



Building Homes,
Nurturing Relationships

ANNUAL REPORT 2015—16





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Date of Annual General Meeting: 19th August, 2016

Forward Looking Statements

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 the Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

Building Homes, Nurturing Relationships

There are many reasons why we dream to own a home. Firstly, a home gives us a deep sense of security. We also take great pride in home ownership and being the “masters of our own castle”. Buying a home is also usually the first step towards responsible financial planning. It also represents the ideas of freedom, privacy and independence. Once we build some equity, our homes eventually become an invaluable investment over time, giving us further financial freedom. Most of the time, our home is just a warm and safe shelter to live in.

The story of LIC Housing Finance Limited began with a simple vision – that of enabling people fulfil their dream of owning a safe haven for themselves and their loved ones. Our Mission is to “provide secured housing finance at affordable cost, maximizing shareholders value with higher customer sensitivity”. Over the last 27 years, we have reached out to millions of people and helped fulfil their aspirations.

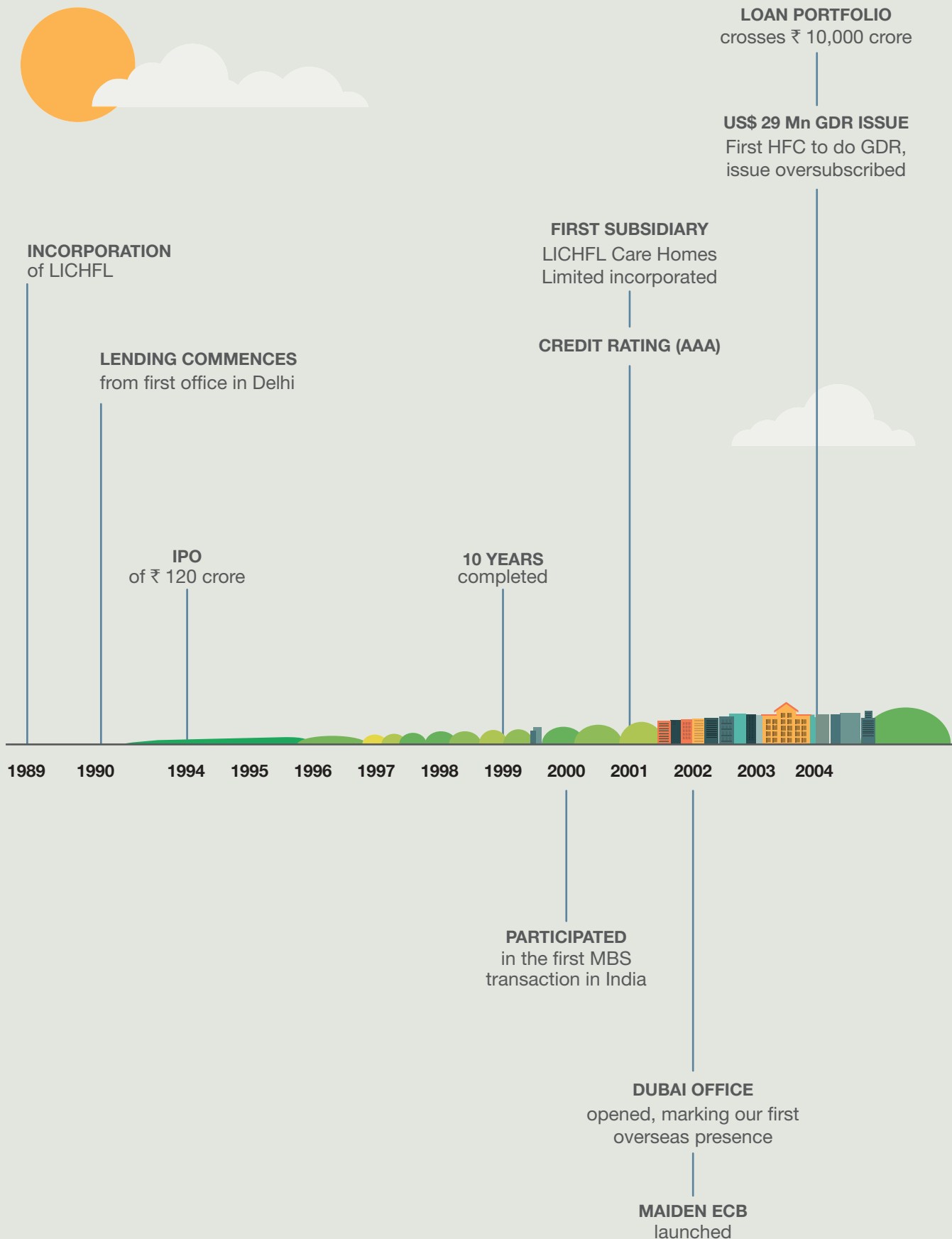
Going forward, we are on a journey with a singular commitment to delight the customer with cutting-edge products and new industry benchmarks. With an in-depth understanding of the housing market, we have emerged to deliver a new dimension of excellence. This entails having enhanced market insight, better operating efficiencies and nurturing deeper customer centricity.

