To approve the payment of processing or any other fees payable to Banks/FIs.
- 19) To approve the availing of re-finance from National Housing Bank.

- 20) To delegate its powers to Managing Director & CEO any or all of the powers listed above for a specific period.
- 21) Approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).
- 22) Approve / ratify restructuring / reschedulement of project loan.
- 23) Approve revision of rate of interest in respect of project loans on case to case basis.
- 24) Approve/ ratify issue of NOC, release of charge in respect of project loan.
- 25) Approve the cases under Consortium/ Joint financing.
- 26) Approve take over of existing project loan/ term loan of other institution/s.

The Executive Committee meets as and when required for considering and approving loan proposals / offers within the power delegated to them. During the year, eighteen Executive Committee meetings were held. The composition of Executive Committee and the dates on which meetings were held and the attendance of the members at the said meetings are as under:

Composition of the Executive Committee:

- Shri Sushobhan Sarker Chairman Director
- Shri K. Narasimha Murthy Member Independent Director
- Shri Jagdish Capoor Member Independent Director
(from 25.05.2012)
- Shri V. K. Sharma Member Executive Director

During the year eighteen Executive Committee meetings were held and the dates of the meetings held were 11.04.2012, 03.05.2012, 12.05.2012, 17.05.2012, 05.06.2012, 11.06.2012, 18.06.2012, 03.07.2012, 11.07.2012, 24.07.2012, 29.08.2012, 22.09.2012, 27.10.2012, 19.11.2012, 17.01.2013, 12.03.2013, 18.03.2013, 31.03.2013.

Attendance at Executive Committee meetings	
Name of the Director	No. of meeting attended
Shri Sushobhan Sarker	17
Shri K. Narasimha Murthy	12
Shri Jagdish Capoor	10
Shri V. K. Sharma	17
Shri A. S. Narayanamoorthy	1*

* Member upto 23.05.2012

Investors' Grievance Committee

The Investors' Grievance Committee looks into issues related to shareholders, like transfer / transmission of shares, issue of duplicate shares, non-receipt of dividend, annual report and other related matters. The Committee also advises to improve investor services and to provide prompt and adequate

information. Further, to expedite share transfer in physical form, the Board has delegated power for approving the share transfer to the Committee of Officers of the Company. During the year, one Investors' Grievance Committee meeting was held on 18th March, 2013.

Composition of the Investors' Grievance Committee is as follows:

• Shri S. Ravi	Chairman	Independent Director
• Shri B. N. Shukla	Member	Independent Director
• Shri V. K. Sharma	Member	Executive Director

Attendance at Investors' Grievance Committee meeting

Name of the Director	No. of meeting attended
Shri S. Ravi	1
Shri B. N. Shukla	1
Shri V. K. Sharma	1

The Board has delegated power for issue of duplicate share certificate/s to the Committee of Directors so as to expedite the process of issuing Duplicate Share Certificate from time to time to the shareholders in case original share certificate is lost, upon receipt of necessary documents required for the purpose.

Other Committees

Debenture Allotment Committee

The composition of Debenture Allotment Committee and the dates on which the meetings were held with the attendance of the members at the said meetings are as under:

Composition of the Debenture Allotment Committee is as follows:

• Shri Sushobhan Sarker	Chairman	Director
• Shri V. K. Sharma	Member	Executive Director

^ Shri Jagdish Capoor acts as an Alternate Member of the above Committee.

During the year seventeen Debenture Allotment Committee meetings were held and the dates of the meetings held were 30.07.2012, 10.08.2012, 05.09.2012, 10.09.2012, 14.09.2012, 06.11.2012, 12.11.2012, 30.11.2012, 07.12.2012, 13.12.2012, 17.12.2012, 02.01.2013, 09.01.2013, 30.01.2013, 12.02.2013, 26.02.2013, 01.03.2013.

Attendance at Debenture Allotment Committee meetings

Name of the Director	No. of meeting attended
Shri Sushobhan Sarker	15
Shri V. K. Sharma	13
Shri Jagdish Capoor	7

Banking Licence Committee

The Banking License Committee was formed on 15th July, 2010 for exploring the possibility of applying for Banking License as per the final guidelines issued by Reserve Bank of India (RBI) for entry of new private sector bank. The composition of Banking Licence Committee and the dates on which the meetings were held and the attendance of the members at the said meetings are as under:

Composition of the Banking Licence Committee:

1. Shri S. Ravi	: Chairman of the Committee
2. Shri K. Narasimha Murthy	: Member
3. Shri. Jagdish Capoor	: Member

During the year two Banking Licence Committee meetings were held and the dates of the meetings held were 12.03.2013 & 18.03.2013.

Attendance at Banking Licence Committee meetings

Name of the Director	No. of meeting attended
Shri S. Ravi	2
Shri K. Narasimha Murthy	2
Shri Jagdish Capoor	2

QIP Issue Committee

Keeping in view the forthcoming capital issue of the Company, the Board also constituted QIP Issue Committee to decide on type of securities to be issued; the aggregate amount to be raised through the QIP; the price (including premium) at which the securities would be issued, such price being not less than price arrived as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at the time of issue; the number of securities to be issued in tranche; the terms and conditions thereof, as may be deemed appropriate at the time of such issue or allotment considering the prevailing market conditions and relevant factors; to negotiate and finalize all such arrangements, if any, with any Merchant Banker, Depositories, Custodians and all such agencies as may be involved or concerned in such offerings of securities and the fees payable to them by way of commission, brokerage, or the like ; to finalize, approve, adopt and execute the draft offering circular / information memorandum / such other documents / writings, if any, forward the same to appropriate authorities if necessary and issue the same to the prospective investors after incorporating any correction or alteration therein; seek the listing of such securities on the Stock Exchanges where the Company's existing shares are listed; to apply for necessary Regulatory approvals, consents, permissions, sanctions, if necessary and other appropriate approvals, and to accept such conditions as may be prescribed by any of them in granting any such approval consent, permission or sanction; to issue and allot the securities and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the issue of the securities; to take effective steps for crediting the securities to the demat account of the

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proposed allottees and enter the names of the allottees in the Register of Members of the Company; to finalize, sign and execute all the papers, deeds and documents related to the said QIP as may be deemed fit and necessary; to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said shares, utilization of the issue proceeds; to file necessary returns, make declarations / announcements, furnish information etc, to the concerned authorities in connection with the QIP; and to do all acts, deeds and things in connection therewith and incidental thereto and to delegate such powers as it may in its absolute discretion, deem appropriate, to any person.

Composition of the QIP Issue Committee is as follows:

- Shri Sushobhan Sarker Chairman Director
- Shri Dhananjay Mungale Member Independent Director
- Shri B. N. Shukla Member Independent Director
- Shri V. K. Sharma Member Managing Director & CEO

Attendance at QIP Issue Committee meeting	
Only one meeting was held – 28.08.2012	
Name of the Director	No. of meeting attended
Shri Sushobhan Sarker	1
Shri Dhananjay Mungale	1
Shri B. N. Shukla	1
Shri V. K. Sharma	1

Subsidiary companies

The Company has four subsidiaries, namely LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Asset Management Company Limited and LICHFL Trustee Company Private Limited.

LIC Housing Finance Limited does not have a 'material non-listed Indian subsidiary'. During the year, the Audit Committee once reviewed the financial statements of its unlisted subsidiary companies, in particular the investment made by them.

The minutes of the Board meeting of subsidiary companies were placed before the Board of LIC Housing Finance Limited for information. The management also brought to the attention of the Board of Directors, the statement of significant transactions entered into by the unlisted subsidiaries of the company.

Compliance Officer

Shri Nitin K. Jage, General Manager (Taxation) and Company Secretary, acts as the Compliance Officer.

Details of shareholders' complaints

During 2012-13, 140 complaints / request for revalidation were received from investors and the same were replied/resolved

to their satisfaction. As on 31st March, 2013, no complaints were pending unattended.

During the year, 570 dematerialisation requests for 308875 shares and 174 requests for transfer involving 92500 shares were received. The requests for dematerialisation and transfer were promptly attended and there were no request pending for approval as on 31st March, 2013. As on that date, 49,87,33,125 equity shares, i.e., 98.82% of the Company's share capital were dematerialised.

Criteria of making payments to Non-Executive Directors:

The Directors except Shri D. K. Mehrotra, Chairman, Shri Sushobhan Sarker, Director and Shri V. K. Sharma Managing Director & CEO were paid sitting fees for Board / Committee meetings attended.

The details of sitting fees paid to the Directors during the period from 1st April, 2012 to 31st March, 2013 were as follows:

Names of Non-Executive Directors	No. of Board meetings attended	No. of Committee meetings attended	Sitting fees (in Rs.)
Shri A. S. Narayanamoorthy	1	1	30000.00
Shri Dhananjay Mungale	3	3	85000.00
Shri K. Narasimha Murthy	4	14	260000.00
Shri S. Ravi	5	8	180000.00
Shri B. N. Shukla	5	7	170000.00
Shri Jagdish Capoor	3	19	320000.00
Smt. Savita Singh	4	Not Applicable	60000.00
Total			1105000.00

During the year under review, Shri V. K. Sharma, Managing Director & CEO, was paid remuneration as under:

Particulars	Rupees
Gross Salary, Food coupons and Productivity Linked Incentive* (PLI), PL encashment, medi lumpsum	18,56,633.00
Contribution to pension and gratuity funds	1,44,389.50
Perquisites in cash or in kind	3,98,784.60
Total	23,99,807.10

* It may be mentioned here that Performance linked incentive for financial year 2011-12 was paid during the F.Y. 2012-13 calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

Number of shares and convertible instruments held by Directors:

None of the Directors of the Company are holding any equity shares or any convertible instruments issued by the Company.

General body meetings

Annual General Meeting

The details of the location and time of the last three Annual General Meetings are given below:

Year	Location	Date	Time
2009-10	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 2 nd Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	15 th July, 2010	3.00 p.m.
2010-11	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 2 nd Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	20 th July, 2011	3.00 p.m.
2011-12	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4 th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	24 th July, 2012	3.00 p.m.

Special resolution passed at the three previous Annual General Meetings

- 2010 : Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.
- 2011 : Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.
- 2012 : Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.

Financial calendar for 2013-14 (provisional)

a.	Result for the first quarter ending 30th June, 2013	In the month of July, 2013
b.	Result for the second quarter ending 30th September, 2013	In the month of October, 2013
c.	Result for the third quarter ending 31st December, 2013	In the month of January, 2014
d.	Result (Audited) for the financial year ending 31st March, 2014	In the month of April, 2014
e.	Annual General Meeting for the year ending March, 2014	In the month of July, 2014

Means of communication

The channels of communication includes informative Annual Report containing Directors' Report, Report on Corporate Governance, Management's Discussion and Analysis and the audited Financial Results (stand alone & consolidated).

The Company also communicates with shareholders through its website, www.lichousing.com. The quarterly and annual financial results as well as shareholding pattern and Memorandum and Articles of Association of the Company, Code of Conduct for Board of Directors and senior management and Code of Conduct for Insider Trading are hosted on the Company's website for information of its shareholders.

The audited/ unaudited financial results were published in leading newspapers namely The Free press Journal (all editions), Navshakti (all editions), Business Line (all editions), Business Standard-English (all editions) and Business Standard-Hindi (all editions).

The audited financial statements viz., Balance sheet, Profit and Loss Account, Cash-Flow Statement, including schedules and notes thereon, press releases and presentations made to analysts were hosted on the Company's website. All material information about the Company, including quarterly and yearly financial results, limited review reports, shareholding pattern are promptly sent through facsimile to the stock exchanges where the Company's shares are listed. Besides, the Company disseminates information through press and investors' meet.

General shareholder information

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65922MH1989PLC052257

- Annual General Meeting :
Date and time: 25th July, 2013 at 3.00 pm.
Venue: "M.C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18 / 20 Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Mumbai – 400 001.
- Financial year: 1st April, 2012 to 31st March, 2013
- Book closure : From 11th July, 2013 to 25th July 2013 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the members.
- Dividend payment date: On or after 27th July, 2013
- The shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and the Luxembourg Stock Exchange.
- Stock Code:
Trading symbol
BSE 500253
NSE LICHSGFIN EQ
g) ISIN Number of NSDL / CDSL: INE115A01026

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h) Market price data: The monthly high and low stock quotations during the last financial year on BSE and NSE were:

Month	BSE			BSE Sensex		NSE		
	Company's share price (₹)		Volume of shares (Nos.)			Company's share price (₹)		Volume of shares (Nos.)
	High	Low		High	Low	High	Low	
April 2012	276.80	249.20	4785195	17664.10	17010.16	277.00	249.30	37187063.00
May 2012	290.00	228.30	4283190	17432.33	15809.71	264.00	230.80	31775567.00
June 2012	269.70	230.00	14001994	17448.48	15748.98	270.65	228.60	31749653.00
July 2012	280.00	238.40	4824366	17631.19	16598.48	275.75	238.30	33201154.00
August 2012	270.50	236.50	2784989	17026.97	17026.97	270.50	236.10	28813507.00
September 2012	284.85	235.60	5387754	17250.80	17250.80	285.40	235.35	48769728.00
October 2012	282.60	238.60	11459290	18393.42	18393.42	287.90	238.50	77457892.00
November 2012	266.50	241.30	5437297	18255.69	18255.69	266.50	241.45	43857601.00
December 2012	295.30	263.80	5343459	19149.03	19426.71	295.30	263.90	47267723.00
January 2013	300.00	272.05	27975199	19508.93	19894.98	300.25	272.05	51537238.00
February 2013	290.20	229.00	5612922	18793.97	18861.54	290.45	228.65	56063511.00
March 2013	252.35	209.10	8244008	18568.43	18835.77	252.40	209.00	54980810.00

i) Shareholders holding more than 1% of the share capital of the Company as at 31st March, 2013:

Sr. No.	Name of the shareholders	No. of shares held	% to share capital
1.	ABU DHABI INVESTMENT AUTHORITY-PEACOCK	7605198	1.51
2.	BANK MUSCAT SAOG A/C BANKMUSCAT INDIA FUND	11496000	2.278
3	RELIANCE CAP TRUSTEE CO. LTD. A/C R SHARES CNX 100 FUND	11058710	2.19
4.	HDFC TRUSTEE COMPANY LTD HDFC MF MONTHLY INCOME PLAN LONG TERM PLAN	18918325	3.75
5.	UTI CCP ADVANTAGE FUND	5627427	1.12
6.	BIRLA SUN LIFE TRUSTEE CO. PVT. LTD. A/C BSLC PROTECTION FUND SERIES II	5541915	1.1
7.	BIRLA SUN LIFE INSURANCE CO. LTD	5844010	1.16
8	HSBC GLOBAL INVESTMENT FUNDS A/C HGIF MAURITIUS LTD	15265714	3.03
9	EASTSPRING INVEST (S) LTD A/C THE PRUD ASSURANCE CO. LTD.	8257229	1.64
10.	THE NEW INDIA ASSURANCE COMPANY LTD	6286608	1.25
11.	MORGAN STANLEY ASIA (SINGAPORE) PTE	6351270	1.26
12	LIFE INSURANCE CORPORATION OF INDIA	203442495	40.313
13.	SWISS FINANCE CORPORATION (MAURITIUS) LTD.	5451525	1.08
14.	EASTSPRING INVESTMENTS INDIA EQ OPEN LTD.	5268357	1.04

Distribution of share holding as at 31st March, 2013

No. of equity shares held	Folio / Shareholders		Shares	
	Number	Percentage	Number	Percentage
Up to 5000	162814	98.55	68718724.00	6.92
5001-10000	1164	0.71	8785938.00	0.87
10001-20000	509	0.31	7522250.00	0.75
20001-30000	139	0.09	3481188.00	0.34
30001-40000	90	0.06	3250346.00	0.32
40001-50000	58	0.04	2694064.00	0.27
50001-100000	127	0.08	9104430.00	0.90
100001 and Above	266	0.16	904681374.00	89.63
Total	162814	100.00	1009326000.00	100.00

(1) (a) Statement showing Share Holding Pattern as at 31st March, 2013

	Cat of Shareholder	Num-of Holders	Total-no -Shares	No-of Share in-Dmt-form	Tot-Shareholding as a (%) of tot number of share		Shares Pledged or otherwise encumbered Num of Share: As a(%)	
					as-a % of A+B	as-a % of A+B+C		
A.	Promoter & its Grp							
	1 Indian							
	a. Individual Huf	0	0	0			0	00.000
	b. Central/State Gov	0	0	0			0	00.000
	c. Bodies Corporates	0	0	0			0	00.000
	d. Fins / Banks	1	203442495	203442495	40.377	40.313	0	00.000
	e. Any Other specify	0	0	0			0	00.000
	Sub-Total-A(1)	1	203442495	203442495	40.377	40.313	0	00.000
	2 Foreign							
	a. Indv NRI/For Ind	0	0	0	0		0	00.000
	b. Bodies Corporate	0	0	0	0		0	00.000
	c. Institutions	0	0	0	0		0	00.000
	d. Qualified For Invs	0	0	0	0		0	00.000
	e. Any Other specify	0	0	0	0		0	00.000
	Sub-Total-A(2)	1	203442495	203442495	40.377	40.313	0	00.000
B.	Public Sh-Holding							
	1 Institutions							
	a. Mutual Funds	31	51069864	51057864	10.136	10.120		
	b. Fins / Banks	16	469944	458944	.093	.093		
	c. Central/State Govt	5	368831	361331	.073	.073		
	d. Venture Cap Fund	6	31750	31750	.006	.006		
	e. Insurance Comp(s)	3	10501608	10501608	2.084	2.081		
	f. Foreign Ins Invest	282	163777600	163752600	32.505	32.453		
	g. Foreign Ven Cap In	0	0	0				
	h. Qualified For Invs	0	0	0				
	i. Any Other -Specify	0	0	0				
	Sub-Total-B(1)	343	226219597	226164097	44.897	44.826		
	2 Non-Institutions							
	a. Bodies Corporates	1406	17489890	17398890	3.471	3.466		
	b. Individual Holding							
	i) upto Rs 1-Lac	158261	43722099	37939724	8.677	8.664		
	ii) above Rs1-Lac	29	3337836	3337836	.662	.661		
	c. Qualified For Invs	0	0	0				
	d. Any Other - Clr-Mem	239	2283873	2283873	.453	.453		
	- OCB	2	5492350	5492350	1.090	1.088		
	- NRI	2531	1871830	1870830	.371	.371		
	Sub-Total-B(2)	162468	74197878	68323503	14.724	14.703		
	Total(B)=B(1)+B(2):	162811	300417475	294487600	59.621	59.529		
	Total (A+B)	162812	503859970	497930095		99.842		
C.	Held by Custodian against Dep-Receipt							
	1 Promoter & Pro Grp	0	0	0			0	00.000
	2 Public	1	803030	803030		.158		
	Grand Total(A+B+C)	162813	504663000	498733125		100.000		

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j) Global Depository Shares (GDS):

Of the total 5,000,000 GDS issued by the Company, 7250 GDSs were outstanding as on 31st March, 2013.

k) Plant location:

Not applicable

l) Address for correspondence:

Investors and shareholders can correspond with

A. the Company at following address:

The Company Secretary
LIC Housing Finance Limited
Corporate Office, 131 Maker Tower,
“F” Premises, 13th Floor, Cuffe Parade,
Mumbai - 400 005
Phones: (91-22) 22178600 / 22178700 / 22178611
Fax: (91-22) 22178777.

And / Or

B) the Registrar and Share Transfer Agent of the Company at their following address:

Sharex Dynamic (India) Pvt. Limited
Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri(E), Mumbai – 400 072.
Phones : (91-22) 28515606 / 28515644
Fax : (91-22) 28512885.

m) Share transfer system:

All the transfers are processed by the Registrar and Transfer agent, namely, Sharex Dynamic (India) Pvt. Limited and approved by the Committees of the executives of the Company constituted for the said purpose. The Committee meets as and when required to approve share transfer received in physical form.

n) Dematerialisation of shares and liquidity:

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems — National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2013, 49,87,33,125 equity shares i.e., 98.82% of the Company's share capital were dematerialised.

Other useful information for shareholders

1. Considering the advantages of scrip-less trading, shareholders are requested to consider dematerialisation of their shareholding to avoid inconvenience. The Company's shares have been selected for trading in a dematerialised form. The Company's shares can be dematerialised through NSDL and CDSL.
2. As per the amendment to the Companies Act, 1956, a nomination facility is available to shareholders for which Form 2B duly filled is required to be sent to

the Company. The form can be downloaded from the website of the Company or alternatively can be received by post from the Company, on request.

3. In terms of Section 205A of the Companies Act, 1956, unclaimed dividends for the financial year(s) up to 2004-05 have been transferred to the Investors' Education and Protection Fund maintained by the Central Government.
4. Share transfer request is acted upon within 15-20 days from the date of its receipt at the Registered Office/ Registrar and Transfer Agent's Office. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the Company with full details so that necessary action can be taken to safeguard interest of the concerned shareholder against any possible loss/interception during postal transit.
5. Dematerialisation requests duly complete in all respects are normally processed within 3-5 days from the date of their receipt at the Registrar and Transfer Agent's Office.
6. Members/beneficial owners are requested to quote their Folio No. / DP and Client ID Numbers, as the case may be, in all their correspondence with the Company.
7. Members holding shares in physical form are requested to notify promptly any change in address/pin code and bank account details. Beneficial owners of shares in dematerialised form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by the DPs.
8. To prevent the fraudulent encashment of dividend warrants, members are requested to provide their bank account details (if not provided earlier) to the Company (if shares are held in a physical form) or to the depository participant (if the shares are held in a dematerialised form), as the case may be, for printing the same on the dividend warrants.
9. Non-resident members are requested to immediately notify:
 - Change in residential status on return to India for permanent settlement.
 - Particulars of Non-Resident External Account, if not furnished earlier.
10. In the case of loss/misplacement of shares, investors should immediately lodge a First Information Report (FIR)/complaint with the police and inform the Company along with original or certified copy of the FIR/ acknowledgement copy of complaint.
11. For the expeditious transfer of shares, shareholders should fill complete and correct particulars in the transfer deed. Wherever applicable, the registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

12. Members are requested to keep a record of their specimen signature before the lodgement of the shares with the Company to obviate the possibility of a difference in signatures at a later date.
13. Member(s) of the Company who have multiple accounts in identical name(s) or hold more than one share certificate in the same name under different ledger folio(s) are requested to apply for the consolidation of such folio(s) and send the relevant share certificates to the Company.
14. Members are requested to quote their e-mail IDs. / telephone numbers / fax numbers for prompt reply to their communication.