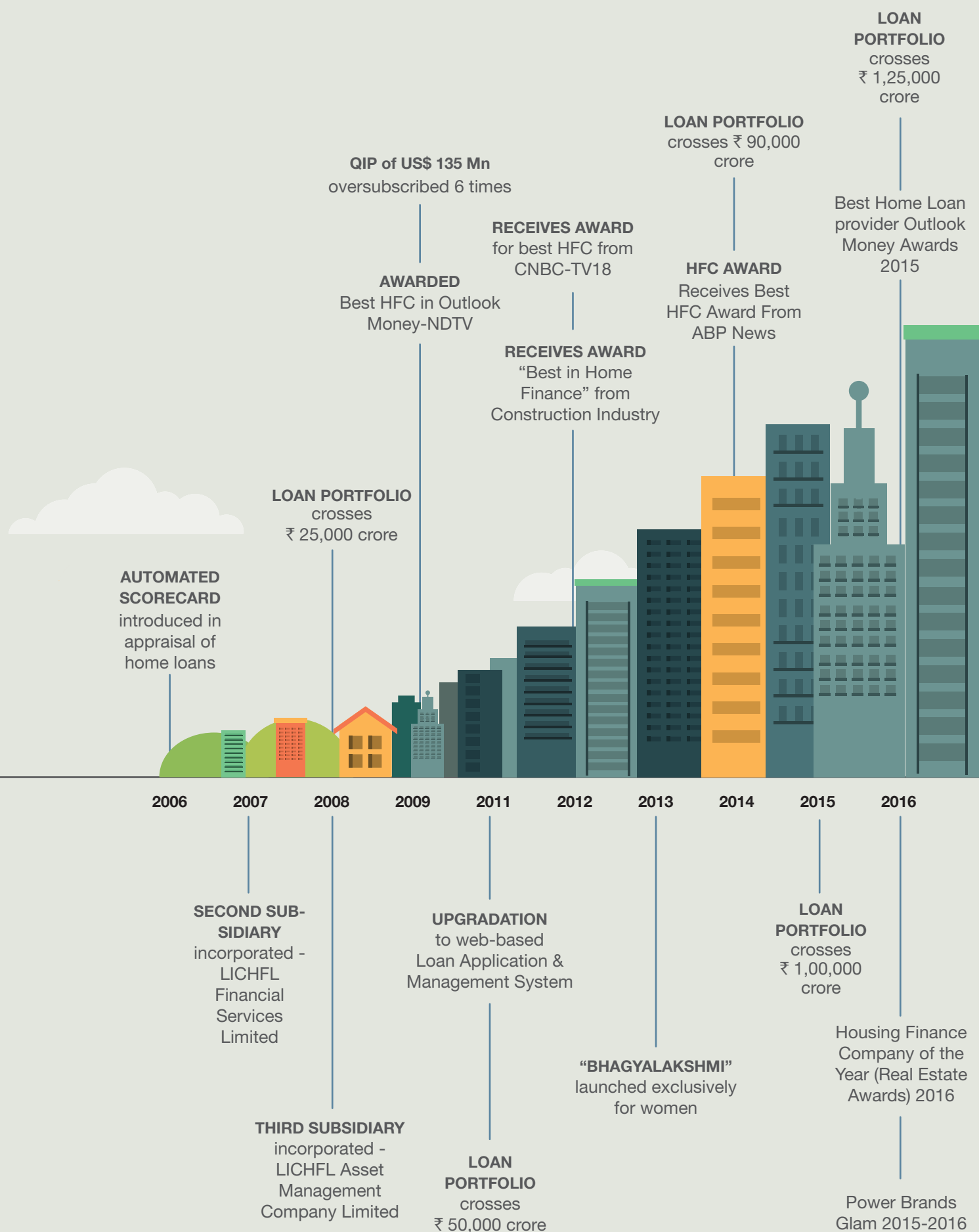
Today, our customers are our best brand advocates. As a result of our strong bond with them, they have bestowed their trust in us as partners in making their dreams come true. Our stakeholders have recognised this clearly, and have supported us since inception, with a keen understanding of our socially-inclusive, sustainable and profitable business model. We continue to live up to our brand promise of helping dreams come true, and by providing our stakeholders with the opportunity of superior value creation consistently.

APPEAL TO MEMBERS

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 holdings in dematerialised mode with the Depository through their respective Depository Participants. Those holding shares in physical forms are requested to send their email address directly to the Company or to Registrar & Transfer Agent where various notices / documents can be sent through electronic mode.

Our Rich Legacy





At a Glance

LIC Housing Finance Limited is one of the largest Housing Finance companies in India. Incorporated on 19th June, 1989 under the Companies Act, 1956, the Company was promoted by LIC of India and went public in the year 1994. The Company launched its maiden GDR issue in 2004. The Company is registered with National Housing Bank and listed on the National Stock Exchange (NSE) and Bombay Stock Exchange Limited (BSE) and its shares are traded only in Demat format. The GDRs are listed on the Luxembourg Stock Exchange.

The main objective of the Company is providing long term finance to individuals for the purchase or construction of a house or a flat for residential purpose. The Company also provides finance on an existing property for business or personal needs and also gives loans to professionals for buying their office space and equipment. The Company also provides finance to persons engaged in the business of construction and sale of residential properties.

LIC Housing Finance Limited possesses one of the industry's most extensive marketing network in India with 234 marketing offices. In addition, it has appointed nearly 13,668 intermediaries to extend its marketing reach. There are 17 Back Offices spread across the country to conduct the credit appraisal and administrative functions. The Company has set up Representative Offices in Dubai and Kuwait to cater to the Non-Resident Indians in the GCC countries covering Bahrain, Dubai, Kuwait, Qatar and Saudi Arabia. Today, the Company has a proud group of over 20 lakh prudent house owners who have enjoyed the Company's financial assistance.

Today, LICHFL has mastered the art of knowing how to measure, manage and allocate risk in the home loans business, which are the key elements of this business.

Capital Adequacy Ratio

17.04%

Loan Portfolio

₹1,25,173 cr.

Networth

₹ 9,146 cr.

Gross Revenue

₹12,485 cr.

Net Profit

₹1,661 cr.

EPS

**₹ 32.91
per share**

Sanctions

₹39,100 cr.

Disbursement

₹36,151 cr.

Cumulative Disbursements

**₹2.03
lakh cr.**

Gross NPA

0.45%

Promoted by
the LIC of India in

1989

Gross NPAs in retail loans at

0.20%

Profit making &
dividend paying

since 1990

Highest credit ratings

(AAA)
since 2002

More than

20 lakh
customers serviced
till date

Market capitalisation
more than

₹ 24,000 cr.
As on 31st March, 2016

27
Years in Business

Cumulative Disbursements

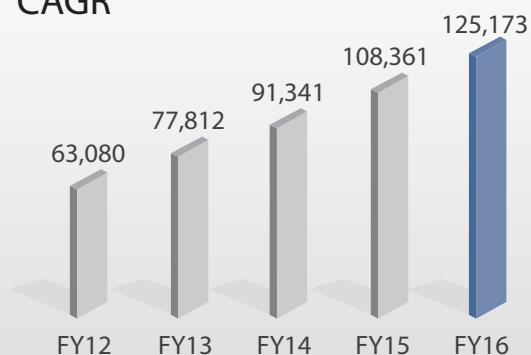
₹ 2.03 lakh cr.
since inception

Financial Highlights

FY2015-16

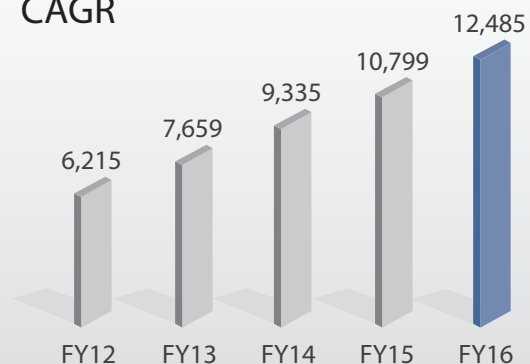
Loan Portfolio
(₹ Cr)

19%
CAGR



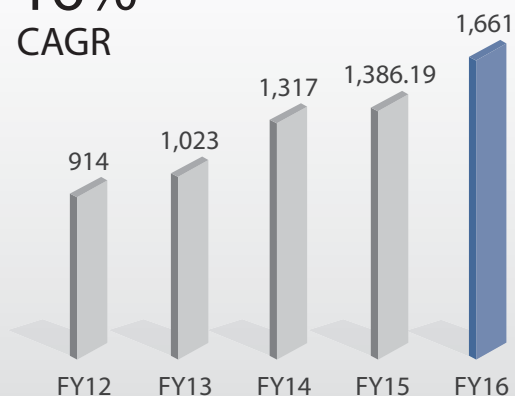
Income
(₹ Cr)

19%
CAGR



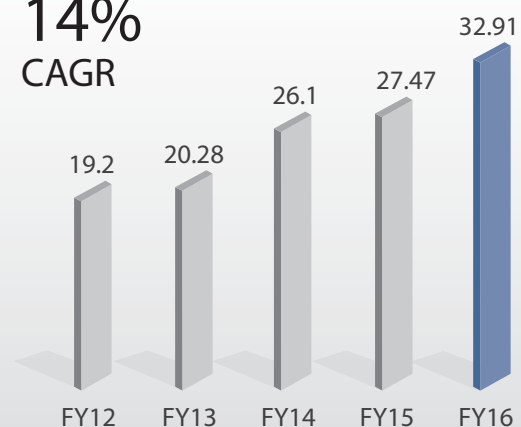
Profit After Tax
(₹ Cr)

16%
CAGR



EPS
(₹ 2 paid-up)

14%
CAGR



Net Profits ₹ 1,661 crore,
up by 20%

Total Loan portfolio up by 19%
to ₹ 125,173 crore

Individual Loan
Portfolio up by 15% to
₹ 121,731 crore

NIMs 2.52% as against 2.24%

Total Gross NPAs 0.45%

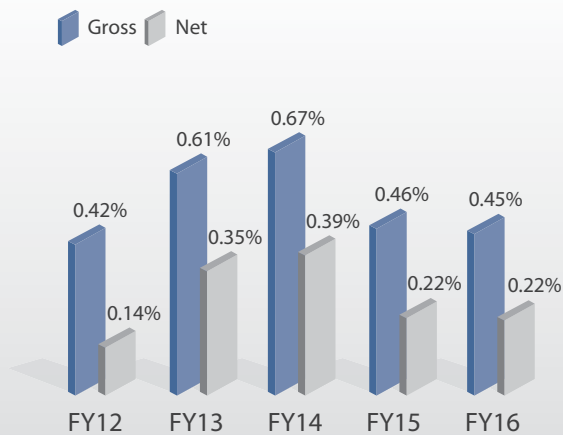
Net NPAs 0.22%

Gross NPAs in individual
loan portfolio 0.2%
down from 0.24%

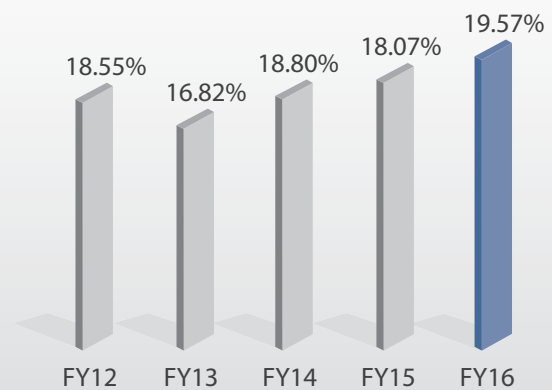
Dividend for the year 275%
as against 250%

Cost to NII 15.89% down
from 16.95%

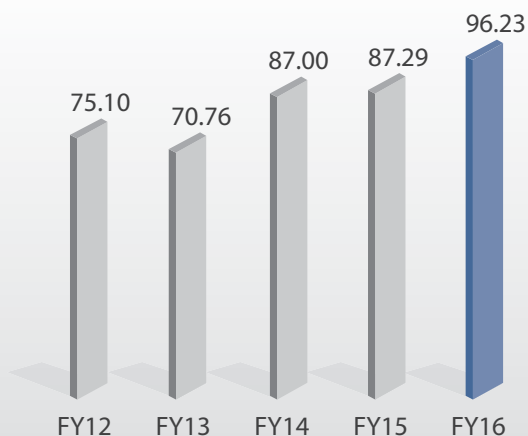
Gross & Net NPAs



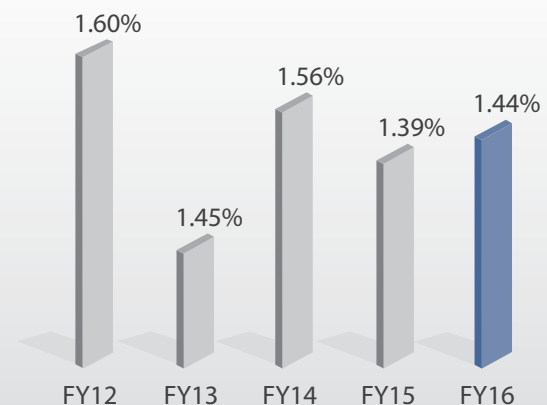
Return on Average Equity



Profit per Employee (₹ Lakh)



Return on Average Loan Assets



Chairman's Message

Today, LICHFL has mastered the art of knowing how to measure, manage and allocate risk in the home loans business, which is a key element of this business.

Dear Shareholders,

We started FY2016 on the backdrop of optimism and anticipation in the real estate sector triggered further by positive macro developments. Several key initiatives were launched by the Government during the year. The 100 Smart Cities Mission is an important call and so is "Housing for All" Mission by 2022 under the Pradhan Mantri Awas Yojana (PMAY) programme. The passing of the Real Estate Regulatory Authority (RERA) Bill in December 2015 can be seen as a major milestone and positive development with far reaching benefits for the sector. The 7th Pay panel recommendation for hike in pay and allowances of government employees will also act as a driver for home buying. Along with tax incentives introduced in recent budgets for both owners and developers of homes, these initiatives augur well for the industry at large, but more importantly, for a greater increase in affordable home ownership and improved financial access to it. The declining interest rate regime further induces affordability to the end-users by driving down the cost of owning their dream home.