Disclosures

- (a) Disclosures on materially significant related-party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

None of the transactions with any of the related parties were in conflict with the interests of the Company.

The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the Clause 49 of the Listing Agreement, were placed before the Audit Committee on quarterly basis during 2012-13.

- (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

- (c) Disclosure of risk management:

The Company has laid down the procedures to inform Board members about the risk assessment and minimization procedures and the Board reviews the risk management report on quarterly basis.

- (d) LICHFL Code of Conduct to prevent insider trading: The Company has a Code of Conduct for prevention of insider trading known as LICHFL Code of Conduct for Prevention of insider trading in the shares and securities of the Company by its Directors and designated employees.

- (e) Code of Conduct for Directors and senior management: The Company has a Code of Conduct for its Directors and the senior management, which, inter alia, includes the maximum tenure for Independent Director as nine years.

The above Codes are hosted on the Company's website www.lichousing.com and has been circulated to all the members of the Board and senior management and the compliance of the same has been affirmed by them. A declaration confirmed by Director and Chief Executive is given below:

As provided under Clause 49 of the Listing Agreement with stock exchanges, all Board and senior management personnel affirmed compliance with LIC Housing Finance Limited — Code of Conduct for Board of Directors and senior management for the year ended 31st March, 2013.

- (f) Whistleblower policy: The Company has whistleblower policy – a mechanism for employees to report to the management any concerns about unethical behaviour, actual or suspected fraud or violation of the rules and regulations. The Board confirms that no personnel were denied access to the Audit Committee.
- (g) Employee Stock Option Scheme: The Company does not have Employee Stock Option Scheme.
- (h) Accounting Standards: In the preparation of financial statements no treatment materially different from that prescribed in the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 has been followed.
- (i) Directors confirm that the Company has adequate resources to continue its business and, therefore, financial statements are prepared on a going concern basis.

CEO / CFO certification

As required by Clause 49 of the Listing Agreement, the CEO/ CFO certificate is appended in the Annual Report.

Auditors' Certificate on Corporate Governance:

As required by Clause 49 of the Listing Agreement, the Auditors' certificate on compliance of the conditions of Corporate Governance is appended in the Annual Report.

Mandatory / Non-Mandatory requirements

During 2012-13, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.

In respect of non-mandatory requirements the details are as under:

1. Chairman of the Board:

Chairman of our Board is non-executive Chairman and is also the Chairman of LIC of India. The term of office of Non-Executive Director will not exceed nine years in three terms of three year each, running continuously.

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2. Remuneration Committee:

The Company has not formed the Remuneration Committee under clause 49 of the Listing Agreement as the Company is not paying any remuneration to the Non-executive Directors other than sitting fees. Among the Executive Directors, remuneration is paid only to the Managing Director & CEO.

3. Shareholder Rights:

Half-yearly financial results including summary of significant events are presently not being sent to the shareholders. However, the quarterly as well as the annual results are well published in the newspapers.

4. Audit Qualification:

There is no qualification on any of the financial statements for the financial year 2012-13 of the Company.

5. Training of Board Members:

During the year under review, the Company has provided with the necessary documents / brochures, reports and internal policies to the newly appointed Director.

6. Mechanism of evaluating Non-executive Board Members:

At present there is no formal performance evaluation of Non-executive Directors of the company.

7. Whistle Blower Policy:

The Company has whistleblower policy and adheres to norms relating to the same.

Auditors' Certificate on Corporate Governance

To the members of LIC Housing Finance Limited

We have examined the compliance of the conditions of Corporate Governance by LIC Housing Finance Limited ('the Company'), for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the Company with relevant stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SHAH GUPTA & CO.**
Chartered Accountants
FRN - 109574W

Heneel K Patel
Partner
M.No.114103

Place : Mumbai
Date : April 26, 2013

For **CHOKSHI & CHOKSHI**
Chartered Accountants
FRN - 101872W

Mitil Chokshi
Partner
M.No.47745

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The Board of Directors
LIC Housing Finance Limited
131 Maker Tower "F" Wing,
13th floor, Cuffe Parade,
Mumbai - 400 005.

Date: 26th April, 2013

ANNUAL CERTIFICATION

We the undersigned V. K. Sharma, Managing Director & CEO and Suresh T. Samtani, Chief Financial Officer hereby certify that for the financial year ended 31st March 2013, we have reviewed Annual accounts, financial statement and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct;
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of some internal control system of the Company and we have disclosed to the auditors and the Audit Committee the deficiencies, of which we are aware, in the design or operation of the internal control systems and we have taken the steps to rectify these deficiencies.
5. We further certify that:
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year except as mentioned in Note. 27 (Significant Accounting Policies and Notes to Accounts).
 - (c) there have been some instances of fraud though not significant. There were no involvement of management and there would not have been involvement of employees having a significant role in the Company's internal control system.

Managing Director & CEO

Chief Financial Officer

Business Responsibility Report

In an increasingly complex world, businesses are taking the responsibility for the ways and the operations carried by them, impact society and the natural environment. Businesses are gaining awareness and are becoming conscious of social, environmental and economic responsibilities. The 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' has been released by the Government of India to emphasize that responsible business alone will be able to help India meet its ambitious goal of inclusive and sustainable all round development, while becoming a powerful global economy by 2020.

LIC Housing Finance Limited (hereinafter referred to as LICHFL) is a Public Limited Company, promoted by the insurance giant, Life Insurance Corporation of India, with the main objective of providing long term finance to any person, company or corporation enabling such borrower to construct or purchase a house or flat for residential purposes, upon such security and such terms and conditions as the Company may deem fit and to provide long term finance to persons engaged in the business of construction of houses or flats for residential purpose to be sold by them by way of hire purchase or on deferred payment or other similar basis, upon such terms and conditions as the Company may think fit and proper.

General Information about the Company

LICHFL was incorporated on 19th June, 1989 and the Corporate Identity Number (CIN) of the Company is L65922MH1989PLC052257. The registered office of the Company is Bombay Life Building, II Floor, 45/47, Veer Nariman Road, Fort, Mumbai 400001. The website of the Company is www.lichousing.com and the E-mail id of the Company is lichousing@lichousing.com. The Company is registered with the National Housing Bank. The Company provides housing loans to individuals and also builders/developers. The business of the Company is spread across the entire nation with 7 Regional Offices, 15 Back Offices, 128 Area Offices, 65 Business Centers, 7 Extension Counters and 1 Customer Service Point. The Company also has an overseas office at Dubai and Kuwait.

Financial Details of the Company

The paid up capital of LICHFL as on 31st March, 2013 is Rs. 100.93 crore. The revenue from operations as on 31st March, 2013 is Rs. 7575.92 crore and the profit after taxes is Rs. 1023.21 crore. The total spending by the Company on Corporate Social Responsibility for the financial year 2012-13 is Rs. 13.89 crore which works out to 1.36% of profit after tax. The said amount has been spent on loans sanctioned for environment concerned Energy Efficiency Housing Scheme by way of 0.25% concession in the rate of interest sanctioned for such loans.

Other details

LICHFL has four subsidiary companies, namely, LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Trustee Company Private Limited and LICHFL Asset Management Company Limited. The subsidiary companies also participate in the business responsibility initiatives of LICHFL. The Company is yet to assess the participation of other entities in Business Responsibility Report (hereinafter referred to 'BR') initiatives of the Company.

Business Responsibility Information

The Board of the Company collectively has been responsible for the implementation of the business responsibility policies of the Company. The Business Responsibility (BR) head of the Company is Shri V K Sharma, Managing Director & CEO. The Company has been following the key principles of environmental, social and governance, wherever possible, either through a separate policy or as part of the existing guidelines/ rules/procedures. The policies/ guidelines/ operating procedures have been duly approved by the Board of Directors or by the committees constituted by the Board and entrusted with the power to approve such policies. The policies/ guidelines conform to the applicable statutes, regulations or directions of the various governing agencies. The Board either directly, or through the committees constituted for specific purpose, monitors the implementation of the policy. The policies/ guidelines/ procedures, once approved are circulated to all the offices for implementation. LICHFL has a responsive grievance redressal mechanism to address the grievances of all stakeholders. The Company has the system of reporting the status of implementation of the policies to the Board or its committees on a periodical basis. The complete details of the meetings of the Board and board level constituted committees are given in the Corporate Governance report.

Principle Wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

LICHFL has Corporate Governance structure that assigns responsibilities and entrusts authority amongst different participants namely, board of directors, senior management and employees. It also involves building and maintaining relationships with lenders, borrowers, agents, depositors, shareholders and other stakeholders through higher levels of accountability, transparency, responsibility and fairness across operations. The details of the Board members, responsibilities of the Board, role and scope of the Board constituted Committees are given in the report on Corporate Governance. The Company does not engage in practices

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that are abusive, corrupt and anti-competition. The disclosure requirements are duly complied with in all the financial and mandatory disclosures, like, financial statements, information memorandum, loan offer letters, deposit application form etc. The Company, through its service terms and conditions, has specified the rules of ethics, bribery and corruption and the same applies to the Company, employees, deputed employees as well as agency personnel. Any complaint received against any employee or agent for unethical conduct is swiftly inquired into and if necessary followed by disciplinary proceedings. The Company also has a policy for protecting whistle blowers against any attempt towards reprisal.

During the financial year 2012-13, the complaints received from various stakeholders are as under:

Stakeholder	No. of complaints received during 2012-13	No. of complaints resolved during 2012-13
Borrowers	502	444
Shareholders	142	141
Depositors	717	638

The Company has a full fledged customer relation management system and in all its offices an official has been specifically nominated for handling the customer complaints. As regards shareholders and depositors, the complaints are attended to and resolved by the respective Registrar and Transfer Agents.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The biggest social responsibility of helping people to have their own shelter is the main objective of the Company. To facilitate the same, LICHFL has been providing loans to home buyers at competitive rates of interest through its various products. The products whose design has incorporated social or environmental concerns, risks and/or opportunities are as under:

Bagyalakshmi Scheme – This product was introduced during the financial year 2012-13 for facilitating the women folk to own house in their name. Women of our country, in spite of better education, increase in employment opportunities and improved standard of living, are still not enjoying same status as men and to redress the same this product was introduced. LICHFL has succeeded in empowering 8033 women to own a house in their name and another 5667 women have their loans sanctioned and are in the process of owning their dream home.

Apna Office Loan – Professionals like doctors, engineers and chartered accountants, have a big role to play by offering their professional knowledge and competence to the society. The knowledge and competency can be best utilised by the needy only when they are supported by proper infrastructure.

LICHFL provides loan to professionals for buying necessary equipments for their clinics/ offices so that they are better positioned to serve the society.

Energy Efficiency Housing Scheme – LICHFL has been financing individual loans in the projects approved under energy efficiency housing units in urban areas. The scheme contributes to reduction in emission of green house gases etc and in helping towards mitigation of climate change for a sustainable economic development.

Since the Company is not involved in any manufacturing activity, the reporting on use of energy, water, raw material, sustainable sourcing and recycling mechanism etc is not applicable. The Company also wherever practically possible and feasible, has tried to improve the capacity and capability of local and small vendors by patronizing them to supply/ provide different services required by the Company for its day to day administration.

Principle 3: Businesses should promote the wellbeing of all employees

Employees are the greatest strength of any business and a happier and satisfied employee delivers great results for the organization. LICHFL ensures that each employee is provided with adequate infrastructure, training, authority and equal opportunity for discharging the responsibilities assigned to them. The right to freedom of association, participation and collective bargaining is an acceptable norm in the Company. Appropriate grievance redressal mechanisms are in place. No discrimination of any person based on caste, creed, gender, race or religion is practiced either during recruitment or during the continuation of service.

The total employee strength of the Company is 1451 out of which 444 are women employees. Total number of employees hired on temporary/contractual/ casual basis is 135 and 4 permanent employees are with disabilities. There is no employee association and no complaint has been received relating to child labour, sexual harassment, forced and involuntary labour during the financial year. Mechanisms are in place for employees to represent their issues, if any, and the same is resolved amicably.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

LICHFL is fully aware of and appreciates the fact that businesses have a responsibility to think and act beyond the interest of its shareholders to include all their stakeholders. Therefore, the Company has mapped its internal and external stakeholders. The Company has been transparent by providing all details/ disclosures in all the documents exchanged with all the stakeholders and have assumed responsibility about the impact of the policies and decisions of the Company on each of them. A proper and effective redressal mechanism is available at different level for the stakeholders to take

up their issues, if any. Formal and informal consultations/ meetings are held with the different stakeholders at different management level to obtain their ideas, views and opinions for better handling of their interests. The principles of justice, fairness and equity have been imbibed as the basic rule of the Company in its dealing with all stakeholders.

Principle 5: Businesses should respect and promote human rights

The Constitution of India through its provisions of Fundamental Rights and Directive Principles of State Policy, enshrines the achievement of human rights for all its citizens. LICHFL has understood the human rights content of the Constitution of India, national laws and policies and the content of the International Bill of Human Rights in right spirit and has integrated the same in all its dealings with its stakeholders. The big picture of Company, its employees, all stakeholders and society at large is being considered for recognition of human rights. LICHFL is committed to developing a culture where it implements a policy of respect and support for human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

All businesses have environmental responsibility and the same is a prerequisite for sustainable economic growth and for well being of the society. LICHFL is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure. Similarly, in its day to day operations, the Company addresses the issues of energy efficiency, clean technology and use of renewable energy by putting proper systems in place for safe disposal of computer hardwares, conservation of electrical energy and periodical maintenance of its assets like buildings, air conditioners, computers and vehicles. The Company is in the process of procuring Carbon Credits on disposal of computer hardwares. Since the Company is not engaged in any manufacturing activity, there are no emissions or waste generated and hence no reporting on the same is made.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Businesses operate within the legislative and regulatory framework prescribed by the Government. The policies advocated by the Company are consistent with the core elements and provisions of the legislative framework. LICHFL presently, is not a member of any trade and chamber of association, but is contemplating to associate itself soon. The Company, whenever given an opportunity, has always taken up for cause of public good.

Principle 8: Businesses should support inclusive growth and equitable development

LICHFL functions on the principles of inclusive growth and equitable development. By opening offices throughout the length and breadth of the country, including rural, the Company is trying in its own way to contribute to the overall development of the country. The Company has special rural housing scheme for development of the rural areas. The Company has been offering appropriate products especially for vulnerable and marginalized sections of the society. As a part of its social responsibility, LICHFL had floated a subsidiary company LICHFL Care Homes Limited, whose main objective is to build assisted living centres for the elderly and providing them with a roof at a competitive price, for a peaceful and enjoyable retired life.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

LICHFL follows the dictum of providing services to its customers in a manner that creates value for both. The customer's interests are taken as a major criterion in product design and services offered. The rule of transparency is vigilantly followed by providing all the required information in the loan offer letter and other related documents. A proper and responsive customer redressal mechanism is in place at all levels to take care of the complaints/ queries of the customers. The company's sales brochure carries all features of the product. The Company also has its publicity medium, wherein the products and services that are being offered are publicized with sufficient information in a responsible manner. No case in the nature of unfair trade practices, irresponsible advertising and/ or anti- competitive behaviour during the last five years have been filed against the Company by any stakeholder. The Company has not carried out any consumer survey/ consumer satisfaction trends.

Independent Auditors' Report

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of LIC Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **SHAH GUPTA & CO.**
Chartered Accountants
FRN - 109574W

Heneel K. Patel
Partner
M No. 114103

For **CHOKSHI & CHOKSHI**
Chartered Accountants
FRN - 101872W

Mitil Chokshi
Partner
M No. 47745

Place: Mumbai

Date: April 26, 2013

Annexure to the Independent Auditors' Report

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) As the Company does not have inventory, the Clauses (ii) (a) to (ii) (c) of Para 4 of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. The nature of the Company's business is such that it does not involve purchase and sale of goods. During the course of our audit, we have not observed any major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Companies Act, 1956 during the year to be entered in the register required to be maintained under that section. Accordingly, sub-clause (b) is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956, to the extent applicable to the Housing Finance Company and the Housing Finance Companies (NHB) Directions, 2010 (as amended) with regard to the deposits accepted from the public. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company's internal audit department and by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- (viii) As the Company is not a manufacturing concern, the clause (viii) of Para 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, cess and any other material statutory dues where applicable, with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of income tax, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) The Company has maintained adequate documents and records for the loans and advances granted by it on the basis of security by way of residential houses and properties and other securities. The Company has not

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granted loans and advances by way of pledge of shares and debentures during the year.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause(xiii) of para 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealt/traded in shares, debentures and investments other than mutual fund. The Company has maintained proper records of the transactions and contracts in respect of investments in mutual funds and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on the basis of review of Asset Liability Management report prepared for submission to the Board of Directors of the Company, giving utilisation of funds on overall basis, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, in respect of debentures

issued by the Company during the period covered by our report, security / charge have been created on the immovable properties of the Company and are further supplemented by a negative lien on all other assets of the company.

- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.598.62 lacs (Previous Year Rs.1379.67 lacs) However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.

For **SHAH GUPTA & CO.**
Chartered Accountants
FRN - 109574W

Heneel K. Patel
Partner
M No. 114103

For **CHOKSHI & CHOKSHI**
Chartered Accountants
FRN - 101872W

Mitil Chokshi
Partner
M No. 47745

Place: Mumbai
Date: April 26, 2013

Independent Auditors' Report on the Compliance with the Directions/ Regulations of the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010 for the year ended March 31, 2013

To
The Board of Directors LIC Housing Finance Limited

Report on Compliance with the Housing Finance Companies (NHB) Directions, 2010

Pursuant to the Paragraph 33 of Chapter IV of the Housing Finance Companies (NHB) Directions, 2010 (the "Directions"), we have examined the matters specified in the Paragraph 34 of the Directions in respect of LIC Housing Finance Ltd. (the "Company") for the year ended March 31, 2013.

Management's Responsibility

The Management is responsible for the design and implementation of the internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. This responsibility also includes reporting non-compliances, if any, to the National Housing Bank, Board of the Company and its Audit Committee.

Auditor's Responsibility

Our responsibility is to report on the matters specified in Paragraph 34 of the Directions based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether there are any identified non-compliances. An audit involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our report.

We conducted our examination in accordance with the Guidance Note on Special Purpose Audit Reports and Certificates issued by the Institute of Chartered Accountants of India.

Conclusion

Based on our examination of the books and records of the Company as produced for our examination and the information & explanations provided to us, we report that:

1. The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 and has been granted a certificate of registration dated 31st July, 2001.
2. The Company has complied with the liquidity requirements as specified under Section 29B of the National Housing Bank Act, 1987 and has kept the securities with the designated bank
3. The Company has complied with Section 29C of the National Housing Bank Act, 1987.

4. The Company has complied with the provisions of the Directions.
5. The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank in the Directions.
6.
 - a) Public deposits accepted by the Company are within admissible limits.
 - b) Total borrowings of the Company i.e. deposits inclusive of public deposits together with the amounts referred to in sub-clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the Reserve Bank of India Act, 1934 and loans or other assistance from the National Housing Bank are within the limit prescribed in the Directions.
 - c) There are no deposits in excess of the admissible limits.
 - d) The credit rating for deposits i.e. FAAA/Stable, reaffirmed by the credit rating agency viz., CRISIL on April 8, 2013 is in force. There are no limits of public deposit specified by the rating agency.
 - e) The Company has not defaulted in paying to its depositors the interest and/or principal amounts of deposits after such interest and/or principal became due during the year.
 - f) During the year, the Company has not opened / closed any branch / office for acceptance of public deposits.