LIC Housing Finance Limited (LICHFL) has always had a profound sense of responsibility and optimism towards enabling home ownership and a better lifestyle to the citizens of this country. As your Company journeys through the third decade of its operations, its purpose is further fortified with the immense trust and conviction of its stakeholders and custodians. The Company is well entrenched in the middle-income end user segment, which stands to benefit tremendously from the demographic dividend we have been talking about for quite some time, which mirrors the aspirations, consumption style and purchasing power of India.

The greatest facet of India's economic growth story continues to be nested within this rapidly expanding and dynamic middle income segment. With a keen understanding of this consumer segment and its purchasing power, LICHFL has chalked a robust roadmap ahead. In particular, your Company is taking the commendable "Housing for All" initiative to heart and hopes to keep increasing its role in this area.

Today, LICHFL has mastered the art of knowing how to measure, manage and allocate risk in the home loans business, which is a key element of this business. This along with a strong technology driven platform, a wide range of products and a pan India reach differentiates LICHFL superbly for value creation.



Mr. S. K. Roy
Chairman

LICHFL is a very people-focussed and a proficient enterprise, operating in a multi-cultural environment. To achieve competitive superiority and scalable growth, your Company has aligned competencies of its human capital in line with its business strategies, empowered them with relevant trainings and behavioural improvements. Your Company's focused aim behind this is to improve its organisational capability and vitality. Your Company is also making significant investment into its IT infrastructure to advance to the next-generation scalable and flexible technology landscape. This will help us to improve productivity, customer convenience and sustain growth.

LICHFL is indeed well poised to maintain its steady growth trajectory going forward – by customer category, region and an expanding product portfolio. Your Company will continue to drive innovation in India's housing finance space to keep it standing firm as a respected peer in the business. I look forward to the continued support of all our stakeholders in taking your Company forward on this journey of sustainable and profitable growth.

With best wishes,

S. K. Roy
Chairman

LICHFL is indeed well poised to maintain its steady growth trajectory going forward – by customer category, region and an expanding product portfolio.

10 Minutes with the Managing Director & CEO

A key factor underscoring our success has been our last mile 'feet on the street' accessibility to customers through our vast pan-India network through our marketing offices and branches, coupled with our strong agency force which augments our distribution network.

What features of the business holds it in good stead?

The most important factor that have held us in good stead have been 'transparency' and 'trust'. From the very beginning of our more than 27 years of history, we have imbibed strong value systems and established a tradition of behaving transparently in terms of our business operations and its reporting. As a result of our very strong corporate governance and business practices, customers and stakeholders have imposed their faith and trust in us and our brand.

Being in business for over a quarter of a century and our continuous engagement with our customers has provided us a better understanding and deep insights into designing and delivering a superior suite of products and customised solutions in the most appropriate form in terms of utility, features and pricing.

A key factor underscoring our success has been our last mile 'feet on the street' accessibility to customers through our vast pan-India network through our marketing offices and branches, coupled with our strong agency force which augments our distribution network. Our ability in deal sourcing has always been a key business driver.

Building on these fundamentals, the Company, in the last couple of years has surged forward into a new orbit through a well-crafted strategy that focuses on all areas of operations with a near term and a long term objective.

What are the changes helping the housing industry to grow faster and more sustainably?

There are several such changes which have taken place or are in the process of being implemented, which make us believe that a paradigm shift is going to happen in this sector.

On the macro scenario, we are witnessing gradual lowering of interest rates, triggered by the containment of inflation due to lower oil and commodity prices. With inflation being reined in, the Reserve Bank of India (RBI) has indicated a lower interest rate regime by reducing key policy interest rates. This is making home loans less expensive, and therefore, making homes more affordable to buyers. This, coupled with the fact that property prices have remained stable during the last couple of years has also helped improve home affordability, especially for the end-user middle income households who form the Company's principal customer segment.



Ms. Sunita Sharma
Managing Director & CEO

To help reduce the burden on home buyers, the Government introduced increased tax exemptions against interest rates on housing loans in both the 2015 and 2016 Union Budgets. To address the supply-side issue, the Government has also extended the benefits to developers to build affordable homes. These exemptions should encourage the marketplace and generate higher level of activities.

A milestone in the real estate industry has been passing of the landmark Real Estate Regulatory Authority (RERA) Bill in December 2015. A major benefit for consumers included in the Act is that builders will have to quote prices based on the carpet area, and not the super built-up area. The Act also provides for greater transparency in project marketing and execution and protect home buyers. This is certainly in the right direction as it increases transparency and generates a much greater degree of consumer confidence and will bring in much-needed efficiencies in the Indian real estate markets. In time, this should make the marketplace larger, more functional and easier for all participants.

Another key driver will be the 7th Pay panel recommendation for a 23.55% hike in pay and allowances of government employees. Once fully effected, this will also increase the purchasing power and the affordability for homes for a vast number of people, giving further growth impetus within our target segment.

The Government's Smart Cities Mission is an urban renewal program by the Government of India with a mission to develop 100 cities all over the country making them citizen friendly and sustainable. The Government of India has a vision of developing 100 Smart Cities as satellite towns of larger cities and by modernising the existing mid-sized cities. LICHFL is present in almost all these cities and looks forward to participating and playing a role in propagating home ownership in these cities.

**The RERA Act
provides for greater
transparency in
project marketing and
execution and protect
home buyers.**

10 Minutes with the Managing Director & CEO

We are long term players with a tremendous amount of domain expertise developed over decades. This has kept us in good stead and ahead of competition, as we understand the needs of customers.

How has LICHFL performed in Fiscal 2016?