Restriction of use

This report is issued pursuant to the requirement as per Paragraph 33 of the Directions and should not be used by any other person or for any other purpose. Shah Gupta & Co. Chartered Accountants and Chokshi & Chokshi Chartered Accountants (Joint Statutory Auditors) neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For SHAH GUPTA & CO.
Chartered Accountants
 FRN - 109574W

Heneel K Patel
Partner
 M.No.114103

For CHOKSHI & CHOKSHI
Chartered Accountants
 FRN - 101872W

Mitil Chokshi
Partner
 M.No.47745

Place : Mumbai
 Date : April 26, 2013

Balance Sheet as at March 31, 2013

(₹ in Lacs)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	6,38,029.43	5,58,120.91
		6,48,129.06	5,68,220.54
Non Current Liabilities			
Long-Term Borrowings	3	56,26,793.67	46,11,129.74
Other Long Term Liabilities	4	4,721.37	2,808.84
Long-Term Provisions	5	68,744.37	62,315.31
		57,00,259.41	46,76,253.89
Current Liabilities			
Short-Term Borrowings	6	2,43,724.47	1,75,862.14
Trade Payables	7	2,318.60	1,463.25
Other Current Liabilities	8	14,31,883.67	11,26,235.92
Short-Term Provisions	9	29,708.45	28,651.81
		17,07,635.19	13,32,213.12
Total		80,56,023.66	65,76,687.55
ASSETS			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		5,746.15	5,685.61
- Intangible Assets		491.14	537.93
Non-Current Investments	11	18,439.62	16,399.39
Deferred Tax Asset (Net)	12	24,889.45	22,082.51
Long Term Loans & Advances	13	16,795.04	15,928.07
Other Non Current Assets	14	544.36	356.68
		66,905.76	60,990.19
Loans	15		
Non Current Loans		73,24,810.55	57,93,153.19
Current Loans		4,56,455.63	5,14,862.00
		77,81,266.18	63,08,015.19
Current Assets			
Current Investments	16	23.34	3.20
Trade Receivables	17	6,063.00	6,507.94
Cash and Bank Balances	18	1,46,555.91	1,59,920.34
Short Term Loans & Advances	19	869.47	1,248.58
Other Current Assets	20	54,340.00	40,002.11
		2,07,851.72	2,07,682.17
Total		80,56,023.66	65,76,687.55
Significant Accounting Policies and Notes to Accounts	27		

The Notes referred to above form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of Board of Directors

For Shah Gupta & Co.**For Chokshi & Chokshi**

Chartered Accountants

Chartered Accountants

FRN 109574W

FRN 101872W

Heneel K. Patel**Mitil Chokshi****D.K. Mehrotra****Sushobhan Sarker****S.Ravi****V.K. Sharma**

Partner

Partner

Chairman

Director

Director

Managing Director &

M.No.114103

M.No. 47745

Chief Executive Officer

Place : Mumbai

Date : April 26, 2013

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Suresh T. Samtani
 CFO

Statement of Profit and Loss for the year ended March 31, 2013

(₹ in Lacs)

	Note No.	As at March 31, 2013	As at March 31, 2012
Income			
Revenue from Operations	21	7,57,592.03	6,11,486.04
Other Income	22	8,296.27	10,025.65
Total Revenue		7,65,888.30	6,21,511.69
Expenses			
Finance Costs (Net)	23	5,92,459.63	4,59,106.52
Employee Benefits Expense	24	9,040.64	7,243.91
Depreciation and Amortisation Expense	10	753.38	742.02
Establishment and Other Expenses	25	18,390.56	15,722.82
Provisions / Write offs (Net)	26	7,887.22	15,605.10
Total Expenses		6,28,531.43	4,98,420.37
Profit before Tax		1,37,356.87	1,23,091.32
Tax expense			
- Current Tax [Refer Note 27(23)]		37,843.15	36,771.00
- Deferred Tax [Refer Note 27(24)]		(2,806.94)	(5,099.29)
Profit for the Year		1,02,320.66	91,419.61
Earnings per equity share [Refer Note 27(22)]			
- Basic and Diluted		20.28	19.20
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	27		

The Notes referred to above form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi

Chartered Accountants Chartered Accountants

FRN 109574W

FRN 101872W

Heneel K. Patel
Mitil Chokshi
D.K. Mehrotra
Sushobhan Sarker
S.Ravi
V.K. Sharma

Partner

Partner

Chairman

Director

Director

 Managing Director &
Chief Executive Officer

M.No.114103

M.No. 47745

Place : Mumbai

Date : April 26, 2013

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Suresh T. Samtani
CFO

Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars		March 31,2013		March 31,2012
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax		1,37,356.87		1,23,091.32
Add / (Less) : Adjustment for				
Depreciation and Amortisation Expenses	753.38		742.02	
Provisions/ Write offs	7,885.76		15,604.24	
Loss on sale of fixed assets (Net)	4.42		3.89	
Fixed assets Written off	0.72		2.72	
Provision for contingency written back	(0.13)		0.45	
Old and unclaimed amounts written back	(129.32)		(93.80)	
Provision for diminution in value of Current investment	1.46		0.86	
(Profit) / Loss on sale of long term investment	8.96		117.25	
(Income) / Loss from investments	(0.06)		(21.02)	
Other Income from long term investment	(15.97)		(30.57)	
Dividend Income from current and long term investment	(120.62)		(47.13)	
Share Issue Expenses	0.74		0.13	
(Included in prior period exp. in current year)				
		8,389.34		16,279.04
Operating Profit before Working Capital Changes		1,45,746.21		1,39,370.36
Adjustment for:				
(Increase) / Decrease in Other Current Assets	(15,145.59)		(14,297.07)	
(Increase) / Decrease in Loans & Advance	106.90		(1,348.52)	
Increase / (Decrease) in Liabilities & Provisions	1,24,916.94		(49,631.09)	
		1,09,878.25		(65,276.68)
Cash generated from Operations		2,55,624.46		74,093.68
Direct taxes Paid		(38,038.06)		(36,351.33)
Net Cash from operations		2,17,586.40		37,742.35
Increase in Housing Loans		(14,76,137.67)		(11,98,552.65)
Net Cash used in operating activities (A)		(12,58,551.27)		(11,60,810.30)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investments		27.27		394.84
Purchase of Investments		(2,098.05)		(425.00)
Purchase of Fixed Assets		(779.12)		(3,590.28)
Sale of Fixed Assets		6.84		3.30
Dividend Income from current and long term investment		120.62		47.13
Income/(Loss) from investments		0.06		21.02
Other Income from long term investment		15.97		30.57
Net Cash used in Investing Activities (B)		(2,706.41)		(3,518.42)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Preferential allotment		-		600.00
Share Premium received from Preferential allotment		-		80,400.00
Share Issue Expenses Paid		(0.74)		(0.13)
Proceeds from Secured Loans (Net)		12,44,109.97		11,85,092.37
Proceeds from Unsecured Loans (Net)		23,572.02		(92,648.76)
Dividend Paid		(18,071.21)		(16,535.87)
Transfer to Investor Protection Fund		(27.85)		(26.81)
Dividend Tax Paid		(2,941.60)		(2,692.24)
Net Cash generated from Financing Activities (C)		12,46,640.59		11,54,188.56

Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars	March 31,2013	March 31,2012
Net Increase in Cash and Cash Equivalents (A+B+C)	(14,617.09)	(10,140.16)
Cash and cash equivalents at the beginning of the year	1,55,225.92	1,65,366.08
Cash and cash equivalents at the end of the year	1,40,608.83	1,55,225.92
Net Increase in Cash and Cash Equivalents	(14,617.09)	(10,140.16)
Notes:		
1 Cash & Cash Equivalent includes :		
Balance with banks	34,548.75	23,965.96
Cheques,drafts on hand	14,791.97	9,818.77
Cash on hand	495.39	337.08
Investment in Mutual Fund Units (Highly liquid)	90,772.72	1,21,104.11
Total Cash & Cash Equivalent	1,40,608.83	1,55,225.92
2 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Amendment Rules, 2011		
3 Temporary Book Overdraft, hitherto classified under Cash & Cash Equivalents has been classified under Other Current Liability in current financial year. The previous year figures have been accordingly restated to confirm to the current year's presentation.		

As per our attached report of even date

For and on behalf of Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi

Chartered Accountants Chartered Accountants

FRN 109574W

FRN 101872W

Heneel K. Patel
Mitil Chokshi
D.K. Mehrotra
Sushobhan Sarker
S.Ravi
V.K. Sharma

Partner

Partner

Chairman

Director

Director

 Managing Director &
Chief Executive Officer

M.No.114103

M.No. 47745

Place : Mumbai

Date : April 26, 2013

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Suresh T. Samtani
CFO

Notes Forming Part of Balance Sheet as at March 31, 2013

NOTE 1

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2013	As at March 31, 2012
Authorised		
75,00,00,000 Equity Shares of ₹ 2/- each (Previous year 75,00,00,000 Equity Shares of ₹ 2/- each)	15,000	15,000
Issued, Subscribed and Paid-up		
50,46,63,000 Equity Shares of ₹ 2/- each (Previous Year 50,46,63,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(d) below	6.37	6.37
	10,099.63	10,099.63

Note.1(a): Reconciliation of no. of shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	50,46,63,000	10,093.26	47,46,63,000	9,493.26
Add: Issued during the year [Refer Note 27(7)]	-	-	3,00,00,000	600.00
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,46,63,000	10,093.26	50,46,63,000	10,093.26

Note.1(b): Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholdings.

Note.1(c): Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	20,34,42,495	40.31	20,34,42,495	40.31
Copthall Mauritius Investment Limited	14,51,652	0.29	2,83,16,188	5.61

Note.1(d): Forfeited Shares

(₹ in Lacs)

Name of Shareholder	As at March 31, 2013	As at March 31, 2012
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

Notes Forming Part of Balance Sheet as at March 31, 2013

NOTE 2

(₹ in Lacs)		
RESERVES AND SURPLUS	As at March 31, 2013	As at March 31, 2012
(a) Capital Reserve	47.93	47.93
As per last Balance Sheet		
(b) Securities Premium Account	1,70,528.55	90,128.55
Opening Balance	-	80,400.00
Add: Credited on account of preferential share issue	1,70,528.55	1,70,528.55
Closing Balance		
(c) Special Reserve - I		
In terms of section 36(1)(viii) of Income-Tax Act, 1961 and Section 29C of National Housing Bank Act, 1987 (Upto financial year 1996-97)	3,898.00	3,898.00
As per last Balance Sheet		
(d) Special Reserve - II		
In terms of section 36(1)(viii) of Income-Tax Act, 1961 and Section 29C of National Housing Bank Act, 1987 (From financial year 1997-98)	1,69,949.01	1,45,449.01
Opening Balance	27,000.00	24,500.00
Add: Current Year Transfer	1,96,949.01	1,69,949.01
Closing Balance		
(e) General Reserve	1,44,804.00	1,14,804.00
Opening Balance	40,000.00	30,000.00
Add: Current Year Transfer	1,84,804.00	1,44,804.00
Closing Balance		
(f) Surplus in the Statement of Profit and Loss	68,893.42	53,083.29
Opening balance	1,02,320.66	91,419.61
Add : Net Profit for the current year		
Less : Appropriations	19,177.19	18,167.88
Proposed Dividend	3,234.95	2,941.60
Tax on Dividend	40,000.00	30,000.00
Transfer to General Reserve	27,000.00	24,500.00
Transfer to Special Reserve - II	81,801.94	68,893.42
Closing Balance		
	6,38,029.43	5,58,120.91

NOTE 3

(₹ in Lacs)				
LONG TERM BORROWINGS	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
Secured				
(a) Non-Convertible Debentures (Refer Note - 3.1)	33,64,300.00	7,60,100.00	25,83,500.00	6,23,100.00
(b) Zero Coupon Debentures (Refer Note - 3.2)	15,100.00	28,500.00	28,500.00	-
(c) Term loans (Refer Note - 3.3)				
From banks	16,86,098.14	1,37,116.09	15,13,298.14	98,999.67

Notes Forming Part of Balance Sheet as at March 31, 2013

LONG TERM BORROWINGS	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	Amount	No. of Shares	Amount
(d) Loans and advances from related parties:				
Life Insurance Corporation of India (Refer Note - 3.3)	21,599.87	14,431.27	36,031.14	17,463.58
(e) Other loans and advances				
National Housing Bank (Refinance) (Refer Note - 3.3)	1,85,437.27	61,580.56	1,30,125.13	54,135.58
Security :				
Loans from banks and other loans and advances (including loans and advances from related party) are secured by a negative lien on all assets of the Company and an irrevocable power of attorney given by the company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.				
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds: (Refer Note - 3.4)	1,50,000.00	-	1,50,000.00	-
(ii) Upper Tier II Bonds: (Refer Note - 3.5)	1,50,000.00	-	1,50,000.00	-
(b) Deposits:				
Public Deposits (Refer Note - 3.6)	54,258.39	4,162.82	19,675.33	6,234.17
(c) Loan and advances from related parties				
Life Insurance Corporation of India	-	-	-	21,802.01
	56,26,793.67	10,05,890.74	46,11,129.74	8,21,735.01

Note - 3.1

Non Convertible Redeemable Debentures (NCD):

The NCD are redeemable at par. The NCD are secured by way of a pari passu mortgage and charge in favour of the Debenture trustees on the Company's immovable property to the extent of ₹ 24.29 Lacs and are further supplemented by a negative lien on all other assets.

The details of Non Convertible Redeemable Debentures (NCD) are as under:

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	(₹ in Lacs)
				As at 31 March 2013
Non Current :				
5000 NCD's of ₹ 10,00,000 each	12-Mar-23	9.13%	-	50,000.00
7500 NCD's of ₹ 10,00,000 each	01-Jan-23	9.25%	-	75,000.00
5000 NCD's of ₹ 10,00,000 each	17-Dec-22	9.30%	-	50,000.00
2000 NCD's of ₹ 10,00,000 each	13-Dec-22	9.23%	-	20,000.00
4000 NCD's of ₹ 10,00,000 each	12-Nov-22	9.25%	-	40,000.00
3350 NCD's of ₹ 10,00,000 each	25-Oct-22	9.05%	-	33,500.00
5000 NCD's of ₹ 10,00,000 each	14-Sep-22	9.30%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	24-Jul-22	9.35%	-	50,000.00
2000 NCD's of ₹ 10,00,000 each	10-Feb-22	9.43%	-	20,000.00
3000 NCD's of ₹ 10,00,000 each	30-Jan-22	9.45%	-	30,000.00
2000 NCD's of ₹ 10,00,000 each	11-Nov-21	9.90%	-	20,000.00
5000 NCD's of ₹ 10,00,000 each	19-Sep-21	9.40%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	07-Jun-21	9.80%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	11-May-21	9.40%	-	50,000.00

Notes Forming Part of Balance Sheet as at March 31, 2013

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31 March 2013
2500 NCD's of ₹ 10,00,000 each	07-Mar-21	9.60%	-	25,000.00
10000 NCD's of ₹ 10,00,000 each	18-Jan-21	9.00%	-	1,00,000.00
1070 NCD's of ₹ 10,00,000 each	04-Jan-21	9.35%	-	10,700.00
3660 NCD's of ₹ 10,00,000 each	23-Nov-20	9.00%	-	36,600.00
4650 NCD's of ₹ 10,00,000 each	13-Oct-20	8.88%	-	46,500.00
6300 NCD's of ₹ 10,00,000 each	10-Aug-20	8.90%	-	63,000.00
2960 NCD's of ₹ 10,00,000 each	31-May-20	8.60%	-	29,600.00
5000 NCD's of ₹ 10,00,000 each	21-Oct-18	9.60%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	*	11.15%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	**	9.60%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	25-Aug-18	9.60%	-	50,000.00
3000 NCD's of ₹ 10,00,000 each	13-Aug-18	11.08%	-	30,000.00
285 NCD's of ₹ 1,00,00,000 each	27-Jun-18	7.00%	-	28,500.00
1500 NCD's of ₹ 10,00,000 each	24-Mar-18	9.75%	-	15,000.00
1750 NCD's of ₹ 10,00,000 each	13-Feb-18	9.16%	12-Dec-14	17,500.00
2000 NCD's of ₹ 10,00,000 each	11-Feb-18	9.12%	11-Sep-14	20,000.00
2000 NCD's of ₹ 10,00,000 each	16-Jan-18	9.14%	-	20,000.00
100 NCD's of ₹ 1,00,00,000 each	25-Nov-17	7.50%	-	10,000.00
7800 NCD's of ₹ 10,00,000 each	25-Oct-17	9.00%	26-Oct-13	78,000.00
5000 NCD's of ₹ 10,00,000 each	22-Oct-17	9.80%	-	50,000.00
10000 NCD's of ₹ 10,00,000 each	07-Sep-17	9.57%	-	1,00,000.00
3000 NCD's of ₹ 10,00,000 each	27-Aug-17	9.75%	-	30,000.00
6000 NCD's of ₹ 10,00,000 each	11-Jun-17	9.70%	-	60,000.00
2500 NCD's of ₹ 10,00,000 each	05-Jun-17	9.75%	-	25,000.00
3000 NCD's of ₹ 10,00,000 each	16-May-17	9.70%	-	30,000.00
2000 NCD's of ₹ 10,00,000 each	14-May-17	10.25%	-	20,000.00
5000 NCD's of ₹ 10,00,000 each	23-Feb-17	9.60%	-	50,000.00
3000 NCD's of ₹ 10,00,000 each	08-Feb-17	9.62%	-	30,000.00
2500 NCD's of ₹ 10,00,000 each	24-Jan-17	9.56%	-	25,000.00
2000 NCD's of ₹ 10,00,000 each	19-Jan-17	9.56%	-	20,000.00
2650 NCD's of ₹ 10,00,000 each	15-Jan-17	9.10%	-	26,500.00
4000 NCD's of ₹ 10,00,000 each	20-Dec-16	9.50%	-	40,000.00
3000 NCD's of ₹ 10,00,000 each	16-Dec-16	9.55%	15-Feb-13	30,000.00
3500 NCD's of ₹ 10,00,000 each	07-Dec-16	9.70%	06-Jan-13	35,000.00
2500 NCD's of ₹ 10,00,000 each	30-Nov-16	9.75%	28-Feb-13	25,000.00
100 NCD's of ₹ 10,00,000 each	14-Sep-16	9.58%	13-Sep-13	1,000.00
2000 NCD's of ₹ 10,00,000 each	29-Jul-16	9.687% p.a for first year (INBMK + 1.20%)	-	20,000.00
4000 NCD's of ₹ 10,00,000 each	15-Jul-16	9.74%	-	40,000.00
4250 NCD's of ₹ 10,00,000 each	17-Jun-16	9.90%	-	42,500.00
2000 NCD's of ₹ 10,00,000 each	11-Apr-16	9.50%	-	20,000.00
7500 NCD's of ₹ 10,00,000 each	***	10.00%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	09-Mar-16	8.15%	-	50,000.00
7000 NCD's of ₹ 10,00,000 each	26-Feb-16	9.40%	-	70,000.00
1500 NCD's of ₹ 10,00,000 each	05-Jan-16	9.10%	-	15,000.00
1100 NCD's of ₹ 10,00,000 each	20-Dec-15	9.35%	-	11,000.00
4100 NCD's of ₹ 10,00,000 each	02-Dec-15	9.39%	-	41,000.00
2100 NCD's of ₹ 10,00,000 each	06-Nov-15	9.38%	-	21,000.00
6000 NCD's of ₹ 10,00,000 each	18-Oct-15	9.75%	-	60,000.00
5950 NCD's of ₹ 10,00,000 each	11-Sep-15	9.75%	-	59,500.00
7500 NCD's of ₹ 10,00,000 each	03-Aug-15	9.62%	-	75,000.00
3150 NCD's of ₹ 10,00,000 each	20-Jul-15	9.60%	-	31,500.00

Notes Forming Part of Balance Sheet as at March 31, 2013

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31 March 2013
1500 NCD's of ₹ 10,00,000 each	08-Jul-15	8.26%	-	15,000.00
4000 NCD's of ₹ 10,00,000 each	29-Jun-15	8.28%	-	40,000.00
1200 NCD's of ₹ 10,00,000 each	28-May-15	9.75%	-	12,000.00
3000 NCD's of ₹ 10,00,000 each	08-May-15	9.21%	-	30,000.00
3000 NCD's of ₹ 1,000,000 each	30-Apr-15	9.62%	-	30,000.00
4000 NCD's of ₹ 10,00,000 each	08-Apr-15	9.90%	-	40,000.00
2300 NCD's of ₹ 10,00,000 each	12-Mar-15	9.80%	-	23,000.00
2100 NCD's of ₹ 10,00,000 each	04-Mar-15	9.80%	-	21,000.00
4050 NCD's of ₹ 10,00,000 each	26-Feb-15	9.39%	-	40,500.00
2000 NCD's of ₹ 10,00,000 each	23-Jan-15	9.70%	-	20,000.00
5100 NCD's of ₹ 10,00,000 each	09-Jan-15	9.80%	-	51,000.00
5150 NCD's of ₹ 10,00,000 each	11-Dec-14	9.76%	-	51,500.00
8250 NCD's of ₹ 10,00,000 each	30-Nov-14	9.37%	-	82,500.00
1000 NCD's of ₹ 10,00,000 each	26-Nov-14	9.80%	-	10,000.00
3000 NCD's of ₹ 10,00,000 each	23-Nov-14	9.35%	23-Nov-12	20,400.00
2000 NCD's of ₹ 10,00,000 each	06-Nov-14	9.37%	-	20,000.00
5000 NCD's of ₹ 10,00,000 each	17-Oct-14	9.80%	-	50,000.00
5000 NCD's of ₹ 10,00,000 each	26-Aug-14	9.75%	-	50,000.00
6100 NCD's of ₹ 10,00,000 each	10-Aug-14	9.80%	-	61,000.00
2750 NCD's of ₹ 10,00,000 each	30-Jul-14	9.59%	-	27,500.00
2000 NCD's of ₹ 10,00,000 each	23-Jul-14	9.64%	-	20,000.00
3650 NCD's of ₹ 10,00,000 each	07-Jun-14	10.20%	-	36,500.00
2250 NCD's of ₹ 10,00,000 each	05-Jun-14	9.95%	-	22,500.00
1600 NCD's of ₹ 10,00,000 each	25-May-14	10.15%	-	16,000.00
2500 NCD's of ₹ 10,00,000 each	17-May-14	9.90%	-	25,000.00
2600 NCD's of ₹ 10,00,000 each	03-May-14	9.85%	-	26,000.00
				33,64,300.00
Current :				
5000 NCD's of ₹ 10,00,000 each	16-Mar-14	9.85%	-	50,000.00
7500 NCD's of ₹ 10,00,000 each	13-Mar-14	10.00%	-	25,000.00
1500 NCD's of ₹ 10,00,000 each	28-Jan-14	9.80%	-	15,000.00
3000 NCD's of ₹ 10,00,000 each	17-Jan-14	9.74%	-	30,000.00
3000 NCD's of ₹ 10,00,000 each	20-Dec-13	9.40%	-	30,000.00
1250 NCD's of ₹ 10,00,000 each	10-Dec-13	9.05%	-	12,500.00
2400 NCD's of ₹ 10,00,000 each	11-Nov-13	8.75%	-	24,000.00
3350 NCD's of ₹ 10,00,000 each	08-Nov-13	10.02%	-	33,500.00
1000 NCD's of ₹ 10,00,000 each	11-Oct-13	10.05%	-	10,000.00
7500 NCD's of ₹ 10,00,000 each	27-Sep-13	8.48%	-	75,000.00
2000 NCD's of ₹ 10,00,000 each	14-Sep-13	9.80%	-	20,000.00
2500 NCD's of ₹ 10,00,000 each	14-Sep-13	8.40%	-	25,000.00
2000 NCD's of ₹ 10,00,000 each	26-Aug-13	9.65%	-	20,000.00
6750 NCD's of ₹ 10,00,000 each	18-Aug-13	8.40%	-	67,500.00
2000 NCD's of ₹ 10,00,000 each	12-Aug-13	9.97%	-	20,000.00
3000 NCD's of ₹ 10,00,000 each	10-Aug-13	9.62%	-	30,000.00
5000 NCD's of ₹ 10,00,000 each	21-Jul-13	9.60%	-	50,000.00
4700 NCD's of ₹ 10,00,000 each	07-Jul-13	9.85%	-	47,000.00
2000 NCD's of ₹ 10,00,000 each	12-Jun-13	9.70%	-	20,000.00
2090 NCD's of ₹ 10,00,000 each	10-Jun-13	7.50%	-	20,900.00
2520 NCD's of ₹ 10,00,000 each	07-Jun-13	10.20%	-	25,200.00
1450 NCD's of ₹ 10,00,000 each	25-May-13	10.15%	-	14,500.00
6000 NCD's of ₹ 10,00,000 each	06-May-13	7.30%	-	60,000.00

Notes Forming Part of Balance Sheet as at March 31, 2013

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31 March 2013
1000 NCD's of ₹ 10,00,000 each	25-Apr-13	9.87%	-	10,000.00
2500 NCD's of ₹ 10,00,000 each	07-Apr-13	9.70%	-	25,000.00
				7,60,100.00

*Redeemable @ ₹ 2.50 Lacs each on 27-Sep-15, 27-Sep-16, 27-Sep-17 and 27-Sep-18

**Redeemable @ ₹ 2.50 Lacs each on 05-Sep-15, 05-Sep-16, 05-Sep-17 and 05-Sep-18

***Redeemable @ ₹ 3.33 Lacs each on 13-Mar-15 and 13-Mar-16

Note - 3.2

Zero Coupon Debentures (ZCB):

The ZCB are redeemable at par. The ZCB are secured by way of a pari passu mortgage and charge in favour of the Debenture trustees on the Company's immovable property to the extent of ₹ 24.29 Lacs and are further supplemented by a negative lien on all other assets.

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31 March 2012
Non Current:				
1510 NCD's of ₹ 10,00,000 each	29-Jul-15	*	-	15,100.00
				15,100.00
Current:				
1100 NCD's of ₹ 10,00,000 each	11-Oct-13	**	-	11,000.00
1750 NCD's of ₹ 10,00,000 each	30-Aug-13	***	-	17,500.00
				28,500.00

*Issued at Par. Maturity Value of ₹ 13.03 Lacs per Debenture includes interest.

**Issued at Par. Maturity Value of ₹ 12.08 Lacs per Debenture includes interest.

***Issued at Par. Maturity Value of ₹ 11.53 Lacs per Debenture includes interest.

Note - 3.3

Maturity Profile of Term Loans

Description				(₹ in Lacs)
Non Current:				
	Term Loans Banks	Life Insurance Corporation of India	National Housing Bank (Refinance)	
	(ROI 8% - 10.45%)	(ROI 6.71%)	(ROI 6% - 10.20%)	
Over 1 year to 3 years	4,30,814.00	15,550.00	79,117.00	
Over 3 to 5 years	4,93,321.00	6,050.00	56,293.00	
Over 5 to 7 years	6,56,965.00	-	25,813.00	
Over 7 Years	1,04,998.00	-	24,214.00	
Total	16,86,098.00	21,600.00	1,85,437.00	

Notes - 3.4

The details of Subordinate Bonds are as under:

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2013
Non Current :				
5000 Bonds of ₹ 10,00,000 each	24-Oct-15	7.50%	-	50,000.00
5000 Bonds of ₹ 10,00,000 each	01-Jul-18	10.35%	-	50,000.00
5000 Bonds of ₹ 10,00,000 each	15-Sep-20	8.95%	-	50,000.00
				1,50,000.00

Notes Forming Part of Balance Sheet as at March 31, 2013

Note - 3.5

The details of Upper Tier II Bonds are as under:

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2013
Non Current :				
5000 Bonds of ₹ 10,00,000 each*	31-Mar-25	8.70%	31-Mar-20	50,000.00
5000 Bonds of ₹ 10,00,000 each*	26-Oct-25	8.90%	26-Oct-20	50,000.00
5000 Bonds of ₹ 10,00,000 each*	29-Nov-25	9.00%	29-Nov-20	50,000.00
				1,50,000.00

*Redemption and call option exercisable with prior approval of National Housing Bank.

Note - 3.6

The Company has designated the following liquid assets amounting to ₹ 16,804.85 Lacs (Previous Year ₹ 14,952.73 Lacs) for the purpose of maintaining Statutory Liquid Ratio and floating charge on fixed deposits with banks has been created in favour of the Trustees for Depositors.

(₹ in Lacs)

	As at March 31, 2013	As at March 31, 2012
Government Securities	11,154.55	10,656.50
Fixed Deposits with Banks	5,650.30	4,296.23
	16,804.85	14,952.73

NOTE 4

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2013	As at March 31, 2012
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	1,286.71	1,685.97
(b) Sundry Deposit Repayable	39.38	35.07
(c) Interest Accrued but not due on Borrowings	3,395.28	1,087.80
	4,721.37	2,808.84

NOTE 5

(₹ in Lacs)

LONG TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
(a) Provision for Employee Benefits [Refer Note 27(18)]	1,599.02	1,104.81
(b) Others		
(i) Provision for Contingencies [Refer Note 27(6)]	1,162.18	1,177.07
(ii) Provision for Housing loans [Refer Note 27(25)]	65,969.37	60,019.63
(iii) Provision for Diminution in the value of Investment [Refer Note 11 & 27(25)]	13.80	13.80
	68,744.37	62,315.31

NOTE 6

(₹ in Lacs)

SHORT TERM BORROWINGS	As at March 31, 2013	As at March 31, 2012
Secured		
Loans repayable on demand:		
Line of Credit from Banks	2,25,000.00	1,70,000.00
Security :		
Loans from banks are secured by a negative lien on all assets of the Company and an irrevocable power of attorney given by the Company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.		

Notes Forming Part of Balance Sheet as at March 31, 2013

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
SHORT TERM BORROWINGS		
Unsecured		
(a) Public Deposits	18,724.47	1,012.90
(b) Commercial Paper	-	5,000.00
Less: Discount not written off	-	(150.76)
	-	4,849.24
	2,43,724.47	1,75,862.14

NOTE 7

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
TRADE PAYABLES		
(a) Micro, Small and Medium Enterprises [Refer Note 27(16)]	-	-
(b) Others*	2,318.60	1,463.25
	2,318.60	1,463.25

*includes payable to a related party ₹ 57.85 Lacs (Previous Year ₹ 48.50 Lacs)

NOTE 8

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
OTHER CURRENT LIABILITIES		
(a) Current maturities of Long-Term Debt (Refer Note 3)	10,05,890.74	8,21,735.01
(b) Interest accrued but not due on loans and public deposits	2,21,747.31	1,61,091.84
(c) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	401.75	431.88
(d) Payable on account of SWAP		
Floating interest rate payable on SWAP	10,975.77	12,427.24
Fixed interest rate receivable on SWAP	(9,829.73)	(10,768.23)
	1,146.04	1,659.01
(e) Unpaid Dividends*	443.47	374.67
(f) Unpaid Deposits	228.29	735.05
(g) Statutory Dues Payable	311.75	205.83
(h) Payable to related parties [Refer Note 27(20)]	3,279.28	1,088.05
(i) Other Payables	9,753.69	6,923.02
(j) Temporary Book Overdraft [Refer Note 27(11)]	1,88,681.35	1,31,991.56
	14,31,883.67	11,26,235.92

*The Company has transferred ₹ 27.85 Lacs (Previous year ₹ 26.81 Lacs) to Investor Education and Protection Fund during the year. There was no amount due for transfer to Investor Education and Protection Fund as at March 31, 2013

NOTE 9

	(₹ in Lacs)	
	As at March 31, 2013	As at March 31, 2012
SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits [Refer Note 27(18)]	1,379.87	1,262.63
(b) Others		
(i) Provision for Taxation	2,341.56	1,754.02
(ii) Proposed Dividend	19,177.19	18,167.87
(iii) Tax on Dividend	3,234.95	2,941.60
(iv) Provision for Housing Loans [Refer Note 27(25)]	3,486.03	4,436.84
(v) Provision for Contingencies [Refer Note 27(6)]	88.85	88.85
	29,708.45	28,651.81

Notes Forming Part of Balance Sheet as at March 31, 2013

Note 10 - FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 01, 2012	Additions/ Adjustments	Deductions / Adjustments	As at March 31, 2013	Upto March 31, 2012	For the Year	Deductions / Adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible Assets										
Land	4.32	-	-	4.32	-	-	-	-	4.32	4.32
Building	4,067.95	-	-	4,067.95	161.22	66.31	-	227.52	3,840.43	3,906.73
Leasehold Improvements	1,154.54	195.45	72.12	1,277.88	862.64	114.61	11.12	966.13	311.74	291.90
Furniture & Fixtures	965.83	153.29	89.07	1,030.05	657.04	67.04	8.92	715.15	314.88	308.79
Vehicles	30.82	0.01	0.08	30.75	15.04	2.89	0.07	17.87	12.88	15.78
Office Equipments	770.77	118.20	73.41	815.56	330.24	37.99	10.85	357.37	458.19	440.53
Others										
Computers	2,486.40	495.14	205.10	2,776.44	1,768.84	230.64	26.75	1,972.73	803.71	717.56
Total	9,480.63	962.09	439.77	10,002.94	3,795.02	519.49	57.71	4,256.79	5,746.15	5,685.61
Previous Year	5,957.23	3,579.12	55.73	9,480.63	3,330.88	509.96	45.82	3,795.02	5,685.61	
Intangible Assets										
Software License	1,334.83	187.10	-	1,521.93	796.90	233.89	-	1,030.79	491.14	537.93
Total	1,334.83	187.10	-	1,521.93	796.90	233.89	-	1,030.79	491.14	537.93
Previous Year	1,323.67	11.16	-	1,334.83	564.83	232.07	-	796.60	537.93	
Grand Total	10,815.46	1,149.19	439.77	11,524.86	4,591.91	753.38	57.71	5,287.57	6,237.29	6,223.54
Previous Year	7,280.91	3,590.28	55.73	10,815.46	3,895.71	742.03	45.82	4,591.92	6,223.54	

Notes Forming Part of Balance Sheet as at March 31, 2013

NOTE 11

(₹ in Lacs)

NON CURRENT INVESTMENTS		As at March 31, 2013	As at March 31, 2012
Other Non-trade Investments (Refer - 11.1)			
(Long Term Investments) (At Cost)			
(a) Investments in Equity Shares		2,904.16	2,304.16
(b) Investments in Government Securities		11,154.55	10,656.50
(c) Contribution to Trust		0.10	0.10
(e) Investments in Debentures		13.80	13.80
(f) Other non-current investments			
(i) Real Estate Venture Fund		4,367.01	3,401.14
(ii) Mortgage Backed Pass Through Certificates - Class B		-	23.69
		18,439.62	16,399.39
Aggregate amount of quoted investments			
	At Cost	11,154.55	10,656.50
	At Market Value	11,166.12	10,275.63
Aggregate amount of unquoted investments			
	At Cost	7,285.07	5,742.89
Aggregate provision for diminution in value of investments (Refer Note 5)		13.80	13.80

Note 11.1

(₹ in Lacs)

OTHER NON TRADE INVESTMENTS	No. of Shares / Units		As at March 31, 2013	As at March 31, 2012
	March 31, 2013	March 31, 2012		
(a) Investments in Equity Shares - Unquoted, Fully paid up				
In Subsidiaries				
LICHFL Care Homes Limited	85,50,000	85,50,000	855.00	855.00
LICHFL Financial Services Ltd.	95,00,000	35,00,000	950.00	350.00
LICHFL Trustee Company Private Ltd.	90,000	90,000	9.00	9.00
LICHFL Asset Management Company Ltd.	87,00,000	87,00,000	870.00	870.00
In Associate				
LIC Nomura Mutual Fund Asset Management Company Ltd.	2,200	2,200	220.00	220.00
Others				
LIC Nomura Mutual Fund Trustee Company Private Ltd.	1,600	1,600	0.16	0.16
			2,904.16	2,304.16
(b) Investments in Government Securities - Quoted, Fully paid up *				
7.37 % Government of India Stock 2014	20,000	20,000	20.00	20.00
8.33 % Government of India Stock 2036	30,000	30,000	30.00	30.00
8.28 % Government of India Sstock 2032	8,28,000	8,28,000	789.90	789.90
8.07 % Government of India Stock 2017	1,00,000	1,00,000	100.00	100.00
7.35% Government of India Stock 2024	16,00,000	16,00,000	1,592.50	1,592.50
7.59% Government of India Stock 2016	5,00,000	5,00,000	500.00	500.00
8.14% Maharashtra SDL 2019	1,50,000	1,50,000	150.00	150.00
8.24% Government of India Stock 2027	11,00,000	11,00,000	1,092.45	1,092.45

Notes Forming Part of Balance Sheet as at March 31, 2013

(₹ in Lacs)

OTHER NON TRADE INVESTMENTS	No. of Shares / Units		As at	As at
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
8.28% Government of India Stock 2027	5,00,000	-	498.05	-
7.80% Government of India Stock 2020	65,00,000	65,00,000	6,381.65	6,381.65
* Kept with designated bank for repayment to depositors.			11,154.55	10,656.50
(c) Contribution to Trust			0.10	0.10
(d) Investments in Debentures or Bonds-Unquoted, Fully paid up				
17% Ganesh Benzoplast Limited*	42,000	42,000	13.80	13.80
17% Real Value Appliances Limited	2,00,000	2,00,000	Re.1	Re.1
* Provision for diminution in the value of investments @ ₹13.80 Lacs			13.80	13.80
(e) Other non-current investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund*:				
Kotak India Real Estate Fund -1	2,367.01	2,367.01	2,367.01	2,367.01
CIG Reality Fund - 1	1,00,00,000	1,00,00,000	1,000.00	1,000.00
LICHFL Urban Development Fund	10,000	-	1,000.00	-
*These are close ended schemes subject to lock in till the closure of the Scheme				
(ii) Mortgage Backed Pass Through Certificate (PTC-class B) - Unquoted, Fully paid up				
India Mortgage Backed Securities 2003 Series III Trust	-	1	-	23.69
			4,367.01	3,390.70
			18,439.62	16,365.26

NOTE 12

(₹ in Lacs)

DEFERRED TAX ASSETS (NET) [Refer Note 27(24)]	As at March 31, 2013	As at March 31, 2012
(a) Deferred tax assets	25,185.70	22,367.19
(b) Deferred tax liabilities	(296.25)	(284.68)
	24,889.45	22,082.51

NOTE 13

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
(a) Capital Advance	1,465.90	1,452.51
(b) Security Deposits	479.54	408.42
(c) Advance tax and tax deducted at source (Net of provision for tax)	3,240.76	2,782.60
(c) Tax Paid under Protest	11,608.84	11,284.54
	16,795.04	15,928.07

Notes Forming Part of Balance Sheet as at March 31, 2013

NOTE 14

(₹ in Lacs)

OTHER NON CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Loan against Public Deposits	5.40	2.40
(b) Advances to employees*	383.48	353.56
(c) Fixed Deposit with Bank** [Refer Note 27(8)]	150.30	-
(d) Interest Accrued on Fixed Deposits with Banks	4.11	-
(e) Interest Accrued on Advance against Public Deposits	1.07	0.72
	544.36	356.68

*Secured by lien over Provident Fund balances and/or hypothecation of vehicles

**Fixed Deposits with Banks with maturity of more than twelve months towards maintaining SLR for public deposits.

NOTE 15

(₹ in Lacs)

LOANS (SECURED) [Refer Note 27(3) & 27(25)]	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
(a) Individuals	71,20,990.32	3,93,755.21	56,64,135.19	3,25,325.64
(b) Others	2,03,820.23	62,700.42	1,29,018.00	1,89,536.36
	73,24,810.55	4,56,455.63	57,93,153.19	5,14,862.00

NOTE 16

(₹ in Lacs)

CURRENT INVESTMENTS	No. of Shares / Units		As at	As at
At Lower of cost or fair value	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(a) Investment in Equity instruments				
Aptech Limited	4,134	4,134	1.74	3.20
(b) Investment in Mutual Funds - Highly liquid investments			90,772.72	1,21,104.11
Less: Considered as cash and cash equivalents (Refer Note 18 & Note 16.1)			(90,772.72)	(1,21,104.11)
			-	-
(c) Other current investments				
Mortgage Backed Pass Through Certificates - Class B	1	-	21.59	-
			23.34	3.20
Aggregate amount of quoted investments		At Cost	8.47	8.47
		At Market Value	1.74	3.20

Notes Forming Part of Balance Sheet as at March 31, 2013

Note 16.1

(₹ in Lacs)

Mutual Funds (Highly Liquid)	No. of Units		Amount as at	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Axis Liquid Fund- CFGP	3,08,153.85	9,26,092.96	4,005.80	11,008.33
Baroda Pioneer Liquid Fund - Plan A	2,98,589.53	-	4,014.03	-
Birla sun life cash plus-Regular Plan	31,99,190.33	14,56,904.47	6,011.89	2,502.27
Birla Sunlife Short Term Fund - I	-	1,50,32,905.45	-	21,406.90
BNP Paribas Overnight Fund	83,20,713.58	-	1,500.39	-
L&T Liquid Fund	2,17,961.26	-	3,506.52	-
DSP Blackrock Liquidity Fund - Institutional Plan	3,58,388.53	2,93,282.88	6,016.19	4,501.95
DWS Insta Cash Plus Fund - Super Institutional Plan	18,25,915.39	14,35,617.23	2,780.67	2,000.64
HDFC Liquid Fund	1,08,22,510.82	-	2,500.83	-
ICICI Prudential Liquid -Regular Plan	8,65,655.97	-	1,501.49	-
ICICI Prudential Money Market Fund	-	68,06,294.16	-	10,094.90
IDBI Liquid Fund	3,66,195.73	-	4,609.69	-
IDFC Cash Fund -Regular	3,51,559.22	2,30,029.23	5,014.03	3,001.79
JM High Liquidity Fund - Super Institutional Plan	-	1,78,55,973.72	-	3,001.91
JM High Liquidity Fund	1,19,03,455.28	-	3,806.56	-
JP Morgan India Liquid Fund Super Institutional Plan	2,60,18,381.12	-	3,953.83	-
Kotak Liquid - Plan A	-	1,37,93,991.34	-	3,001.13
Kotak Floater Short Term	2,60,723.91	-	5,007.36	-
L & T Liquid Fund - Super Institutional Plan	-	1,35,956.52	-	2,001.20
LIC Nomura MF Liquid Fund-Plan-LICLF	1,17,640.05	30,76,434.00	2,503.48	600.50
Pramerica Liquid Fund Option	2,40,240.01	-	3,008.24	-
Principal CMF Regular Plan	4,39,134.74	-	5,007.95	-
Reliance Liquid Fund - TP	1,61,818.63	4,64,64,042.02	4,623.57	12,136.87
Religare Liquid Fund	1,55,329.27	5,43,677.43	2,505.16	8,013.51
SBI Premier Liquid Fund Regular Plan	3,25,944.09	10,98,723.28	6,009.29	18,530.58
Sundaram Money Fund - Regular	84,24,563.71	72,19,993.01	2,083.55	1,632.99
Tata Liquid Fund - Plan A	-	4,07,938.31	-	8,080.34
Taurus Liquid Fund - Existing Plan-Super Institutional Plan	4,57,866.39	7,34,212.86	5,794.73	8,487.71
Templeton India TMA - Super Institutional Plan	-	68,955.57	-	1,100.59
UTI Liquid Fund - Cash Plan - Institutional Plan	2,60,368.43	-	5,007.48	-
			90,772.72	1,21,104.11

NOTE 17

(₹ in Lacs)

TRADE RECEIVABLES	As at March 31, 2013	As at March 31, 2012
<i>Secured, considered good</i>		
For a period exceeding six months		
Subsidy given to customer due from NHB	-	514.57
Others		
Interest Accrued and Due on Housing Loans	6,063.00	5,993.37
	6,063.00	6,507.94

Notes Forming Part of Balance Sheet as at March 31, 2013

NOTE 18

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2013	As at March 31, 2012
(a) Cash and Cash Equivalents		
Balance with Banks*	34,548.75	23,965.96
Cheques, drafts on hand	14,791.97	9,818.77
Cash on hand	495.40	337.08
Mutual Fund - Highly Liquid Investments (Refer Note 16)	90,772.72	1,21,104.11
(b) Other Bank Balances		
Fixed Deposits with Banks**	5,947.07	4,694.42
	1,46,555.91	1,59,920.34

*Balance with Banks includes unclaimed dividend of ₹ 443.47 Lacs (Previous Year ₹ 374.67Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 5650.30 Lacs (Previous Year ₹ 4296.24 Lacs) and ₹ 447.07 Lacs (Previous Year ₹ 398.18 Lacs) created for excess sale proceeds recovered under SARFAESI

NOTE 19

(₹ in Lacs)

SHORT-TERM LOAN AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) Advances to Subsidiaries (Related Party)		
Unsecured, considered good	20.71	500.00
(b) Others		
(i) Loans and advances to Employees*	189.33	165.42
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	659.43	582.71
Doubtful	24.47	24.78
Less: Provision for Doubtful	(24.47)	(24.33)
	659.43	583.16
	869.47	1,248.58
*Secured by lien over Provident Fund balances and/or hypothecation of vehicles		

NOTE 20

(₹ in Lacs)

OTHER CURRENTS ASSETS	As at March 31, 2013	As at March 31, 2012
Interest Accrued but not due on		
(i) Housing loan	53,896.49	39,689.83
(ii) Investments	292.53	289.97
(iii) Fixed Deposits with Banks	150.98	22.32
	54,340.00	40,002.11

Notes Forming Part of Statement of Profit & Loss for the year ended March 31, 2013**NOTE 21**

	(₹ in Lacs)	
REVENUE FROM OPERATIONS	March 31, 2013	March 31, 2012
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 3,931.85 Lacs Previous year ₹ 5,433.38 Lacs)	7,45,908.67	5,98,268.79
(b) Other Financial Services:		
Processing Fees and other charges received	15,486.15	16,266.15
Less: Processing fees and other charges paid	(3,802.79)	(3,048.90)
	11,683.36	13,217.25
	7,57,592.03	6,11,486.04

NOTE 22

	(₹ in Lacs)	
OTHER INCOME	March 31, 2013	March 31, 2012
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks (Tax deducted at source ₹ 34.93 Lacs Previous Year at source ₹ 30.36 Lacs)	315.64	188.34
(ii) Interest on Long Term Investments	860.92	847.10
	1,176.56	1,035.44
(b) Dividend [Includes Dividend on Current Investments & Dividend from Subsidiary amounting to ₹ 0.12 Lacs & ₹ 120.50 Lacs respectively (Previous Year ₹ 0.17 Lacs & ₹ 35.00 Lacs)]	120.62	47.13
(c) Profit on sale of Investments (Net)*	5,858.53	7,716.35
(d) Other Non Operating Income		
(i) Residual Income on PTC B	0.06	19.92
(ii) Miscellaneous Income (Tax deducted at source ₹ 26.54 Lacs Previous year ₹ 18.13 Lacs) [Refer Note 27(9)]	1,140.50	1,206.81
	1,140.56	1,226.73
	8,296.27	10,025.65
*Profit on sale of Investments		
Current Investments	5,867.49	7,833.60
Long Term Investments	(8.96)	(117.25)
	5,858.53	7,716.35