In FY2016, LICHFL delivered a very good all round performance. We grew our profit after tax by 20% in fiscal 2016 to ₹ 1,661 crore. The total loan disbursements for FY2016 stood at over ₹ 36,151 crore, up 19% YoY. Our loan portfolio crossed the milestone of ₹ 1.25 lakh crore and stood at ₹ 1,25,173 crore, a growth of 16%. Our asset quality continued to be one of the best-in-class, true to our commitment to a “zero tolerance policy to NPAs”. Gross NPAs at the end of FY2016 were 0.45%, as against 0.46% in the previous year. Our net NPAs stood at 0.22%, as against 0.22% on corresponding dates. Our Cost to Income ratio too declined from 17% in FY2015 to 16% in FY2016, a reduction of nearly a percentage point for the year. Our focus on “Growth with Profitability” and our Asset side and Liability side strategies ensured that we were able to deliver a 24 basis points improvement in our Net Interest Margin to 2.52%.

I am pleased to inform you that the Board has recommended a Dividend of 275% at ₹ 5.50 per equity share.

What has contributed to the growth in LAP and where do you see it going forward?

Increasing the composition of high margin business was a conscious decision made by the management a couple of years ago. The objective was to strategise an improvement in our margin stability. This was an interim strategy and we have reached an asset composition which is closer to our objective.

It would be important to note that in implementing this strategy, we were very conscious of maintaining our good asset quality. Therefore, as we grew our book in this segment, we ensured that this product was very tightly ring-fenced against all possible risks and that our asset quality was not compromised. For example, we focussed only on self-occupied, residential unencumbered properties, wherein the Loan to Value ratio is even lower than in our core mortgage business. Moreover, most of such loans were made only to the salaried segment. Going forward, I believe that having met our interim strategy for margin stability the focus will be on our core mortgage business.

How is LICHFL geared up to take the challenges from banks and other HFCs?

LIC Housing Finance is a long player with a core focus on this sector. We are long term players with a tremendous amount of domain expertise developed over decades. This has kept us in good stead and ahead of competition, as we understand the needs of customers, design better products, have refined processes and make the entire experience for our customers smooth and hassle free. Over and above these hygiene factors, we are extremely competitive in the market in terms of pricing. Our operating expenses are much lower as compared to that of most players - this gives us a competitive advantage. Our AAA rating allows us to raise funds most cheaply in the market, and thus, helps us be one of the lowest costs players in the business. Finally, our loan loss experience is amongst the lowest in the industry. To top it all, we also enjoy one of the best access to market in the way we distribute our products, a major differentiator with competition.

How has LICHFL leveraged technology for improving costs and enhancing customer experience?

The Gen Y and X borrowers do things differently today. They are tech savvy and are used to living their lives digitally. Keeping pace with the changing times, LICHFL too is becoming present on all the prominent digital and social media platforms. We have launched a new website with strong customer-centric functionalities to enable quick and easy dissemination of information about one's account status, products and services. This has been made possible due to the robust IT backbone which we have developed over the last few years. We are now moving to the next step towards an online application module that will enable our prospective customers reach us digitally. Our focus on technology could be best borne out by the fact that we are now designing and developing important applications in-house that will significantly enhance our user experience and provide seamless access to all our services.

What initiatives have LICHFL taken to meet in measure the objective of "Affordable Housing for All"?

Housing is an essential element of a nation's social and economic development. A shelter for every citizen is the cherished dream of every nation. India is progressing rapidly in this area. A key game changer is the "Housing for All" by 2022 under the Pradhan Mantri Awas Yojana (PMAY) programme. We are keenly participating in this mission and believe that it will make a huge difference to the beneficiaries covered under the scheme.

How is LICHFL planning to stay ahead?

From a position of strength of being the second-largest HFC in the country, we are focusing on technology adoption and building up an institution through empowerment of our people. While robust systems and procedures are already in place, they are getting further fine-tuned to dovetail our efforts on deeper outreach and greater volumes of business. We are gradually opening offices in smaller towns and boosting our feet on street through continuous recruitment and training. I expect our distribution network to evolve and become even more intrinsic to our growth agenda.

Developing the Human capital of the Company and building a strong team was an area of focus since it is the basic ingredient for superlative performance. We have firm conviction in creating an environment which delivers such performances, and together with the support and contribution of each stakeholder, we believe we have made good progress in our journey to make this Company one of the best.

Our focus on technology could be best borne out by the fact that we are now designing and developing important applications in-house that will significantly enhance our user experience and provide seamless access to all our services.

Awards & Accolades



Best Home Loan provider
Outlook Money Awards
2015



Housing Finance Company of
the Year (Real Estate Awards)
2016



Power Brands Glam
2016



Indian Power Brand
2016



Radio Campaign of the
year ICC world cup
2015



CIBIL Data Quality Awards
(Best Data Quality in Housing
Finance Institutions)
2016

Market Reach and Servicing

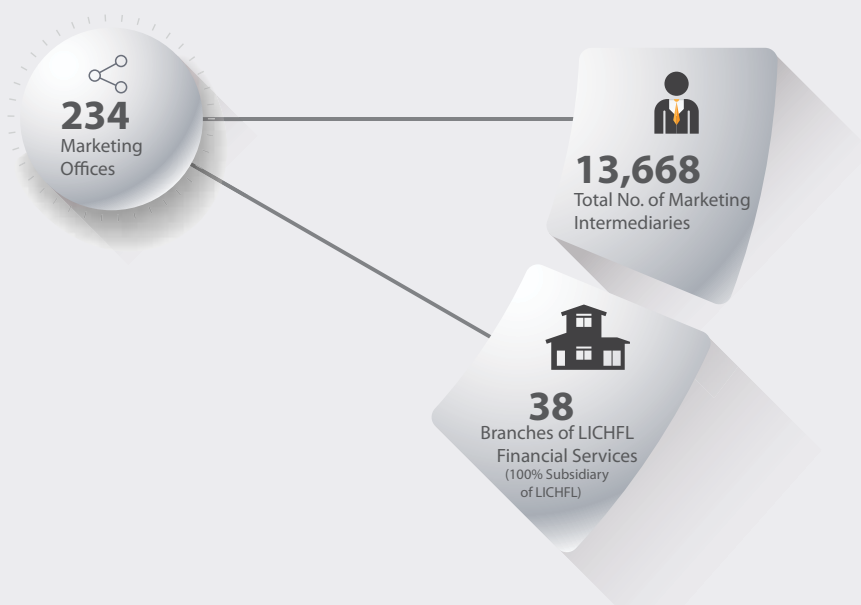
During the year, the company opened 14 new offices to increase the network of the company. With this, LICHFL had 234 Marketing Units all over the country by the end of the financial year.