NOTE 23

	(₹ in Lacs)	
FINANCE COST	March 31, 2013	March 31, 2012
(a) Interest Expense		
(i) On Terms Loan	2,10,855.21	1,66,124.02
(ii) On Commercial Papers	150.76	1,472.53
(iii) On Debentures / Bonds	3,72,689.44	2,85,414.36
(iv) On Public Deposits	4,803.58	2,796.53
(b) Other Borrowing cost		
(i) Other Finance Charges	721.95	479.29
(ii) Interest payable from SWAPS (Net)	3,238.69	2,819.79
	5,92,459.63	4,59,106.52

Notes Forming Part of Statement of Profit & Loss for the year ended March 31, 2013

NOTE 24

	(₹ in Lacs)	
EMPLOYEES BENEFITS EXPENSE	March 31, 2013	March 31, 2012
(a) Salaries and Bonus	7,056.79	5,725.85
(b) Contributions to Provident & Other Funds	1,100.93	810.45
(c) Staff Welfare Expenses	882.92	707.61
	9,040.64	7,243.91

NOTE 25

	(₹ in Lacs)	
ESTABLISHMENT AND OTHER EXPENSES	March 31, 2013	March 31, 2012
(a) Rent, rates and taxes	2,109.91	1,668.20
(b) Repairs and maintenance - building	28.82	15.34
(c) Repairs and maintenance - others	137.84	97.50
(d) Travelling and conveyance	527.76	470.05
(e) Directors sitting fees	10.89	10.35
(f) Advertisement & Publicity expenses	1,396.73	1,180.24
(g) Competition Prizes & Conference Expenses	354.01	254.31
(h) Printing and stationery	368.96	298.53
(i) Postage, telephones and telex	757.36	705.10
(j) Computer Expenses	308.30	287.10
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 27(12)]	51.35	47.50
(ii) Other Professional fees	46.41	163.62
(l) Electricity expenses	431.38	354.94
(m) Insurance	10.72	10.63
(n) Loss on sale of Fixed Assets (Net)	4.42	3.89
(o) Fixed Assets written off	0.72	2.72
(p) Service Charges for Safe Custody of Documents	265.99	181.92
(q) Listing Fees and Payment to Share Transfer Agents	23.99	28.61
(r) Commission and Brokerage	11,616.31	9,904.81
(s) Recovery Expenses (Net)	(265.45)	(272.79)
(t) Miscellaneous expenses	197.83	320.78
(u) Prior Period Items (Net) [Refer Note 27(10)]	6.31	(10.53)
	18,390.56	15,722.82

NOTE 26

	(₹ in Lacs)	
PROVISIONS / WRITE OFFS (NET)	March 31, 2013	March 31, 2012
(a) Housing loans written off	3,137.00	2.97
(b) Provision for diminution in value of current investment	1.46	0.86
(c) Provision for Housing Loans	8,129.17	16,083.67
(d) Provisions for Contingency	0.13	-
Less :		
(e) Housing loans written off recovered	(250.31)	(481.95)
(f) Provisions for Housing Loans written back	(3,130.23)	-
(g) Provisions for Contingency written back	-	(0.45)
	7,887.22	15,605.10

Notes Forming Part of Financial Statements for the year ended March 31, 2013

NOTE 27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Amendment Rules, 2011, the relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing & their realisation in cash & cash equivalents, the company had ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

c. Revenue Recognition

Interest on Housing Loans

Repayment of Housing Loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest or by way of proceeds of Life Insurance Policies where interest is collected in monthly installment. Necessary appropriation is made out of these EMI collections to principal and interest. Interest income is recognized on accrual basis except in case of Non Performing Assets (NPA) where interest is accounted on realization.

Fees and additional interest income on delayed EMI/Pre-EMI are recognized on receipt basis.

Income from Investments

Interest income on debt investments like Non convertible Debentures (NCD), Inter Corporate Deposits (ICD), Bank Deposits, Government Securities is recognized on accrual basis and Dividend income is accounted for in the year in which the same is declared in Annual General Meeting and Company's right to receive payment is established.

Other Income

In other cases, income is recognized when there is no significant uncertainty as to determination and realization.

d. Fixed Assets

Fixed Assets are stated at cost of acquisition, or construction inclusive of expenses incidental thereto less accumulated depreciation and impairment loss, if any.

e. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Cost of leasehold improvements is amortized over the period of the lease. Depreciation on assets whose cost individually does not exceed upto ₹ 5,000.00 is fully provided in the year of purchase.

Notes Forming Part of Financial Statements for the year ended March 31, 2013

f. Impairment Loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. Intangible Assets

Intangible assets are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less amortization over estimated useful life. Software License is amortized on straight line basis over five years.

h. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB), current investments are carried at lower of cost and fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by mutual funds in respect of each particular scheme as per the guidelines issued by the NHB.

i. Employee Benefits

Provident Fund

Contribution as required by Statute paid to the Government Provident Fund as also contribution paid to other recognized Provident Fund Trust is debited to the Statement of Profit and Loss.

Gratuity

- Gratuity liability is a defined benefit obligation for employees. The Company has taken Group Gratuity-cum-Life Insurance Policy from Life Insurance Corporation of India (LIC) for employees other than those are under deputation from LIC. Accordingly, the Company accounts for liability for future gratuity benefits based on actuarial valuation carried out at the end of each financial year and the Contribution paid to LIC is charged to the Statement of Profit and Loss. Actuarial gain or losses arising from changes in actuarial assumptions are immediately recognized in the Statement of Profit and Loss in the period in which they arise.
- In respect of employees under deputation from LIC, an amount equal to five percent of aggregate of basic salary and dearness allowance of such employees, paid / payable to LIC is charged to the Statement of Profit and Loss and is treated as a defined contribution obligation.

Leave Benefits

Leave Benefits for both short term and long term in the form of vesting and non vesting compensated absences are accounted for on actuarial valuation determined as at the year end.

j. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions.

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

At the year end, monetary assets and liabilities denominated in foreign currency are reported using the closing rate of exchange. Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expense in the relevant year.

k. Derivative Transactions

SWAP transactions are considered off-balance sheet items and the outstanding SWAP trades are disclosed at the fair

Notes Forming Part of Financial Statements for the year ended March 31, 2013

value on the reporting date. The carrying amount (difference between coupon rate liability and SWAP contract rate) is accounted on an accrual basis and the same is adjusted against the interest cost of the underlying liability. Gain realized on early termination of SWAP is amortized over the balance tenure of the SWAP or underlying liability whichever is less. Loss if any on early termination is charged to the Statement of Profit and Loss in the same year.

l. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

m. Zero Coupon Instrument

The difference between the discounted amount mobilized and redemption value of Commercial Papers/ Zero Coupon Bond/ NCD is apportioned on time basis over the life of instrument and charged as interest expense in the Statement of Profit and Loss.

n. Income Tax

Taxes on income are accounted for in accordance with Accounting Standard (AS)-22 – “Accounting for taxes on income”, notified under the Companies (Accounting Standards) Amendment Rules, 2011. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized, only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

o. Provision on Standard and Non Performing Loans

The provision on Standard and Non Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required is made as per the Guidelines approved by the Board of Directors from time to time.

p. Provisions and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

q. Leases

Assets acquired on lease where significant portions of the risks and rewards incidental to the ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

r. Securitised Assets

Derecognition of Securitised assets in the books of the Company, recognition of gain or loss arising on Securitisation and accounting for credit enhancement provided by the company is based on the extant guidelines issued by the Institute of Chartered Accountants of India.

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included as other current investments for the current year.

Notes Forming Part of Financial Statements for the year ended March 31, 2013

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 363.64 Lacs (Previous year ₹ 151.31 Lacs).
- b) Other Commitments: Uncalled liability of Rs. 4,000 Lacs in respect of commitment made for contribution to LICHFL Urban development fund by subscription of 40,000 units (previous year nil) of ₹ 10,000.00 each.
2. **Contingent liabilities in respect of :**
 - a) Corporate Undertaking of ₹ 1,435.00 Lacs (Previous year ₹ 1,435.00 Lacs) for Securitization transactions.
 - b) Claims against the Company not acknowledged as debts ₹ 23.38 Lacs (Previous Year ₹ 5.93 Lacs).
 - c) The Company has received a demand of ₹ 1,145.56 Lacs, ₹ 1,122.06 Lacs (including interest of ₹ 88.99Lacs), ₹ 347.76 Lacs (including interest of ₹ 20.39 Lacs), ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs), ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs), ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) on completion of income tax assessment for the assessment year 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.
3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorisation :
 - a) Equitable / Registered Mortgage of Property.
 - b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank.
 - c) Assignment of Lease Rent Receivables.
 - d) Company guarantees or personal guarantees.
 - e) Negative lien.
 - f) Undertaking to create a security.
- (ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.
4. Housing Loans include loans amounting to ₹ 1,757.68 Lacs (Previous year ₹ 2,246.22 Lacs) against which the company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The fair value of assets possessed against the loan is ₹ 2,727.79 Lacs (Previous year ₹ 2,080.89 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2013.
5. Details with regard to securitization deals of the Company. The trustees to the deals have issued Pass through Certificates (PTC) to the investors:

(₹ in Lacs)

Year of deal	Particulars	Amount securitized	Trustee	Balance of PTC as at March 31, 2013
2003-2004	Individual Housing Loans - India MBS 2003 Series III	19,634.93	IL&FS Trustee Company	90.67 (247.45)

Figures in bracket are in respect of the previous year.

6. Provision for contingencies includes:

- a) Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables.
- b) Provision for probable loss on account of bank reconciliation differences.

Notes Forming Part of Financial Statements for the year ended March 31, 2013

The movement in provisions is as below:

(₹ in Lacs)

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1,177.07 (1,166.34)	88.85 (88.85)
Add: Top up of Corporate Undertaking	2.96 (23.61)	- (-)
Less: Amounts utilized during the year	17.84 (12.88)	- (-)
Closing balance	1,162.19 (1,177.07)	88.85 (88.85)

Figures in bracket are in respect of the previous year.

7. During the previous year, pursuant to the shareholder's approval in the Extraordinary General Meeting held on March 5, 2012 the Company had allotted 3,00,00,000 equity shares of face value of ₹ 2/- each at a premium of ₹ 268/- per share aggregating to ₹ 81,000.00 Lacs to Life Insurance Corporation of India, promoter of the Company on a Preferential basis under lock-in period of three years, The said issue was made under chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended.
8. Fixed Deposits with Banks include ₹ 5,650.30 Lacs (Previous Year ₹ 4,296.24 Lacs) kept with designated banks for repayment to Public Deposit Holders. The Company has beneficial interest on the income earned from these deposits.
9. Miscellaneous income includes ₹ 15.97 Lacs (Previous Year ₹ 30.57 Lacs) being management fee from Kotak India Real Estate Venture Fund, ₹ 3.68 Lacs (Previous Year ₹ 3.04 Lacs) being interest income on staff loans/advances, ₹ 432.11 Lacs (Previous Year ₹ 537.77 Lacs) being gain on unwinding of Interest rate SWAP, ₹ 129.32 Lacs (Previous Year ₹ 93.80 Lacs) being old outstanding and unclaimed amounts written back.
10. **Prior Period items:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Income		
Interest Income on Housing Loans	Nil	18.22
Expenditure		
Miscellaneous Expenses	(6.31)	(7.69)
Net Income	(6.31)	10.53

11. Temporary Book Overdraft of ₹ 1,88,681.35 Lacs (Previous Year ₹ 1,31,991.56 Lacs) represents cheques issued towards disbursements to borrowers for ₹ 1,87,799.45 Lacs (Previous Year ₹ 1,30,749.10 Lacs) and cheques issued for payment of expenses of ₹ 881.90 Lacs (Previous Year ₹ 1,242.46 Lacs), but not encashed as at March 31, 2013.
12. **Auditor's Remuneration*:**

Particulars	Current Year	Previous Year
As auditor including ₹ 4.40 Lacs (Previous Year ₹ 3.20 Lacs) to Back Office Auditors	30.15	27.45
As advisor or in any other capacity in respect of tax audit	4.00	4.00
For Quarterly Limited Reviews	14.00	12.00
In any other manner (Certification work)	2.88	3.77
For Reimbursements of expenses to Back Office Auditors	0.32	0.28
Total	51.35	47.50

* Excluding Service Tax

Notes Forming Part of Financial Statements for the year ended March 31, 2013

13. Expenditure in Foreign Currencies:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Travelling Expenses	3.12	1.84
Professional Fees	1.81	1.23
Fees for filing returns and Trade License fees	4.00	6.43
Salary to Overseas Staff	30.54	30.08
Rent for Overseas Staff Residence	8.08	11.09
Commission	45.51	33.47
Other Expenses	3.70	3.62

14. Earnings in Foreign Currencies:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Processing Fees	45.51	33.47

15. Remittance in Foreign Currencies on Account of Dividend

The particulars of remittances in foreign currencies on account of dividends to the Non- resident Shareholders are as under:

Particulars		Current Year	Previous Year
No. of Non-Resident Shareholders*	Nos.	2	2
No. of equity Shares held	Nos.	1,24,536	18,200
Amount of Dividend Paid	(₹ in Lacs)	4.48	0.64
Year to which dividend relates		2011-12	2010-11

* includes 7,250 equity shares (previous year 7,250 equity shares) held by the custodian, which is the registered shareholder for all the owners of Company's GDR.

16. The Company had requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. The disclosure relating to unpaid amount as at the year end together with interest paid / payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the company regarding the status of suppliers under MSMED Act, 2006. No interest has been paid/payable by the Company during the current year to the parties covered under the Micro, Small and Medium Enterprises Development Act, 2006.

17. Derivative Instruments:

- Interest Rate SWAP for hedging underlying liability aggregate to ₹ 1,19,600.00 Lacs (Previous year ₹ 1,34,600.00 Lacs).
- For underlying liability of ₹ 65,000.00 Lacs (Previous year ₹ 65,000.00 Lacs), Coupon SWAP has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- The Company as on March 31, 2013 had outstanding interest rate and coupon SWAPs covering the underlying liability aggregating to ₹ 1,84,600.00 Lacs (Previous year ₹ 1,99,600.00 Lacs). The mark to market value of all such SWAPs as at March 31, 2013 was negative to the extent of ₹ 13,160.70 Lacs (Previous year ₹ 24,130.27 Lacs).

18. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on Employee Benefits (AS-15) (Revised 2005) notified by Companies (Accounting Standards) Rules, 2006, the following disclosure have been made :

Provident Fund and Pension Fund Liability

The Company has recognised ₹ 533.75 Lacs (Previous year ₹ 434.30 Lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employee on deputation who have opted for pension, ₹ 21.94 Lacs (previous year ₹ 22.39 Lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Notes Forming Part of Financial Statements for the year ended March 31, 2013

Gratuity Liability				(₹ in Lacs)	
Changes in the Benefit Obligation	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the Beginning of the year	1,517.00	1,309.88	915.83	655.66	507.50
Interest Cost	125.15	104.79	73.27	54.68	43.29
Current Service Cost	108.11	94.53	83.17	56.11	47.05
Past Service Cost			101.74	-	-
Benefit Paid	(27.14)	(74.60)	(18.71)	(12.56)	(26.96)
Actuarial Loss on obligations	515.09	82.40	154.58	161.94	84.79
Liability at the end of the year	2,238.21	1,517.00	1,309.88	915.83	655.66
Fair Value of the Plan Assets	2012-13	2011-12	2010-11	2009-10	2008-09
Fair Value of Plan Asset at the beginning of the year	1,686.87	1,385.61	639.78	570.86	463.65
Expected Return on Plan Assets	134.95	110.85	51.18	47.45	43.36
Contributions	318.70	247.18	699.33	28.56	91.77
Benefit paid	(27.14)	(74.60)	(18.71)	(12.56)	(26.96)
Actuarial Gain / (Loss) on Plan Assets	25.23	17.84	14.03	5.47	(.97)
Fair value of Plan Assets at the end of the year	2,138.61	1,686.87	1,385.61	639.78	570.86
Total Actuarial Loss to be Recognized	489.86	64.56	(140.55)	(156.48)	(85.76)
Actual Return on Plan Assets:	2012-13	2011-12	2010-11	2009-10	2008-09
Expected Return on Plan Assets	134.95	110.85	51.18	47.45	43.36
Actuarial Gain / (Loss) on Plan Assets	25.23	17.84	14.03	5.47	(.97)
Actual Return on Plan Assets	160.18	128.69	65.21	52.92	42.39
Amount Recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the end of the year	(2,238.22)	(1,517.00)	(1,309.88)	(915.83)	(655.66)
Fair Value of Plan Assets at the end of the year	2,138.61	1,686.87	1,385.61	639.78	570.86
Amount recognized in the Balance Sheet	(99.61)	169.87*	75.73*	(276.05)	(84.80)
*Restricted to NIL					
Expense Recognized in the Statement of Profit and Loss :	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	108.11	94.53	83.17	56.11	47.05
Interest Cost	125.15	104.79	73.27	54.68	43.29
Expected Return on Plan Assets	(134.95)	(110.85)	(51.18)	(47.45)	(43.36)
Net Actuarial Loss to be recognized	489.86	64.56	140.55	156.48	85.76
Past Service Cost	-	-	101.74	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	588.18	153.03	347.55	219.81	132.73
Reconciliation of the Liability recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Opening Net Liability	(169.87)	(75.73)	276.05	84.80	43.84
Expense recognized	588.18	153.03	347.55	219.81	132.73
Contribution by the Company	(318.70)	(247.18)	699.33	28.56	91.77
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	99.61 *	(169.87) *	(75.73)*	276.05	84.80
*Restricted to NIL					

Notes Forming Part of Financial Statements for the year ended March 31, 2013

Experience Adjustments					
On Plan liability (Gains)/Losses	285.88	124.29	234.38	214.97	Not Available
On Plan Assets (Losses)/Gains	25.23	17.84	14.03	5.47	Not Available
Plan Assets					
Insurer Managed Funds*	2,138.61	1,686.87	1,385.61	639.78	-
*% to the total fair value of plan assets	100%	100%	100%	100%	-

Assumptions	2012-13	2011-12	2010-11	2009-10	2008-09
Discount Rate	8.25%	8.25%	8.25%	8.00%	7.75%
Rate of Return on Plan Assets	8.70%	8.00%	8.00%	8.00%	8.00%
Salary Escalation	6.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	Indian Assured lives mortality (2006-08) Ultimate	LIC (1994-96) Ultimate			

Gratuity Contribution is paid to LIC of India under Gratuity Scheme of LIC.

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2013 is ₹ 264.13 Lacs (Previous Year ₹ 106.17 Lacs).

Leave Encashment

(₹ in Lacs)

Changes in the Benefit Obligation	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the Beginning of the year	1,163.06	1,007.68	857.44	548.47	543.17
Interest Cost	101.77	83.13	68.59	45.57	75.04
Current Service Cost	68.10	68.96	57.93	39.48	394.80
Benefit Paid	-	-	-	-	-
Actuarial (Gain) / Loss on obligations	334.35	3.28	23.72	223.93	(464.54)
Liability at the end of the year	1,667.28	1,163.06	1,007.68	857.44	548.47

Amount Recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the end of the year	1,667.28	1,163.06	1,007.68	857.44	548.47
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet	(1,667.28)	(1,163.06)	(1,007.68)	(857.44)	(548.47)

Expense Recognized in the Statement of Profit and Loss:	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	68.10	68.96	57.93	39.48	394.80
Interest Cost	101.77	83.13	68.60	45.57	75.04
Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	334.35	3.28	23.72	223.93	(464.54)
Expense recognized in the Statement of Profit and Loss under staff expenses	504.22	155.38	150.24	308.98	5.30

Notes Forming Part of Financial Statements for the year ended March 31, 2013**Leave Encashment**

(₹ in Lacs)

Reconciliation of the Liability recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Opening Net Liability	1163.06	1,007.68	857.44	548.47	543.17
Expense recognized	504.22	155.38	150.24	308.97	5.30
Contribution by the Company	-	-	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,667.28	1,163.06	1,007.68	857.44	548.47

Experience Adjustments:	2012-13	2011-12	2010-11	2009-10	2008-09
On Plan Liability (Gains)/Losses	155.57	49.80	53.76	278.22	
On Plan Assets (Losses)/Gains	-	-	-	-	

Assumptions:	2012-13	2011-12	2010-11	2009-10	2008-09
Retirement Age	58Years	58Years	58Years	58Years	58Years
Discount Rate	8.25%	8.75%	8.25%	8.00%	7.75%
Salary Escalation	6.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	Indian Assured lives mortality (2006-08) Ultimate	LIC (1994-96) Ultimate			

The estimates of future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

19. Segment Reporting:

The Company is engaged in the business of providing loans for purchase, construction, repairs and renovation. etc. of houses to Individuals, Corporate Bodies, Builders and Co-operative Housing Societies and has its operations within India. Accordingly, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS 17) issued by the Institute of Chartered Accountants of India / notified under the Companies (Accounting Standards) Amendment Rules, 2011.

20. Related Party Disclosure:

a) Names of related parties where control exists:

Name of the related party	
(i) Subsidiaries	
	LICHFL Care Homes Ltd.
	LICHFL Financial Services Ltd.
	LICHFL Asset Management Company Ltd. (Formerly known as LICHFL Asset Management Company Private Ltd.)
	LICHFL Trustee Company Private Ltd.
(ii) Entities over which control is exercised	
	LICHFL Urban Development Fund

Notes Forming Part of Financial Statements for the year ended March 31, 2013

- b) Details of other related parties with whom transactions have taken place:

Name of the related party	
(i) Enterprise having significant influence	
	Life Insurance Corporation of India
(ii) Associate	
	LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)
(iii) Key Management Personnel	
	Mr. V.K. Sharma, Managing Director and Chief Executive Officer

- c) Details of transactions with related parties:

(₹ in Lacs)		
Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India:		
Preferential Allotment of Equity Shares	-	81,000.00
Issue of non convertible debentures	1,88,500.00	1,50,000.00
Repayment of non convertible debentures	24,100.00	50,200.00
Unsecured loans taken	3,131.07	3,173.38
Unsecured Loan Repaid	25,000.00	-
Repayment of Secured loan	17,463.58	21,347.77
Takeover of Housing Loan Portfolio of LIC Employees	2,530.13	-
Interest expenses on Secured and Unsecured loans	99,633.78	93,724.45
Dividend Payment	7,323.93	6,070.49
Rent Expenses	369.50	281.13
Reimbursement of Municipal Taxes, etc.	69.39	10.45
Reimbursement of Electricity Expenses	30.00	32.27
Payment for Staff training, Conference, etc.	1.79	4.22
Payments towards Renovation & Repairs	118.82	21.82
Reimbursement of Gratuity for staff on deputation from LIC	22.46	20.01
Year-end Balance (Credit)	12,07,574.46	10,31,036.73
LIC Nomura Mutual Fund Asset Management Co. Ltd.:		
Interest expenses on NCD	394.39	529.05
Repayment of NCD	5,000.00	
Year-end Balance (Credit)	3,249.83	7,000.00
LICHFL Care Homes Ltd.:		
Dividend Income	85.50	-
Advance given	-	500.00
Payment of Expenses	20.72	19.14
Reimbursement of Expenses	-	(19.14)
Advances repaid	500.00	
Year-end Balance (Debit) - towards Reimbursement of Expenses	20.72	-
Year-end Balance (Debit) - towards Loan	-	500.00

Notes Forming Part of Financial Statements for the year ended March 31, 2013

(₹ in Lacs)

Nature of transactions	Current Year	Previous Year
LICHFL Financial Services Ltd.:		
Investment in Equity Shares	600.00	-
Dividend Income	35.00	35.00
Commission Expenses on Loan Business	368.78	286.86
Commission Expenses on Public Deposit	0.19	0.16
Payment of Expenses	3.05	3.83
Reimbursement of Expenses	(3.05)	(3.83)
Year-end Balance (Credit)	57.85	48.50
LICHFL Asset Management Co. Ltd.:		
Investment in Equity Shares	-	425.00
Payment of Expenses	8.77	5.83
Reimbursement of Expenses	(8.77)	(5.83)
Year-end Balance (Debit)	-	-
LICHFL Urban Development Fund		
Investment	1,000.00	-
Mr. V. K. Sharma		
Managerial remuneration*	23.99	25.03

*As the Provision for Performance Linked Incentive and Leave Encashment is accrued for the Company as a whole and not decided individually, hence not included.

21. Operating Leases:

The Company has taken various offices and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for such premises are ₹ 1,717.49 Lacs (Previous year ₹ 1,431.76 Lacs).

22. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholder's by the weighted average number of equity shares outstanding during the year as under:

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	₹ in Lacs	1,02,320.65	91,419.61
Weighted average number of equity shares outstanding during the year	Nos.	50,46,63,000	47,62,20,377
Basic and Diluted Earnings per share	₹	20.28	19.20
Face value per equity share	₹	2.00	2.00

23. Current tax:

Provision for current tax is made on the basis of accounting practices consistently followed by the Company, including method of accounting for interest on housing loans and is after availing deduction under section 36(1)(viii) of the Income Tax Act, 1961. For the purpose of determining the quantum of deduction available under section 36(1)(viii), the methodology applied for the bifurcation of income and expenses for long term housing finance has been relied upon by the auditors.

Notes Forming Part of Financial Statements for the year ended March 31, 2013

24. The Components of Deferred Tax Assets and Liabilities are as under

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing loans	23,607.89	20,912.91
Provisions for Contingencies	8.32	7.89
Provision for Tapping Corporate Undertaking	395.03	381.90
Unamortized One Time Gain	573.91	687.14
Provision for Employee Benefits	600.56	377.35
(A)	25,185.70	22,367.19
Deferred Tax Liabilities:		
Related to Fixed Assets	296.25	284.68
(B)	296.25	284.68
Net Deferred Tax Assets [(A)-(B)]	24,889.45	22,082.51

25. Disclosure regarding provisions made for substandard, doubtful and loss assets and depreciation in investments as per the Prudential Norms contained in the Housing Finance Companies (NHB) Directions, 2010 as amended.

i. HOUSING BUSINESS

Housing Loans:

(₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Standard assets	74,21,483.53	49,050.28	59,64,216.40	45,489.68
Sub-standard assets	12,338.86	1,850.83	6,255.69	938.35
Doubtful assets	18,574.16	13,086.41	15,539.66	11,837.88
Loss assets	1,049.29	1,049.29	3,305.66	3,305.66
Total	74,53,445.84	65,036.81	59,89,317.39	61,571.56

ii. NON HOUSING BUSINESS

a. Non Housing Loans:

(₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Standard assets	3,12,660.46	1,583.99	3,17,277.20	1,895.61
Sub-standard assets	14,327.75	2,149.16	204.91	30.74
Doubtful assets	793.79	647.10	860.95	603.82
Loss assets	38.34	38.34	354.73	354.73
Total	3,27,820.34	4,418.59	3,18,697.79	2,884.90

b. Non Convertible Debentures:

(₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Loss assets	13.80	13.80	13.80	13.80
Total	13.80	13.80	13.80	13.80

Notes Forming Part of Financial Statements for the year ended March 31, 2013

26. Disclosure as per Clause 32 of the Listing Agreement :

Loans and advances in the nature of Loans given to Subsidiaries and Associates: -

(₹ in Lacs)

Name of the Company	Relationship	Year-end balance as at March 31, 2013	Maximum balance during the year
LICHFL Care Homes Ltd.	Wholly owned subsidiary	0.00 (500.00)	500.00 (500.00)

Figures in bracket are in respect of the previous year.

- Since the above loan is repayable on demand, there is no repayment schedule for the loan.
 - No interest is charged on the above loan. However, the provisions of section 372A of the Companies Act, 1956 are not applicable to above loan in view of the loan being given to the subsidiary of the company.
 - Loans and Advances to employees / customers and investments by such employees / customers in the shares of the Company, if any, are excluded from the above disclosure.
27. Disclosure regarding provisions made for Asset Liability Management (ALM) System for the Housing Finance Companies as per NHB Circular dated October 11, 2010.

I. Capital to Risk Assets Ratio (CRAR)

Items	Current Year	Previous Year
i. CRAR (%)	16.54%	16.69%
ii. CRAR - Tier I capital (%)	11.54%	11.03%
iii. CRAR - Tier II Capital (%)	5.00%	5.66%

II. Exposure to Real Estate Sector

(₹ in Lacs)

Category	Current Year	Previous Year
a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
Housing loans up to ₹15 Lacs	30,13,948.57	26,52,964.78
Housing loans more than ₹15 Lacs	42,42,642.28	31,22,215.37
(ii) Commercial Real Estate –		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	2,66,520.64	3,18,554.37
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential (PTC-B)	21.59	23.69
(b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Notes Forming Part of Financial Statements for the year ended March 31, 2013

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in Lacs)

	1day to 30-31 days (one month)	Over one month to 2months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	-	8,872	44,215	11,129	1,97,100	4,30,814	4,93,321	6,96,965	1,04,998	-	20,48,214
Market Borrowings	53,731	74,936	80,295	4,08,006	2,70,531	15,44,270	10,12,999	2,59,313	9,74,114	1,50,000	48,28,195
Assets											
Advances*	33,720	39,819	34,767	1,20,609	2,27,541	9,82,267	9,35,982	8,99,974	13,11,692	31,25,440	77,11,811
Investments**	2	2	2	5	12	520	100	-	10,899	6,907	18,449

* Net of Provisions

** Net of Investment diminutions

28. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the Company has:
- neither been imposed any penalty by National Housing Bank
 - nor received any adverse comments in writing from National Housing Bank on regulatory compliances.
29. The additional Information pursuant to revised Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable.
30. The previous year figures have been reclassified / regrouped / restated to conform to current year's classification.

Signatures to Notes 1 to 27

As per our attached report of even date

For and on behalf of Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi

Chartered Accountants Chartered Accountants

FRN 109574W

FRN 101872W

Heneel K. Patel

Mitil Chokshi

D.K. Mehrotra

Sushobhan Sarker

S.Ravi

V.K. Sharma

Partner

Partner

Chairman

Director

Director

Managing Director &
Chief Executive Officer

M.No.114103

M.No. 47745

Place : Mumbai

Date : April 26, 2013

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Suresh T. Samtani
CFO

Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Companies

Name of the Subsidiary Company	LICHFL Care Homes Limited	LICHFL Financial Services Limited	LICHFL Trustee Company Private Limited	LICHFL Asset Management Company Limited
1. Financial year of the Subsidiary Company ended on	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013
2. (a) Issued, subscribed and paid up capital of Subsidiary Company	85,50,000 Equity Shares of Rs.10/- each	95,00,000 Equity Shares of Rs.10/- each	90,000 Equity Shares of Rs.10/- each	91,94,400 Equity Shares of Rs.10/- each
(b) Extent of Interest of LIC Housing Finance Limited in the capital of Subsidiary	85,50,000 Equity Shares of Rs.10/- each (100%)	95,00,000 Equity Shares of Rs.10/- each (100%)	90,000 Equity Shares of Rs.10/- each (100%)	87,00,000 Equity Shares of Rs.10/- each (94.62%)
3. The Net Aggregate Amount of Profits / Losses of the Subsidiary so far as it concern the Members of LIC Housing Finance Limited and is not dealt with in the Accounts of LIC Housing Finance Limited.				
(a) for the Financial Year ended 31st March 2013	Rs.18,12,80,054/- (Profit)	Rs.1,32,72,515/- (Profit)	Rs.4,48,163/- (Profit)	Rs.12,49,71,024/- (Profit)
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	Rs.2,41,71,280/- (Profit)	Rs.2,01,52,209/- (Profit)	Rs.58,125/- (Profit)	(Rs.1,94,94,030/-) (Loss)
4. Net Aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of LIC Housing Finance Limited				
(a) for the Financial Year ended 31st March 2013.	Nil	Nil	Nil	Nil
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	Nil	Nil	Nil	Nil

For and on behalf of the Directors

D.K. Mehrotra
Chairman

Sushobhan Sarker
Director

S.Ravi
Director

V.K. Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager &
Company Secretary

Suresh T. Samtani
CFO

N.K.Mittal
General Manager
Accounts

Place : Mumbai
Date : April 26, 2013

Consolidated Independent Auditors' Report

TO THE BOARD OF DIRECTORS OF LIC HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LIC Housing Finance Limited ("the Company") and its subsidiaries and associate (LIC Housing Finance Limited Group), which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Consolidated Balance Sheet, of the state of affairs of LIC Housing Finance Limited Group as at March 31, 2013
- In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date, and
- In the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the year ended on that date

Other Matters

We did not audit the financial statements of four subsidiaries viz. LICHFL Care Homes Ltd., LICHFL Financial Services Ltd., LICHFL Trustee Company Pvt. Ltd. and LICHFL Asset Management Company Ltd. whose financial statements reflect total assets of Rs.9394.53 lacs (Previous Year Rs.7590.18 lacs) as at March 31, 2013, total revenue of Rs.9237.88 lacs (Previous Year 3281.30 lacs), and net cash flows amounting to Rs.807.16 lacs (Previous Year Rs.98.08 lacs), for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

In the case of associate, viz. LIC Nomura Mutual Fund Asset Management Company Ltd. which has been accounted for based on the equity method, which reflect the Group's share of profits upto March 31, 2013 of Rs.2274.89 lacs (Previous Year Rs.2856.26 lacs) and the Group's share of profits for the year then ended of Rs.(-)581.38 lacs (Previous Year Rs.334.85 lacs) as considered in the consolidated financial statements. These financial statements have been prepared by the management of LIC Nomura Mutual Fund Asset Management Company Ltd., and our opinion is based solely on the certified financial statements by the management. Our opinion is not qualified in respect of this matter.

For **SHAH GUPTA & CO.**
Chartered Accountants
FRN - 109574W

Heneel K. Patel
Partner
M No. 114103

For **CHOKSHI & CHOKSHI**
Chartered Accountants
FRN - 101872W

Mitil Chokshi
Partner
M No. 47745

Place: Mumbai
Date: April 26, 2013

Consolidated Balance Sheet as at March 31, 2013

		(₹ in Lacs)	
	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	6,43,237.34	5,60,921.33
		6,53,336.97	5,71,020.96
Minority Interest		75.70	8.47
Non Current Liabilities			
Long Term Borrowings	3	56,26,793.67	46,11,129.74
Deferred Tax Liabilities (Net)	4	8.84	6.97
Other Long Term Liabilities	5	5,538.97	3,625.97
Long Term Provisions	6	68,744.37	62,315.31
		57,01,085.85	46,77,077.99
Current Liabilities			
Short Term Borrowings	7	2,43,724.47	1,75,862.14
Trade Payables	8	2,504.82	1,500.65
Other Current Liabilities	9	14,33,723.03	11,30,273.74
Short Term Provisions	10	30,417.59	28,705.07
		17,10,369.91	13,36,341.60
Total		80,64,868.43	65,84,449.02
ASSETS			
Non-Current Assets			
Fixed Assets	11		
- Tangible Assets		6,806.37	6,797.40
- Intangible Assets		492.66	542.52
- Capital Work In Progress		24.54	68.15
Goodwill on Consolidation		20.52	20.52
Non Current Investments	12	18,035.70	17,171.55
Deferred Tax Asset (Net)	13	24,889.45	22,082.51
Long Term Loans & Advances	14	16,814.49	16,048.06
Other Non Current Assets	15	549.84	364.47
		67,633.57	63,095.18
Loans	16		
Non Current Loans		73,24,810.54	57,93,153.19
Current Loans		4,56,455.63	5,14,862.00
		77,81,266.17	63,08,015.19
Current Assets			
Current Investments	17	1,459.75	3.20
Inventories	18	24.89	11.77
Trade Receivables	19	6,415.61	7,391.94
Cash and Bank Balances	20	1,52,348.26	1,64,644.70
Short Term Loans and Advances	21	1,199.72	1,090.10
Other Current Assets	22	54,520.46	40,196.94
		2,15,968.69	2,13,338.65
Total		80,64,868.43	65,84,449.02
Significant Accounting Policies and Notes to Accounts	29		

The Notes referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Shah Gupta & Co. **For Chokshi & Chokshi**
Chartered Accountants Chartered Accountants
FRN 109574W FRN 101872W

For and on behalf of Board of Directors

Heneel K. Patel
Partner
M.No.114103

Mitil Chokshi
Partner
M.No. 47745

D.K. Mehrotra
Chairman

Sushobhan Sarker
Director

S.Ravi
Director

V.K. Sharma
Managing Director &
Chief Executive Officer

Place : Mumbai
Date : April 26, 2013

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Suresh T. Samtani
CFO

Consolidated Statement of Profit and Loss

for the year ended March 31, 2013

		(₹ in Lacs)	
	Note No.	March 31, 2013	March 31, 2012
Income			
Revenue from Operations	23	7,65,960.18	6,14,182.65
Other Income	24	8,676.54	10,274.86
Total Revenue		7,74,636.72	6,24,457.51
Expenses			
Finance Costs (Net)	25	5,92,459.44	4,59,106.46
Employee Benefits Expense	26	9,815.67	8,132.63
Depreciation and Amortisation Expense	11	770.97	758.97
Establishment and Other Expenses	27	21,881.72	17,341.00
Provisions / Write offs (Net)	28	7,904.93	15,605.10
Total Expenses		6,32,832.73	5,00,944.16
Profit before Tax		1,41,803.99	1,23,513.35
Tax expense			
- Current Tax [Refer Note 29(16)]		39,209.19	36,977.73
- Deferred Tax [Refer Note 29(17)]		(2,805.07)	(5,097.86)
Profit after tax (before adjustment of profit/loss of associate and minority interest)		1,05,399.87	91,633.48
Share of Profit / (Loss) of Associate		(581.38)	334.85
Share of Profit / (Loss) of Minority Interest		67.23	(17.09)
Profit for the Year		1,04,751.26	91,985.42
Earnings per equity share [Refer Note 29(15)]			
- Basic and Diluted		20.76	19.32
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	29		

The Notes referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Shah Gupta & Co. **For Chokshi & Chokshi**
 Chartered Accountants Chartered Accountants
 FRN 109574W FRN 101872W

For and on behalf of Board of Directors

Heneel K. Patel
 Partner
 M.No.114103

Mitil Chokshi
 Partner
 M.No. 47745

D.K. Mehrotra
 Chairman

Sushobhan Sarker
 Director

S.Ravi
 Director

V.K. Sharma
 Managing Director &
 Chief Executive Officer

Place : Mumbai
 Date : April 26, 2013

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Suresh T. Samtani
 CFO

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars		March 31,2013		March 31,2012
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit After tax, Share of Associate & Minority interest	1,04,751.26		91,985.43	
Add : Provision for Tax	36,404.12	1,41,155.38	31,879.87	1,23,865.30
Add / (Less) : Adjustment for				
Depreciation and Amortisation	770.97		758.97	
Provisions/ Write offs	7,903.47		15,604.24	
Loss on sale of assets (Net)	4.47		3.89	
Fixed assets written off	2.89		2.72	
Provision for contingency written back	(0.13)		0.45	
Old and unclaimed amounts written back	(129.32)		(93.80)	
Provision for diminution in value of current & Long term investment	1.46		0.86	
Loss on sale of long term investment	8.96		117.25	
Profit on sale of Current investment	(12.91)		-	
(Income) / Loss from investments	(0.06)		(853.46)	
Other Income from long term investment	(15.97)		(30.57)	
Income from Dividend	(0.12)		(12.13)	
Interest on deposits	(398.61)		(222.16)	
Assets Charged to Profit & Loss	81.47		-	
Preliminary Expenses	2.41		2.41	
Share Issue Expenses	11.94		0.13	
		8,230.92		15,278.80
Operating Profit before Working Capital Changes		1,49,386.30		1,39,144.10
Adjustment for:				
(Increase) in Other Current Assets	(14,873.90)		(19,299.46)	
(Increase) in Loans & Advance	(282.11)		(1,092.91)	
Increase/(Decrease) in Liabilities & Provisions	1,22,902.02		(45,687.08)	
		1,07,746.01		(66,079.45)
Cash generated from Operations		2,57,132.31		73,064.65
Direct taxes Paid		(38,802.88)		(36,585.28)
Net Cash from operations		2,18,329.43		36,479.37
Increase in Housing Loans		(14,76,137.67)		(11,98,552.65)
Net Cash used in operating activities (A)		(12,57,808.24)		(11,62,073.28)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investments		1,072.14		394.84
Purchase of Investments		(3,390.34)		(334.85)
Purchase of Fixed Assets (including capital advances)		(782.27)		(3,595.14)
Sale of Fixed Assets		6.98		3.30
Income from Dividend		0.12		12.13
Income/(Loss) from investments		0.06		853.46
Other Income from long term investment		15.97		30.57
Interest on deposits		398.61		222.16
(Increase) / Decrease in CWIP		(0.03)		278.95
Net Cash used in Investing Activities (B)		(2,678.76)		(2,134.58)

Consolidated Cash Flow Statement for the year ended March 31, 2013

(₹ in Lacs)

Particulars	March 31,2013	March 31,2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Preferential allotment	-	600.00
Share Premium received from Preferential allotment	-	80,400.00
Proceeds from Secured Loans (Net)	12,44,109.97	11,85,092.36
Proceeds from Unsecured Loans (Net)	23,572.02	(92,648.76)
Dividend Paid	(18,071.21)	(16,535.87)
Transfer to Investor Protection Fund	(27.85)	(26.81)
Dividend Tax Paid	(2,961.15)	(2,697.92)
Minority Interest	67.23	(17.09)
Share Issue Expenses Paid	(11.94)	(0.13)
Net Cash generated from Financing Activities (C)	12,46,677.07	11,54,165.78
Net Increase in Cash and Cash Equivalents (A+B+C)	(13,809.93)	(10,042.08)
Cash and cash equivalents at the beginning of the year	1,55,906.82	1,65,948.90
Cash and cash equivalents at the end of the year	1,42,096.89	1,55,906.82
Net Increase in Cash and Cash Equivalents	(13,809.93)	(10,042.08)
Notes:		
1 Cash & Cash Equivalent includes :		
Balance with banks	34,880.96	24,115.37
Cheques, drafts on hand	14,791.97	9,818.77
Cash on hand	495.51	337.10
Fixed deposit with banks	3.00	40.16
Investment in Mutual Fund Units (Highly liquid)	91,925.45	1,21,595.42
Total Cash & Cash Equivalent	1,42,096.89	1,55,906.82
2	The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Amendment Rules, 2011	
3	Temporary Book Overdraft, hitherto classified under Cash & Cash Equivalents has been classified under Other Current Liability in current financial year.	
	The previous year figures have been accordingly restated to confirm to the current year's presentation.	