Today, more than 20 lakh families have their own homes with our loans.

We are always close to our customers. LICHFL has a wide matrix of highly trained agents serving through over 234 offices across almost all the States within India. Our trained field force provides with the most essential "Last Mile Connectivity". To grow our business, we recognise the crucial role they play. To keep them motivated, the sales force are incentivised based on their volumes of disbursement. To ensure that they remain motivated and updated with the latest developments, the Company conducts periodic training and educational seminars in India and abroad to enrich their domain knowledge.

As part of the publicity activities, the Company was active throughout the year for brand campaigns, in media, print, radio and digital. In addition, a variety of activities in the form of sponsorship, participation in real estate exhibitions and other such events keeping our target audience in mind. The Company is also present across social media such as Twitter and Facebook.

During the year, the Company has opened 14 new offices to increase the network. With this, LICHFL had a total of 234 Marketing Units all over the country by the end of the financial year. With these new initiatives, products, and visibility in the market, LICHFL has disbursed ₹ 34,529.33 crore in the individual loan category in FY2015-16, achieving a growth of 18.03%.



We all wish to feel **Secure**.
 We all treasure a **Shelter** over our heads.



We all wish to **Protect** our family.
We all want to **Nurture** the next generation.



Product Innovation

With more than two-and-half decades of pioneering and experience within the housing finance industry in India, LICHFL has learnt to listen to its customers carefully and understand their needs.

Over the years, we have introduced several path-breaking and new products to the marketplace that truly address the wishes of our customers. Apart from refining existing suite of products, the Company introduced some new products for some specific segments.

“Housing for All by 2022” is a dream that Pradhan Mantri Awas Yojna has envisaged. In order to achieve this ambitious dream, LIC Housing Finance has devised a product with flexible interest rate options, named **APNA GHAR** that caters to the need of Affordable Housing Sector in the Economically Weaker Section (EWS) and Low Income Group (LIG). A



Today, we have disbursed more than ₹ 2,03,441 Crore in Home Loans since we began.

Credit Linked interest subsidy at the rate of 6.5% for a maximum term of 15 years on ₹ 6 lakhs is provided by the Government to the customer making the product a win-win choice for customers. Since the majority of real estate innovation is happening in the affordable housing segment, APNA GHAR becomes just the right kind of product to support the development of this segment. APNA GHAR increases the market penetration potential of LICHFL across India.

The noblest profession in the world deserves the most innovative credit support. In light of ever increasing demand for quality healthcare in India, LIC Housing Finance has designed a product that caters to the needs of the medical professions. The primary beneficiary can be an individual doctor, partnership firm, or a private limited company. With **APNA HOSPITAL**, LICHFL has entered into a new segment catering specifically to the healthcare sector. Today, it has already become one of

the most acceptable and viable products within the non-core focus segments.

A loyal and satisfied customer is at the core of a successful brand. We recognise that our existing customers have additional needs beyond a home loan, such as renovation and extension. LICHFL has come up with a totally hassle-free product called **"NEW FACE LIFT"**. Since New Face Lift is being provided to an existing customer with a known and approved track record, LICHFL's AUM under this category should strengthen the overall quality of assets. This product provides an additional impetus for retaining quality customers and also generates goodwill by gaining their appreciation.

We all treasure our Freedom.
We all value our Independence.



Technology

We are constantly endeavouring to provide the best of class services to our Customers. We are committed to enable our workforce through technology, providing secure, faster and easier information access to our customers through business intelligence.

We have made our digital channels more user friendly and convenient for our customers.

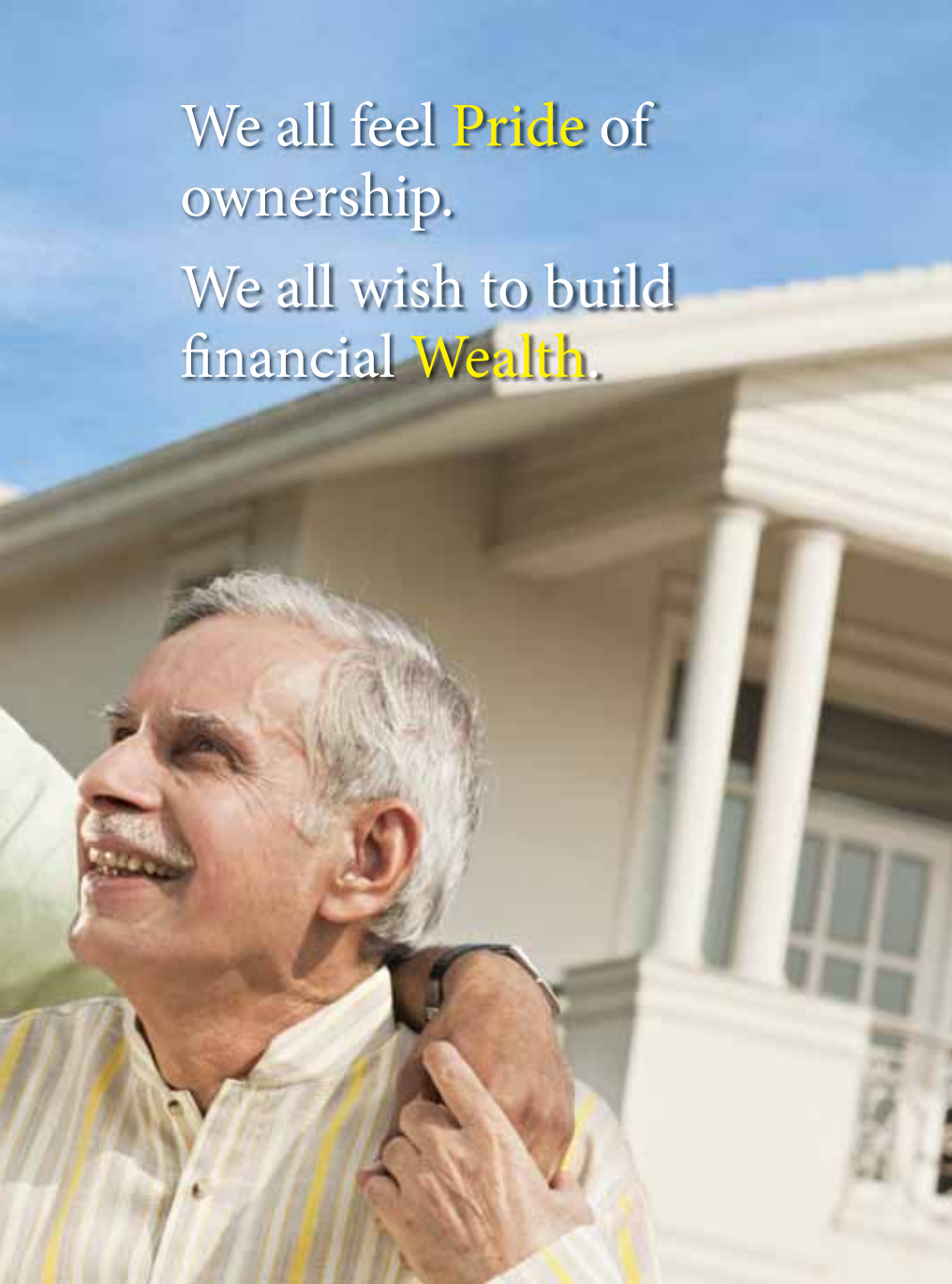
At LICHFL, we are committed and passionate about the use of technology in every aspect of our business. Some of the **key initiatives** to align our workforce with the technology and providing Customer centric services are:

- **Customer Portal:** An enhanced Customer Portal has been launched providing many services at the finger-tips of the Customer. The Portal has helped not only in serving the Customers in better ways, but also in the overall improvement in our services.
- **Online Payment Facility:** Taking technology to the fingertips of the Customer by providing an additional channel to pay their dues online.
- **Mobility Applications:** The Company is launching a new suite of Mobile Apps to enable our workforce to do Valuation and Verification onsite. This is integrating with our core application so that decision can be made faster, thus reducing the turn around time for approvals.
- **E-KYC:** We are in process of starting E-KYC for the Customers. This will further help in achieving our goal of Total Automation of our loan appraisal process.
- **BCP Initiatives:** To ensure that our Customer services are never hampered because of any disruptions or disasters, we have taken a series of initiatives such as providing redundant networks and alternative sites to run Critical Business processes. We are amongst the very few to have installed a Tertiary DR System, as a mitigation effort towards any local or wide spread disasters or disruptions.
- **Online Loan Approvals:** An initiative to provide Customers with instant pre-approvals for their loans and faster processing is being launched shortly.



Advisory Services

Home buying is the biggest financial transaction made in a person's lifetime. In a scenario where home buyers are inundated with a plethora of choices, the quality of our people becomes the key differentiator.



We all feel **Pride** of ownership.

We all wish to build financial **Wealth**.

We don't only sell loans, but also advise our customers the best way forward.

Our people work cohesively to home buying a painless exercise by guiding our prospective customers every step of the way towards choosing the right kind of loans. During the year, to expand our regional presence and to maintain our consistent growth in business, we took special efforts in augmenting our field force strength. Apart from this, we established specialised distribution channels with special expertise in selling various types of products.

Training is a very important aspect of ensuring the highest level of quality in our service. It is also essential to keep improving the productivity of our staff.

During FY2016, we conducted several training campaigns. In total, we up-skilled more than 40% (700 employees) of our workforce. They received specialised training, covering topics such as communication, customer service, ownership, team building, and leadership. We also carried out functional training of respective departments to fine-tune their skills and knowledge.

Apart from the basic induction training imparted to the newly joined Officers and Non-Officers, LIC HFL also provided its people with training in collaboration with NHB and other agencies on core topics such as finance, credit appraisal, and risk management, among others.

Corporate Information

BOARD OF DIRECTORS

S. K. Roy	: Chairman
Usha Sangwan	: Director (from 23.06.2016)
Sunita Sharma	: Managing Director & CEO
Jagdish Capoor	: Director
Savita Singh	: Director
T. V. Rao	: Director
Debabrata Sarkar	: Director
V. K. Kukreja	: Director
Ameet N. Patel	: Director (from 19.08.2015)
S. B. Mainak	: Director (upto 29.02.2016)
B. N. Shukla	: Director (upto 23.01.2016)

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

Ajith Kumar L	: General Manager
L. C. Meena	: General Manager
Gurmel Singh Parmar	: General Manager
P. Narayanan	: Chief Financial Officer
Kiron Singh	: General Manager
Nikhil Jain	: Chief Manager
Purti Samant	: Chief Manager
N Mahesh	: Chief Manager
Sadhana Deshpande	: Chief Manager
Jayshri Wartak	: Chief Manager
D. S. Rawat	: Chief Manager
Sudipto Sil	: Associate Chief Manager

REGIONAL MANAGERS (as on 18.04.2016)

D. Thirupathi	: South Central Region, Bangalore
Mallikharjuna Rao P	: South Eastern Region, Hyderabad
J. S. Tolia	: Central Region, Lucknow
Karuppaiah M K	: Southern Region, Chennai
Om Prakash	: Northern Region, New Delhi
Ashim Bhuyan	: Eastern Region, Kolkata
Ashwani Kumar Raina	: Western Region, Mumbai

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.
CIN : L65922MH1989PLC052257

CORPORATE OFFICE

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Axis Trustee Services Ltd.

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APPEAL TO MEMBERS

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 holdings in dematerialized mode with the Depository through their concerned Depository Participants. Those holding shares in physical forms are requested to send their email address directly to the Company or to Registrar & Transfer Agent where various notices / documents can be send through electronic mode.

Board of Directors

S. K. ROY
Chairman



USHA SANGWAN
Director



JAGDISH CAPOOR
Director



SAVITA SINGH
Director



T. V. RAO
Director



DHARMENDRA BHANDARI
Director



DEBABRATA SARKAR
Director



V. K. KUKREJA
Director



AMEET PATEL
Director



SUNITA SHARMA
Managing Director & CEO



1. Shri S. K. Roy

Director

Shri S. K. Roy took charge as, Chairman, Life Insurance Corporation of India, on 29.06.2013. He has more than thirty years of experience in LIC of India. He did his MA and LLM from University of Delhi and University of Warwick, respectively. He then acquired his Ph.D from the University of Burdwan, on International Labour Migration.

He has worked in various verticals and across geographies during the last three decades in LIC of India.

He has attended training programmes in reputed institutions in India and abroad.