As per our attached report of even date

For Shah Gupta & Co.
 Chartered Accountants
 FRN 109574W

For Chokshi & Chokshi
 Chartered Accountants
 FRN 101872W

For and on behalf of Board of Directors

Heneel K. Patel
 Partner
 M.No.114103

Mitil Chokshi
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 M.No. 47745

D.K. Mehrotra
 Chairman

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 Director

S.Ravi
 Director

V.K. Sharma
 Managing Director &
 Chief Executive Officer

 Place : Mumbai
 Date : April 26, 2013

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Suresh T. Samtani
 CFO

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013**NOTE 1**

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2013	As at March 31, 2012
Authorised		
75,00,00,000 Equity Shares of ₹ 2/- each (Previous year 75,00,00,000 Equity Shares of ₹ 2/- each)	15,000	15,000
Issued, Subscribed and Paid-up		
50,46,63,000 Equity Shares of ₹ 2/- each (Previous Year 50,46,63,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(b) below	6.37	6.37
	10,099.63	10,099.63

Note.1(a): Reconciliation of no. of shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	50,46,63,000	10,093.26	47,46,63,000	9,493.26
Add: Issued during the year [Refer Note 29(7)]	-	-	3,00,00,000	600.00
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	50,46,63,000	10,093.26	50,46,63,000	10,093.26

Note.1(b): Forfeited Shares

(₹ in Lacs)

Name of Shareholder	As at March 31, 2013	As at March 31, 2012
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

NOTE 2

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2013	As at March 31, 2012
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
Opening Balance	1,72,108.55	91,708.55
Add: Credited on account of preferential share issue	-	80,400.00
Closing Balance	1,72,108.55	1,72,108.55

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2013	As at March 31, 2012
(c) Special Reserve - I		
In terms of section 36(1)(viii) of Income-Tax Act, 1961 and Section 29C of National Housing Bank Act, 1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00
(d) Special Reserve - II		
In terms of section 36(1)(viii) of Income-Tax Act, 1961 and Section 29C of National Housing Bank Act, 1987 (From financial year 1997-98)		
Opening Balance	1,69,949.01	1,45,449.01
Add: Current Year Transfer	27,000.00	24,500.00
Closing Balance	1,96,949.01	1,69,949.01
(e) General Reserve		
Opening Balance	1,43,393.26	1,13,368.26
Add: Current Year Transfer	40,025.00	30,025.00
Closing Balance	1,83,418.26	1,43,393.26
(f) Surplus in the Statement of Profit and Loss		
Opening balance	71,524.58	55,193.18
Add: Net Profit for the current year	1,04,751.26	91,985.42
Less: Appropriations		
Proposed Dividend	19,177.19	18,167.87
Tax on Dividend	3,258.07	2,961.15
Transfer to General Reserve	40,025.00	30,025.00
Transfer to Special Reserve - II	27,000.00	24,500.00
Closing Balance	86,815.59	71,524.58
	6,43,237.34	5,60,921.33

NOTE 3

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures	33,64,300.00	7,60,100.00	25,83,500.00	6,23,100.00

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

(b) Zero Coupon Debentures	15,100.00	28,500.00	28,500.00	-
(c) Term Loans :				
From banks	16,86,098.14	1,37,116.09	15,13,298.14	98,999.67
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	21,599.87	14,431.27	36,031.14	17,463.58
(e) Other loans and advances:				
National Housing Bank (Refinance)	1,85,437.27	61,580.56	1,30,125.13	54,135.58
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds:	1,50,000.00	-	1,50,000.00	-
(ii) Upper Tier II Bonds:	1,50,000.00	-	1,50,000.00	-
(b) Deposits:				
Public Deposits	54,258.39	4,162.82	19,675.33	6,234.17
(c) Loans and advances from related parties:				
Life Insurance Corporation of India	-	-	-	21,802.01
	56,26,793.67	10,05,890.74	46,11,129.74	8,21,735.01

NOTE 4

(₹ in Lacs)

DEFERRED TAX LIABILITIES	As at March 31, 2013	As at March 31, 2012
Deferred Tax on account of Depreciation	8.84	6.97
	8.84	6.97

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

NOTE 5

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2013	As at March 31, 2012
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	1,286.71	1,685.97
(b) Sundry Deposit Repayable	829.49	824.71
(c) Interest Accrued but not due on Borrowings	3,395.28	1,087.80
(d) Other Liabilities	27.49	27.49
	5,538.97	3,625.97

NOTE 6

(₹ in Lacs)

LONG TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
(a) Provision for Employee Benefits [Refer Note 29(11)]	1,599.02	1,104.81
(b) Others		
(i) Provision for Contingencies [Refer Note 29(6)]	1,162.18	1,177.07
(ii) Provision for Housing loans	65,969.37	60,019.63
(iii) Provision for Diminution in the value of Investment [Refer Note 12]	13.80	13.80
	68,744.37	62,315.31

NOTE 7

(₹ in Lacs)

SHORT TERM BORROWINGS	As at March 31, 2013	As at March 31, 2012
Secured		
Loans repayable on demand:		
Line of Credit from Banks	2,25,000.00	1,70,000.00
Unsecured		
(a) Public Deposits	18,724.47	1,012.90
(b) Commercial Paper	-	5,000.00
Less: Discount not written off	-	(150.76)
	-	4,849.24
	2,43,724.47	1,75,862.14

NOTE 8

(₹ in Lacs)

TRADE PAYABLES	As at March 31, 2013	As at March 31, 2012
(a) Micro, Small and Medium Enterprises	-	-
(b) Others	2,504.82	1,500.65
	2,504.82	1,500.65

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013**NOTE 9**

(₹ in Lacs)

OTHER CURRENT LIABILITIES	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of Long-Term Debt (Refer Note 3)	10,05,890.74	8,21,735.01
(b) Interest accrued but not due on loans and public deposits	2,21,747.31	1,61,091.84
(c) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	401.75	431.88
(d) Payable on account of Swap		
Floating interest rate payable on Swap	10,975.77	12,427.24
Fixed interest rate receivable on Swap	(9,829.73)	(10,768.23)
	1,146.04	1,659.01
(e) Unpaid Dividends	443.47	374.67
(f) Unpaid Deposits	228.29	735.05
(g) Statutory Dues Payable	325.22	225.02
(h) Payable to related parties [Refer Note 29(13)]	3,283.57	1,095.10
(i) Other Payables	11,575.30	10,934.60
(j) Temporary Book Overdraft	1,88,681.35	1,31,991.56
	14,33,723.04	11,30,273.74

NOTE 10

(₹ in Lacs)

SHORT TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
(a) Provision for Employee Benefits [Refer Note 29(11)]	1,446.16	1,294.72
(b) Others		
(i) Provision for Taxation	2,961.29	1,755.64
(i) Proposed Dividend	19,177.19	18,167.87
(ii) Tax on Dividend	3,258.07	2,961.15
(iii) Provision for Housing Loans	3,486.03	4,436.84
(iv) Provision for Contingencies [Refer Note 29(6)]	88.85	88.85
	30,417.59	28,705.07

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

Note 11 - FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 01, 2012	Additions/ Adjustments	Deductions / Adjustments	As at March 31, 2013	As at April 01, 2012	For the Year	Deductions / Adjustments	As at March 31, 2013	As at March 31, 2012
Tangible Assets									
Land	4.32	-	-	4.32	-	-	-	4.32	4.32
Freehold Land	575.25	-	37.83	537.42	-	-	-	537.42	575.25
Building	4,598.32	-	-	4,598.32	212.33	74.96	-	4,311.02	4,385.99
Leasehold Improvements	1,157.75	195.45	72.12	1,281.08	863.84	114.85	11.12	313.52	293.91
Furniture & Fixtures	994.95	153.46	89.07	1,059.34	663.55	68.75	8.92	335.96	331.40
Vehicles	47.07	0.01	0.08	47.00	17.92	4.43	0.07	24.72	29.15
Office Equipment	777.81	119.72	73.41	824.12	332.33	38.41	10.85	464.23	445.48
Others									
Computers	2,510.53	496.52	205.41	2,801.64	1,778.63	234.68	26.85	1,986.46	731.90
Total	10,666.00	965.16	477.92	11,153.24	3,868.60	536.08	57.81	4,346.87	6,797.40
Previous Year	7,138.62	3,583.12	55.73	10,666.01	3,388.10	526.32	45.82	3,868.60	
Intangible Assets									
Software License	1,340.48	187.19	2.96	1,524.71	797.96	234.88	0.79	1,032.05	542.52
Total	1,340.48	187.19	2.96	1,524.71	797.96	234.88	0.79	1,032.05	542.52
Previous Year	1,328.45	12.03	-	1,340.48	565.31	232.65	-	797.96	
Capital Work In Progress									
Total	68.15	0.03	43.64	24.54	-	-	-	24.54	68.15
Previous Year	347.10	43.81	322.76	68.15	-	-	-	68.15	
Grand Total	12,074.63	1,152.38	524.52	12,702.49	4,666.56	770.96	58.60	5,378.92	7,408.07
Previous Year	8,814.17	3,638.96	378.49	12,074.64	3,953.41	758.97	45.82	4,666.56	

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013**NOTE 12**

(₹ in Lacs)

NON CURRENT INVESTMENTS		As at March 31, 2013	As at March 31, 2012
Other Non-trade Investments			
<i>(Long Term Investments) (At Cost)</i>			
(a) Investments in Equity Shares		0.16	0.16
(b) Investment in Associate Company			
LIC Nomura Mutual Fund Asset Management Company Ltd.		220.00	220.00
Add: Adjustment for post-acquisition share of profit		2,274.89	2,856.26
		2,494.89	3,076.26
(c) Investments in Government Securities		11,154.55	10,656.50
(d) Investments in Debentures		13.80	13.80
(e) Other non-current investments			
(i) Real Estate Venture Fund		4,372.30	3,401.14
(ii) Mortgage Backed Pass Through Certificates - Class B		-	23.69
		4,372.30	3,424.83
		18,035.70	17,171.55
Aggregate amount of quoted investments			
	At Cost	11,154.55	10,656.50
	At Market Value	11,166.12	10,275.63
Aggregate amount of unquoted investments			
	At Cost	6,881.15	5,742.89
Aggregate provision for diminution in value of investments (Refer Note 5)		13.80	13.80

NOTE 13

(₹ in Lacs)

DEFERRED TAX ASSETS (NET) [Refer Note 29(17)]	As at March 31, 2013	As at March 31, 2012
(a) Deferred tax assets	25,185.70	22,367.19
(b) Deferred tax liabilities	(296.25)	(284.68)
	24,889.45	22,082.51

NOTE 14

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
Unsecured, considered good		
(a) Capital Advance	1,466.42	1,453.76
(b) Security Deposits	498.47	527.16
(c) Advance tax and tax deducted at source (Net of provision for tax)	3,240.76	2,782.60
(c) Tax Paid under Protest	11,608.84	11,284.54
	16,814.49	16,048.06

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

NOTE 15

(₹ in Lacs)

OTHER NON CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Loan against Public Deposits	5.40	2.40
(b) Advances to employees	383.48	353.56
(c) Fixed Deposit with Bank *	150.30	-
(d) Interest Accrued on Fixed Deposits with Banks	4.11	-
(e) Interest Accrued on Advance against Public Deposits	1.07	0.72
(f) Preliminary Expenses	5.48	7.79
	549.84	364.47

*Fixed Deposits with Banks with maturity of more than twelve months towards maintaining SLR for public deposits.

NOTE 16

(₹ in Lacs)

LOANS (SECURED) [Refer Note 29(3)]	As at March 31, 2013		As at March 31, 2012	
	Non Current	Current	Non Current	Current
(a) Individuals	71,20,990.32	3,93,755.21	56,64,135.19	3,25,325.64
(b) Others	2,03,820.22	62,700.42	1,29,018.00	1,89,536.36
	73,24,810.54	4,56,455.63	57,93,153.19	5,14,862.00

NOTE 17

(₹ in Lacs)

CURRENT INVESTMENTS At Lower of cost or market value	No. of Shares / Units		As at March 31, 2013	As at March 31, 2012
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
(a) Investment in Equity instruments				
Aptech Limited	4,134	4,134	1.74	3.20
(b) Investment in Mutual Funds - Highly liquid investments			93,361.87	1,21,595.42
Less: Considered as cash and cash equivalents (Refer Note 20)			(91,925.45)	(1,21,595.42)
			1,436.42	-
(c) Other current investments				
Mortgage Backed Pass Through Certificates - Class B	1	-	21.59	-
			1,459.75	3.20
Aggregate amount of quoted investments		At Cost	8.47	8.47
		At Market Value	1.74	3.20

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013**NOTE 18**

(₹ in Lacs)

INVENTORIES	As at March 31, 2013	As at March 31, 2012
Work In Progress	24.89	11.77
	24.89	11.77

NOTE 19

(₹ in Lacs)

TRADE RECEIVABLES	As at March 31, 2013	As at March 31, 2012
Secured, considered good		
For a period exceeding six months	-	514.57
Others	6,415.61	6,877.37
	6,415.61	7,391.94

NOTE 20

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2013	As at March 31, 2012
(a) Cash and Cash Equivalents		
Balance with Banks*	34,880.96	24,115.37
Cheques, drafts on hand	14,791.97	9,818.77
Cash on hand	495.51	337.10
Mutual Fund - Highly Liquid Investments (Refer Note 17)	91,925.45	1,21,595.42
(b) Other Bank Balances		
Fixed Deposits with Banks**	10,254.37	8,778.03
	1,52,348.26	1,64,644.70

*Balance with Banks includes unclaimed dividend of ₹ 443.47 Lacs (Previous Year ₹ 374.67 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 5,500.00 Lacs (Previous Year ₹ 4296.24 Lacs) and ₹ 447.07 Lacs (Previous Year ₹ 398.18 Lacs) created for excess sale proceeds recovered under SARFAESI

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2013

NOTE 21

(₹ in Lacs)

SHORT TERM LOAN AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) Loans and advances to Employees	190.07	167.21
(b) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	847.54	852.59
Doubtful	42.17	42.04
Less: Provision for Doubtful	(42.17)	(24.33)
	847.54	870.30
(c) Security Deposits (Secured, considered good)	112.59	19.96
(d) Advance tax and tax deducted at source (Net of provision for tax)	49.52	32.63
	1,199.72	1,090.10

NOTE 22

(₹ in Lacs)

OTHER CURRENTS ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Interest Accrued but not due on		
(i) Housing loan	53,896.49	39,689.83
(ii) Investments	292.53	289.97
(iii) Fixed Deposits with Banks	329.12	214.73
(b) Preliminary Expenses	2.32	2.41
	54,520.46	40,196.94

Notes Forming Part of Consolidated Statement of Profit & Loss

for the year ended as at March 31, 2013

NOTE 23

	(₹ in Lacs)	
REVENUE FROM OPERATIONS	March 31, 2013	March 31, 2012
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 3931.85 Lacs Previous year ₹ 5,433.38 Lacs)	7,45,908.67	5,98,268.79
(b) Other Financial Services:		
(i) Processing Fees and other charges received	15,486.15	16,266.15
Less: Processing fees and other charges paid	(3,802.79)	(3,048.90)
	11,683.36	13,217.25
(ii) Other Operating income	8,368.15	2,696.61
	7,65,960.18	6,14,182.65

NOTE 24

	(₹ in Lacs)	
OTHER INCOME	March 31, 2013	March 31, 2012
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks (Tax deducted at source ₹ 74.78 Lacs Previous Year at source ₹ 52.77 Lacs)	714.25	410.50
(ii) Interest on Long Term Investments	860.92	833.54
	1,575.17	1,244.04
(b) Dividend [Includes Dividend on Current Investments amounting to ₹ 0.12 Lacs (Previous Year ₹ 0.17 Lacs)]	0.12	12.13
(c) Profit on sale of Investments (Net)*	5,922.52	7,753.68
(d) Other Non Operating Income		
(i) Residual Income on PTC B	0.06	19.92
(ii) Miscellaneous Income (Tax deducted at source ₹ 26.54 Lacs Previous year ₹ 18.13 Lacs)	1,153.24	1,220.61
(iii) Interest Received on Mobilisation of advance	25.43	24.48
	1,178.73	1,265.01
	8,676.54	10,274.86
*Profit on sale of Investments		
Current Investments	5,931.48	7,870.93
Long Term Investments	(8.96)	(117.24)
	5,922.52	7,753.69

NOTE 25

	(₹ in Lacs)	
FINANCE COST	March 31, 2013	March 31, 2012
(a) Interest Expense		
(i) On Terms Loan	2,10,855.21	1,66,124.02
(ii) On Commercial Papers	150.76	1,472.53
(iii) On Debentures / Bonds	3,72,689.44	2,85,414.36
(iv) On Public Deposits	4,803.58	2,796.53
(b) Other Borrowing cost		
(i) Other Finance Charges	721.76	479.23
(ii) Interest payable from SWAPS (Net)	3,238.69	2,819.79
	5,92,459.44	4,59,106.46

Notes Forming Part of Consolidated Statement of Profit & Loss for the year ended as at March 31, 2013

NOTE 26

	(₹ in Lacs)	
EMPLOYEES BENEFITS EXPENSE	March 31, 2013	March 31, 2012
(a) Salaries and Bonus	7,768.80	6,548.97
(b) Contributions to Provident & Other Funds	1,140.44	858.15
(c) Staff Welfare Expenses	906.43	725.51
	9,815.67	8,132.63

NOTE 27

	(₹ in Lacs)	
ESTABLISHMENT AND OTHER EXPENSES	March 31, 2013	March 31, 2012
(a) Rent, rates and taxes	2,392.56	2,016.13
(b) Repairs and maintenance - building	28.82	15.35
(c) Repairs and maintenance - others	148.87	98.20
(d) Travelling and conveyance	550.26	491.24
(e) Directors sitting fees	13.34	11.48
(f) Advertisement & Publicity expenses	1,402.02	1,189.63
(g) Competition Prizes & Conference Expenses	355.62	256.84
(h) Printing and stationery	376.21	305.69
(i) Postage, telephones and telex	766.72	716.98
(j) Computer Expenses	308.30	287.10
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 29(9)]	53.98	49.81
(ii) Other Professional fees	134.08	211.64
(l) Electricity expenses	436.59	358.89
(m) Insurance	11.25	11.12
(n) Loss on sale of Fixed Assets (Net)	4.47	3.89
(o) Fixed Assets written off	2.89	2.72
(p) Service Charges for Safe Custody of Documents	265.99	181.92
(q) Listing Fees and Payment to Share Transfer Agents	23.99	28.61
(r) Commission and Brokerage	11,247.53	9,617.95
(s) Share issue Expenses preferential issue /Expenses for Split of Shares	11.20	0.13
(t) Recovery Expenses (Net)	(265.45)	(272.79)
(u) Construction / Project Expenses	3,358.32	1,400.21
(v) Miscellaneous expenses	245.44	366.39
(w) Prior Period Items (Net) [Refer Note 29(8)]	6.31	(10.52)
(x) Preliminary Expenses written off	2.41	2.41
	21,881.72	17,341.00

NOTE 28

	(₹ in Lacs)	
PROVISIONS / WRITE OFFS (NET)	March 31, 2013	March 31, 2012
(a) Housing loans written off	3,137.00	2.97
(b) Provision for diminution in value of current investment	1.46	0.86
(c) Provision for Housing Loans	8,129.17	16,083.67
(d) Provision for Contingency	17.84	-
Less :		
(e) Housing loans written off recovered	(250.31)	(481.95)
(f) Provisions for Housing Loans written back	(3,130.23)	-
(g) Provisions for Contingency Written Back	-	(0.45)
	7,904.93	15,605.10

Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2013

NOTE 29

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

PRINCIPLES OF CONSOLIDATION:

1. The consolidated financial statements relate to LIC Housing Finance Limited ("the Company") and its subsidiaries and associate, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
 - a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011.
 - b) In case of associate, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011.
 - c) The difference between the cost of investment in the associate / subsidiaries and the share of net assets at the time of acquisition of shares in the associate / subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
 - d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements except for accounting policy followed by the four subsidiaries namely, LICHFL Care Homes Limited, LICHFL Financial Services Ltd., LICHFL Asset Management Company Ltd. and LICHFL Trustee Company Private Ltd. for amortization of preliminary expenses incurred by the said subsidiaries after April 1, 2003 over a period of ten years as against charging off of such expenses to the Statement of Profit and Loss by the Company.
 - e) The audited financial statements of the subsidiaries and unaudited financial statements of associate are considered for the purpose of consolidation and are drawn upto March 31, 2013. The reporting period of these financial statements is same as the reporting period of the Company.
 - f) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary Companies and further movements in their share in the equity, subsequent to the dates of the investments as stated above.
2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011, the carrying amounts of investments in Associates is adjusted for post acquisition change in the Company's share in the net assets of the associates after eliminating unrealized profits or losses, if any.
3. The consolidated financial statements of LIC Housing Finance Limited, its subsidiaries and associate Company are prepared in accordance with Accounting Standard (AS) - 21 'Consolidated Financial Statements' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the Companies (Accounting Standards) Amendment Rules, 2011.

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

The details of such enterprises are as under:

Name of the company	Nature of relationship	Proportion of ownership interest / voting power		Country of Incorporation
		Current Year	Previous Year	
LICHFL Care Homes Ltd.	Subsidiary	100.00%	100.00%	India
LICHFL Financial Services Ltd.	Subsidiary	100.00%	100.00%	India
LICHFL Asset Management Company Ltd. (Formerly known as LICHFL Asset Management Company Private Ltd.)	Subsidiary	94.62%	94.62%	India
LICHFL Trustee Company Private Ltd.	Subsidiary	100.00%	100.00%	India
LIC Nomura Mutual Fund Asset Management Company Ltd. (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)	Associate	20.00 %	20.00 %	India

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Amendment Rules, 2011, the relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Company.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash & cash equivalents, the Company had ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

c. Revenue Recognition

Interest on Housing Loans

Repayment of Housing Loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest or by way of proceeds of Life Insurance Policies where interest is collected in monthly installment. Necessary appropriation is made out of these EMI collections to principal and interest. Interest income is recognized on accrual basis except in case of non-performing assets where interest is accounted on realization.

Fees and additional interest income on delayed EMI/Pre-EMI are recognized on receipt basis.

Income from Investments

Interest income on debt investments like Non Convertible Debentures (NCD), Inter Corporate Deposits (ICD), Bank Deposits, Government Securities is recognized on accrual basis and Dividend income is accounted for in the year in which the same is declared in Annual General Meeting and Company's right to receive payment is established.

Revenue from property development / construction projects

Revenue is recognized based on nature of activity when consideration can be reasonably measured and their exist reasonable certainty of its recovery.

Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2013

- i) Income from services is recognized on completion of the works/contract.
- ii) Revenue from property development / construction projects activity is recognized by applying percentage of completion method of the contract value basis when reasonable expectation of collection of the sale consideration from the customers exists. Percentage of completion is determined as a proportion of the cost of work performed to date to the total estimated contract costs and the project so determined has been accounted for proportionate to the percentage of the actual work done.
- iii) Interest on delayed payment from customers is booked on cash basis.

Other Income

In other cases, income is recognized when there is no significant uncertainty as to determination and realization.

d. Fixed Assets

Fixed Assets are stated at cost of acquisition, or construction inclusive of expenses incidental thereto less accumulated depreciation and impairment loss, if any.

e. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Cost of leasehold improvements is amortized over the period of the lease. Depreciation on assets whose cost individually does not exceed upto ₹ 5,000/- is fully provided in the year of purchase.

f. Impairment Loss

Impairment loss is provided to the extent the carrying amount of assets (including goodwill on consolidation) exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. Intangible Assets

Intangible assets are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less amortization over estimated useful life. Software License is amortized on straight line basis over five years.

h. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB), current investments are carried at lower of cost and fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of Mutual Funds in nature of current investment are valued at the Net Asset Value declared by Mutual Funds in respect of each particular scheme as per the guidelines issued by the NHB.

i. Employee Benefits

Provident Fund

Contribution as required by statute paid to the Government Provident Fund as also contribution paid to other recognized Provident Fund Trust is debited to the Statement of Profit and Loss.

Gratuity

- Gratuity liability is a defined benefit obligation for employees. The Company has taken Group Gratuity-cum-Life Insurance Policy from Life Insurance Corporation of India (LIC) for employees other than those are under deputation from LIC. Accordingly, the Company accounts for liability for future gratuity benefits based on actuarial valuation carried out at the end of each financial year and the Contribution paid to LIC is charged to the Statement of Profit and Loss. Actuarial gain or losses arising from changes in actuarial assumptions are immediately recognized in the Statement of Profit and Loss in the period in which they arise.
- In respect of employees under deputation from LIC, an amount equal to five percent of aggregate of basic salary and dearness allowance of such employees, paid / payable to LIC is charged to the Statement of Profit and Loss and is treated as a defined contribution obligation.

Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2013

Leave Benefits

Leave Benefits for both short term and long term in the form of vesting and non vesting compensated absences are accounted for on actuarial valuation determined as at the year end.

j. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions.

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognized as income or expense.

At the year end, monetary assets and liabilities denominated in foreign currency are reported using the closing rate of exchange. Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expense in the relevant year.

k. Derivative Transactions

SWAP transactions are considered off balance sheet items and the outstanding SWAP trades are disclosed at the fair value on the reporting date. The carrying amount (difference between coupon rate liability and SWAP contract rate) is accounted on an accrual basis and the same is adjusted against the interest cost of the underlying liability. Gain realized on early termination of SWAP is amortized over the balance tenure of the SWAP or underlying liability whichever is less. Loss if any on early termination is charged to the Statement of Profit and Loss in the same year.

l. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

m. Zero Coupon Instrument

The difference between the discounted amount mobilized and redemption value of Commercial Papers / Zero Coupon Bond/ NCD is apportioned on time basis over the life of instrument and charged as interest expense in the Statement of Profit and Loss.

n. Income Tax

Taxes on income are accounted for in accordance with Accounting Standard (AS)-22 – “Accounting for taxes on income”, notified under the Companies (Accounting Standards) Amendment Rules, 2011. Income tax comprises both current and deferred tax.

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reverse all in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using substantially enacted tax rates and tax regulations as of the Balance Sheet date.

In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized, only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

o. Provision on Standard and Non Performing Loans

The provision on Standard and Non Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required is made as per the Guidelines approved by the Board of Directors from time to time.

Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2013

Provisions and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

p. Leases

Assets acquired on lease where significant portions of the risks and rewards incidental to the ownership are retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

q. Securitised Assets

Derecognition of Securitised assets in the books of the Company, recognition of gain or loss arising on Securitisation and accounting for credit enhancement provided by the company is based on the extant guidelines issued by the Institute of Chartered Accountants of India.

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included as current investment under for the current year.

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) are ₹ 5,431.64 Lacs (Previous Year ₹ 5,522.43 Lacs).
- b) Other Commitments: Uncalled liability of ₹ 4,000.00 Lacs in respect of commitment made for contribution to LICHFL Urban development fund by subscription of 40,000 units (previous year Nil) of ₹ 10,000/- each.
2. **Contingent liabilities in respect of :**
 - a) Corporate undertaking of ₹ 1,435.00 Lacs (Previous year ₹ 1,435.00 Lacs) for Securitization transactions.
 - b) Claims against the group not acknowledged as debts ₹ 23.38 Lacs (Previous Year ₹ 15.04 Lacs).
 - c) The Company has received a demand of ₹ 1,145.56 Lacs, ₹ 1,122.06 Lacs (including interest of ₹ 88.99 Lacs), ₹ 347.76 Lacs (including interest of ₹ 20.39 Lacs), ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs), ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs), ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) on completion of income tax assessment for the assessment year 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.
 - d) Bank Guarantee outstanding of ₹ 31.78 Lacs (Previous Year ₹ 31.78 Lacs) against the Bhuvneshwar Project of LICHFL Care Homes Ltd.
3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorization:
 - a) Equitable / Registered Mortgage of Property
 - b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank
 - c) Assignment of Lease Rent Receivables
 - d) Company guarantees or personal guarantees
 - e) Negative lien
 - f) Undertaking to create a security
- (ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.
4. Housing Loans include loans amounting to ₹ 1,757.68 Lacs (Previous year ₹ 2,246.22 Lacs) against which the Company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of

Notes Forming Part of the Consolidated Financial Statements for the year ended March 31, 2013

Security Interest Act, 2002 and held such properties for disposal. The fair value of assets possessed against the loan is ₹ 2,727.79 Lacs (Previous year ₹ 2,080.89 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2013.

5. Details with regard to securitization deals of the Company. The trustees to the deals have issued Pass through Certificates (PTC) to the investors:

(₹ in Lacs)

Year of deal	Particulars	Amount securitized	Trustee	Balance of PTC as at March 31, 2013
2003-2004	Individual Housing Loans - India MBS 2003 Series III	19,634.93	IL&FS Trustee Company	90.67 (247.45)

Figures in bracket are in respect of the previous year.

6. **Provision for contingencies includes:**

- a) Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables.
- b) Provision for probable loss on account of bank reconciliation differences.

The movement in provisions is as below:

(₹ in Lacs)

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1,177.07 (1,166.34)	88.85 (88.85)
Add: Top up of Corporate Undertaking	2.96 (23.61)	- (-)
Less: Amounts utilized during the year	17.84 (12.88)	- (-)
Closing balance	1,162.19 (1,177.07)	88.85 (88.85)

Figures in bracket are in respect of the previous year.

7. During the previous year, pursuant to the shareholder's approval in the Extraordinary General Meeting held on March 5, 2012 the Company had allotted 3,00,00,000 equity shares of face value of ₹ 2/- each at a premium of ₹ 268/- per share aggregating to ₹ 81,000.00 Lacs to Life Insurance Corporation of India, promoter of the Company on a Preferential basis under lock-in period of three years, The said issue was made under chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended.

8. **Prior period items include:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Income		
Interest Income on Housing Loans	Nil	18.22
Expenditure		
Miscellaneous Expenses	(6.31)	(7.69)
Net Income	(6.31)	10.53

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

9. Auditor's Remuneration:

(₹ in Lacs)

Particulars	Current Year	Previous Year
As auditor including ₹ 4.40 Lacs (Previous Year ₹ 3.20 Lacs) to Back Office Auditors	31.85	29.05
As advisor or in any other capacity in respect of tax audit	4.88	4.68
For Quarterly Limited Reviews	14.00	12.00
In any other manner (Certification work)	2.88	3.77
For Reimbursements of expenses*	0.37	0.31
Total	53.98	49.81

*Includes ₹ 0.32 Lacs to Back Office Auditors

10. Derivative instruments:

- Interest Rate SWAP for hedging underlying liability aggregate to ₹ 1,19,600.00 Lacs (Previous year ₹ 1,34,600.00 Lacs).
- For underlying liability of ₹ 65,000.00 Lacs (Previous year ₹ 65,000.00 Lacs), Coupon SWAP has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- The Company as on March 31, 2013 had outstanding interest rate and coupon SWAPs covering the underlying liability aggregating to ₹ 1,84,600.00 Lacs (Previous year ₹ 1,99,600.00 Lacs). The mark to market value of all such SWAPs as at March 31, 2013 was negative to the extent of ₹ 13,160.70 Lacs (Previous year ₹ 24,130.27 Lacs).

11. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on Employee Benefits (AS-15) (Revised 2005) notified by Companies (Accounting Standards) Rules, 2006, the following disclosure have been made :

Provident Fund and Pension Fund Liability

The Company has recognised ₹ 560.47 Lacs (Previous year ₹ 469.71 Lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employee on deputation who have opted for pension, ₹ 25.74 Lacs (previous year ₹ 24.51 Lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995 .

Gratuity Liability

(₹ in Lacs)

Changes in the Benefit Obligation	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the Beginning of the year	1,517.00	1,309.88	915.83	655.66	507.50
Interest Cost	125.15	104.79	73.27	54.68	43.29
Current Service Cost	108.11	94.53	83.17	56.11	47.05
Past Service Cost			101.74	-	-
Benefit Paid	(27.14)	(74.60)	(18.71)	(12.56)	(26.96)
Actuarial Loss on obligations	515.09	82.40	154.58	161.94	84.79
Liability at the end of the year	2,238.21	1,517.00	1,309.88	915.83	655.66
Fair Value of the Plan Assets	2012-13	2011-12	2010-11	2009-10	2008-09
Fair Value of Plan Asset at the beginning of the year	1,686.87	1,385.61	639.78	570.86	463.65
Expected Return on Plan Assets	134.95	110.85	51.18	47.45	43.36
Contributions	318.70	247.18	699.33	28.56	91.77
Benefit paid	(27.14)	(74.60)	(18.71)	(12.56)	(26.96)
Actuarial Gain / (Loss) on Plan Assets	25.23	17.84	14.03	5.47	(.97)
Fair value of Plan Assets at the end of the year	2,138.61	1,686.87	1,385.61	639.78	570.86
Total Actuarial Loss to be Recognized	489.86	64.56	(140.55)	(156.48)	(85.76)

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

Gratuity Liability (₹ in Lacs)					
Actual Return on Plan Assets:	2012-13	2011-12	2010-11	2009-10	2008-09
Expected Return on Plan Assets	134.95	110.85	51.18	47.45	43.36
Actuarial Gain / (Loss) on Plan Assets	25.23	17.84	14.03	5.47	(.97)
Actual Return on Plan Assets	160.18	128.69	65.21	52.92	42.39
Amount Recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the end of the year	(2,238.22)	(1,517.00)	(1,309.88)	(915.83)	(655.66)
Fair Value of Plan Assets at the end of the year	2,138.61	1,686.87	1,385.61	639.78	570.86
Amount recognized in the Balance Sheet	(99.61)	169.87*	75.73*	(276.05)	(84.80)
*Restricted to NIL					
Expense Recognized in the Statement of Profit and Loss :	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	108.11	94.53	83.17	56.11	47.05
Interest Cost	125.15	104.79	73.27	54.68	43.29
Expected Return on Plan Assets	(134.95)	(110.85)	(51.18)	(47.45)	(43.36)
Net Actuarial Loss to be recognized	489.86	64.56	140.55	156.48	85.76
Past Service Cost	-	-	101.74	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	588.18	153.03	347.55	219.81	132.73
Reconciliation of the Liability recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Opening Net Liability	(169.87)	(75.73)	276.05	84.80	43.84
Expense recognized	588.18	153.03	347.55	219.81	132.73
Contribution by the Company	(318.70)	(247.18)	699.33	28.56	91.77
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	99.61 *	(169.87) *	(75.73)*	276.05	84.80
*Restricted to NIL					
Experience Adjustments					
On Plan liability (Gains)/Losses	285.88	124.29	234.38	214.97	Not Available
On Plan Assets (Losses)/Gains	25.23	17.84	14.03	5.47	Not Available
Plan Assets					
Insurer Managed Funds*	2138.61	1686.87	1,385.61	639.78	-
*% to the total fair value of plan assets	100%	100%	100%	100%	-
Assumptions	2012-13	2011-12	2010-11	2009-10	2008-09
Discount Rate	8.25%	8.25%	8.25%	8.00%	7.75%
Rate of Return on Plan Assets	8.70%	8.00%	8.00%	8.00%	8.00%
Salary Escalation	6.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	Indian Assured lives mortality (2006-08) Ultimate	LIC (1994-96) Ultimate			

Gratuity Premium is paid to LIC of India under Gratuity Scheme of LIC.

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2013 is ₹ 264.13 Lacs (Previous Year ₹ 106.17 Lacs).

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

Leave Encashment					(₹ in Lacs)
Changes in the Benefit Obligation	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the Beginning of the year	1,163.06	1,007.68	857.44	548.47	543.17
Interest Cost	101.77	83.13	68.59	45.57	75.04
Current Service Cost	68.10	68.96	57.93	39.48	394.80
Benefit Paid	-	-	-	-	-
Actuarial (Gain) / Loss on obligations	334.35	3.28	23.72	223.93	(464.54)
Liability at the end of the year	1,667.28	1,163.06	1,007.68	857.44	548.47
Amount Recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Liability at the end of the year	1,667.28	1,163.06	1,007.68	857.44	548.47
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet	(1,667.28)	(1,163.06)	(1,007.68)	(857.44)	(548.47)
Expense Recognized in the Statement of Profit and Loss :	2012-13	2011-12	2010-11	2009-10	2008-09
Current Service Cost	68.10	68.96	57.93	39.48	394.80
Interest Cost	101.77	83.13	68.60	45.57	75.04
Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	334.35	3.28	23.72	223.93	(464.54)
Expense recognized in the Statement of Profit and Loss under staff expenses	504.22	155.38	150.24	308.98	5.30
Reconciliation of the Liability recognized in the Balance Sheet:	2012-13	2011-12	2010-11	2009-10	2008-09
Opening Net Liability	1163.06	1,007.68	857.44	548.47	543.17
Expense recognized	504.22	155.38	150.24	308.97	5.30
Contribution by the Company	-	-	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,667.28	1,163.06	1,007.68	857.44	548.47
Experience Adjustments:	2012-13	2011-12	2010-11	2009-10	2008-09
On Plan Liability (Gains)/Losses	155.57	49.80	53.76	278.22	
On Plan Assets (Losses)/Gains	-	-	-	-	
Assumptions:	2012-13	2011-12	2010-11	2009-10	2008-09
Retirement Age	58Years	58Years	58Years	58Years	58Years
Discount Rate	8.25%	8.75%	8.25%	8.00%	7.75%
Salary Escalation	6.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	Indian Assured lives mortality (2006-08) Ultimate	LIC (1994-96) Ultimate			

The estimates of future salary increases, considered in actuarial valuation, include inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is certified by the actuary and relied upon by the Auditors.

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

12. Segment reporting:

- The Company is engaged in the business of providing loans for purchase, construction, repairs and renovation etc., of houses / flats to individuals, corporate bodies, builders and co-operative housing societies.
- LICHFL Care Homes Limited, a wholly owned subsidiary is engaged in the business of setting up, running and maintaining assisted living community centre/ care homes for senior citizens.
- LICHFL Financial Services Limited, a wholly owned subsidiary is engaged in the business of marketing various financial products and services.
- LICHFL Asset Management Company Limited (Formerly Known as LICHFL Asset Management Company Private Limited), a subsidiary with 94.62% shareholding is engaged in business of managing, advising, administering mutual funds, unit trusts, investment trusts and to act as financial and investment advisors and render financial advisory services.
- LICHFL Trustee Company Private Limited, a wholly owned subsidiary acts as a trustee to venture capital trusts and funds.
- LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.), an associate acts as asset manager for LIC Nomura Mutual Fund.

Further, the Group has its operations primarily within India. The scale of operations of the Company far exceeds those of the subsidiaries and associates and the business segments as mentioned above, do not meet the criteria of reportable segments as defined in Accounting Standard (AS)-17, 'Segment Reporting' notified under the Companies (Accounting Standards) Amendment Rules, 2011, and hence, segment information for business and geographical segments has not been disclosed.

13. Related party disclosure:

a) Details of related parties:

Sr. No.	Name of the related party	Nature of relationship
1.	Life Insurance Corporation of India	Enterprise having significant influence
2.	LIC Nomura Mutual Fund Asset Management Company Limited	Associate
3.	LICHFL Urban Development Fund	Entities over which control is exercised
4.	Mr. V.K. Sharma, Managing Director and Chief Executive	Key Management Personnel
5.	Mr. H. C. Mishra, Director and Chief Executive of LICHFL Care Homes Ltd	Key Management Personnel
6.	Mr. A.K Sharma –Director and Chief Executive Officer of LICHFL Asset Management Company Limited (From December 7, 2011)	Key Management Personnel
7.	Mr. Arun V. Goel – Chief Executive Officer (till October 4, 2011) of LICHFL Asset Management Company Limited	Key Management Personnel

b) Details of transactions with related parties:

Nature of transactions	(₹ in Lacs)	
	Current Year	Previous Year
Life Insurance Corporation of India:		
Preferential Allotment of Equity Shares	-	81,000.00
Issue of non convertible debentures	1,88,500.00	1,50,000.00
Repayment of non convertible debentures	24,100.00	50,200.00
Unsecured loans taken	3,131.07	3,173.38
Unsecured Loan Repaid	25,000.00	-
Repayment of Secured loan	17,463.58	21,347.77
Issue of Upper Tier II Bonds	-	-
Takeover of Housing Loan Portfolio of LIC Employees	2,530.13	-
Interest expenses on Secured and Unsecured loans	99,633.78	93,724.45

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

(₹ in Lacs)		
Nature of transactions	Current Year	Previous Year
Dividend Payment	7,323.93	6,070.49
Advertisement Income received	2.92	2.92
Consultancy Charges	109.29	22.75
Rent Expenses	369.50	281.13
Reimbursement of Municipal Taxes, etc.	69.39	10.45
Reimbursement of Electricity Expenses	30.00	32.27
Payment for Staff training, Conference, etc.	1.79	4.22
Payments towards Renovation & Repairs	118.82	21.82
Reimbursement of Expenses	5.27	1.79
Reimbursement of Gratuity for staff on deputation from LIC	22.46	20.01
Year-end Balance (Credit)	12,07,578.63	10,31,043.78
LIC Nomura Mutual Fund Asset Management Co. Ltd.:		
Dividend Income	-	-
Other Income	-	-
Interest expenses on NCD	394.39	529.05
Repayment of NCD	5,000.00	-
Year-end Balance (Credit)	3,249.83	7,000.00
LICHFL Urban Development Fund		
Investment	1,000.00	-
Trusteeship Fees	5.00	1.25
Mr. V. K. Sharma		
Managerial remuneration*	23.99	25.03
Mr. H. C. Mishra		
Remuneration(Excluding perquisite)	15.48	14.30
Mr. A.K Sharma		
Remuneration	13.94	7.08
Mr. Arun V. Goel		
Remuneration	-	43.49

*As the Provision for Performance Linked Incentive and Leave Encashment is accrued for the company as a whole and not decided individually, hence not included.

14. Operating Leases:

The Company has taken various offices and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for premises are ₹ 1,873.05 Lacs (Previous year ₹ 1,700.79 Lacs).

Future minimum rentals payable under non-cancellable operating lease is as follows :

(₹ in Lacs)		
	March 31, 2013	March 31, 2012
Offices premises	94.14	151.30
After one year but not more than five years	-	94.14
More than five years	-	-
Total	94.14	245.44

Notes Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2013

15. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholder's by the weighted average number of equity shares outstanding during the year as under:

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	₹ in Lacs	1,04,751.26	91,985.42
Weighted average number of equity shares outstanding during the year	Nos.	5,04,663,000	4,76,220,377
Basic and Diluted Earnings per share	₹	20.76	19.32
Face value per equity share	₹	2.00	2.00

16. Current tax:

Provision for current tax is made on the basis of accounting practices consistently followed by the Company, including method of accounting for interest on housing loans and is after availing deduction under section 36(1)(viii) of the Income Tax Act, 1961. For the purpose of determining the quantum of deduction available under section 36(1)(viii), the methodology applied for the bifurcation of income and expenses for long term housing finance has been relied upon by the auditors.

17. The Components of Deferred Tax Assets and Liabilities are as under:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing loans	23,607.89	20,912.91
Provisions for Contingencies	8.32	7.89
Provision for Tapping Corporate Undertaking	395.03	381.90
Unamortized One Time Gain	573.91	687.14
Provision for Employee Benefits	600.56	377.35
(A)	25185.70	22,367.19
Deferred Tax Liabilities:		
Related to Fixed Assets	305.09	291.65
(B)	305.09	291.65
Net Deferred Tax Assets	[(A)-(B)]	22,075.54

18. The previous year figures have been reclassified / regrouped / restated to conform to current year's classification.

Signatures to Notes 1 to 29

As per our attached report of even date

For and on behalf of Board of Directors

For Shah Gupta & Co. **For Chokshi & Chokshi**
 Chartered Accountants Chartered Accountants
 FRN 109574W FRN 101872W

Heneel K. Patel	Mitil Chokshi	D.K. Mehrotra	Sushobhan Sarker	S.Ravi	V.K. Sharma
Partner	Partner	Chairman	Director	Director	Managing Director & Chief Executive Officer
M.No.114103	M.No. 47745				

Place : Mumbai
 Date : April 26, 2013

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Suresh T. Samtani
 CFO

NOTES





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www.lichousing.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges
 (as on date of adoption of accounts – 26.04.2013)

1.	Name of the Company	LIC Housing Finance Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation : During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.598.62 lakh (previous year Rs.1379.67 lakh). However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.	Unqualified
4.	Frequency of observation	Repetitive since previous years
5.	To be signed by – <ul style="list-style-type: none"> Managing Director & CEO Shri V. K. Sharma Chief Financial Officer Shri Suresh T. Samtani Joint Statutory Auditors of the Company <p>For Shah Gupta & Co., Chartered Accountants FRN – 109574W</p> <p>Heneel K Patel, Partner, M.No.114103</p>	   

Corporate Office : LIC Housing Finance Ltd., 131 Maker Tower "F" Premises, 13th Floor, Cuffe Parade, Mumbai 400 005
 Tel: + 91 22 2217 8600 Fax: +91 22 2217 8777 Email: lichousing@lichousing.com

Registered Office: LIC Housing Finance Ltd. Bombay Life Bldg., 2nd flr., 45/47, Veer Nariman Rd, Fort, Mumbai - 400 001
 Tel: +91 22 2204 9682 /9799 /0006 Fax: +91 22 2204 9839. E-mail: lichousing@lichousing.com | www.lichousing.com

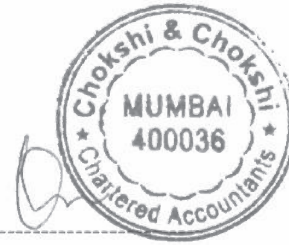
**LIC HFL**

LIC HOUSING FINANCE LTD

- Joint Statutory Auditors of the Company

For Chokshi & Chokshi, Chartered Accountants FRN – 101872W

Mitil Chokshi, Partner, M.No.47745



- Audit Committee Chairman
Shri S. Ravi

Corporate Office : LIC Housing Finance Ltd., 131 Maker Tower "F" Premises, 13th Floor, Cuffe Parade, Mumbai 400 005
Tel :+ 91 22 2217 8600 Fax:+91 22 2217 8777 Email :lichousing@lichousing.com

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