Besides being Chairman of LIC of India, Mr.Roy also chairs in non executive capacity, the Boards of, LIC Housing Finance Ltd., LIC Pension Fund Ltd., LIC Cards Services Ltd, LIC Nomura AMC Ltd., LIC (International) B.S.C. Bahrain, LIC (Lanka)Ltd., LIC (Nepal) Ltd. and LIC (Singapore) Pte. Ltd. He is the Director on the Board of Kenindia Assurance Co.Ltd., Nairobi.

2. Ms. Usha Sangwan

Director

Ms. Usha Sangwan, is the first ever woman Managing Director of Life Insurance Corporation of India. She holds a Master's Degree in Economics, Post Graduate Diploma in Human Resource Management and technical qualification of Licentiate. She joined LIC as Direct Recruit Officer in 1981.

Ms. Sangwan is the whole time Director of LIC of India, Board Member of General Insurance Corporation of India, Axis Bank, Ambuja Cements Ltd., BSE Ltd. and Voltas Ltd., Director on the Board of LIC (Singapore) Pte. Ltd., LIC (Lanka) Ltd., LIC (Nepal) Ltd. and LIC Cards Services Ltd., Member of Governing Council of National Insurance Academy, a Trustee of LIC Golden Jubilee Foundation, Chairman of Trust - LIC of India (Regular Part-time employees) Pension Fund and a Member of Policyholder Protection Committee, Executive Committee, Risk Management Committee and Investment Committee of LIC of India.

She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has held various important positions, such as Divisional Manager - Incharge of Delhi Division, Regional Manager (Personnel & Industrial Relations), Regional Manager (LIC Housing

Finance Ltd.), Executive Director (Direct Marketing & International Operations) and Executive Director (Corporate Communication).

Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems.

Achievements –

- She has been featured in Forbes List of 50 most powerful Business Women in Asia in 2015.
- She is also featured in Femina – Most powerful women in India.
- “Women Leadership Award” in BFSI sector by Institute of Public Enterprise.
- “Brand Slam Leadership Award” by CMO Asia.
- “Women Leadership Role Model” by Top Rankers Management Consultants.
- “CEO with HR Orientation Award” by Global HR Excellence arranged by Chartered Institute of Management Accountants.
- Also felicitated by Free Press Journal, Colors TV and Doordarshan for Women in Leadership Role.

3. Shri Jagdish Capoor

Director

Shri Jagdish Capoor served RBI for 39 years in various capacities and finally retired as Deputy Governor in 2001. During his tenure as Deputy Governor he was appointed Chairman of Deposit Insurance and Credit Guarantee Corpn and also Chairman of RBI Note Mudran Ltd. (currency printing). These were concurrent charges. He was also appointed on Boards of several banks like Bank of Baroda, National Housing Bank, Exim Bank, Infrastructure Development and Finance Co Ltd, State Bank of India and National Bank for Agriculture and Rural Development.

While with RBI, he was deputed to Unit Trust of India to take over as Chairman temporarily for a year in 1996.

After retirement from RBI, he served as Chairman of HDFC Bank, Agriculture Finance Corporation and the Bombay Stock Exchange.

Presently he is serving on several corporate boards – prominent among them being Manappuram Finance Ltd., LIC Pension Fund Ltd. and BanyanTree Bank in Mauritius. He is also member of the Board of Governors, Indian Institute of Management, Indore.

4. Ms. Savita Singh

Director

Ms. Savita Singh is a partner with the Real Estate team of the Firm Khaitan & Co. and is experienced in all kinds of property transactions, litigations arising out of property transactions and allied matters. She is a Masters of Arts and an LLB from Mumbai University (2001). Ms. Singh is a post graduate in English Literature from Kurukshetra University, Kurukshetra (Haryana) and a Law Graduate from Mumbai University, Mumbai. She also has professional affiliates with the Bar Council of Maharashtra and Goa.

Her experience includes drafting real estate transactional documents of all kind of general Real Estate advisory work; due diligence of properties; handling litigations arising out of property transactions; and allied matters.

Ms. Savita Singh has advised various owners, buyers, developers, corporate houses, individuals, domestic investors and foreign investors' regarding transactions related to immovable properties and various issues related thereto including structuring. In addition to drafting the documents, she is also experienced in negotiating the same. She has also advised on Real Estate transactions in respect of commercial/retail complexes, multiplexes, hotel premises, redevelopment projects, serviced apartments, Special Economic Zones, Information Technology/Information Technology Enabled Services Parks and also Integrated Township Projects. She is experienced in Foreign Direct Investments in immovable property and has also advised as to Indian Law during the offer for subscription of units representing a Business Trust by way of an Initial Public Offering (IPO) in Singapore.

5. Shri T. V. Rao

Director

Shri T. V. Rao is an Associate Member of Indian Institute of Bankers and is a career Banker with specialisation in Corporate Finance, Treasury Management and Mortgage backed Securitisation.

In his career spanning over three decades, he has experience in general banking, corporate finance and Treasury Management. He has headed the Treasuries of National housing Bank, SIDBI and Exim Bank.

In his last assignment, he spearheaded Exim Bank's activities related to capacity building and value addition in international trade through focussed seminars/ programmes on a gamut of issues; net working with National and International agencies connected with foreign trade.

Mr. Rao has widely travelled representing the institutions he was working from time to time and participated in various international seminars on topics like Mortgage backed Securitisation, Derivative Products, Structured Finance etc. He was a member of the International Trade Committee of the Federation of Karnataka Chambers of Commerce and Industry. He is an Independent Director on the Board of NATCO Pharma Ltd., Hyderabad Electronica Finance Ltd., Pune, Canfin Homes Ltd., Bangalore, STCI Finance Ltd., Mumbai, Kisan Mouldings Ltd., Mumbai and Public Representative Director on the Board of BgSE Financials Ltd., Bangalore.

6. Dr. Dharmendra Bhandari

Director

Dr. Dharmendra Bhandari served as a member of the Faculty of Commerce in the University of Rajasthan, Jaipur. He has a PhD in Commerce and is also a qualified Chartered Accountant. He has more than 30 years of academic and professional experience in the financial sector.

Dr. Bhandari has served as the Sole Consultant to the Joint Parliamentary Committee (JPC) that was set up by the Government of India for Enquiry into Irregularities in Securities and Banking Transactions (1992 – 93), where he assisted in writing the report, strengthening the systems and fixing accountability. In 1994, he was appointed as Officer on Special Duty (1994 – 95) with the Reserve Bank of India, Mumbai. He was also associated with the Department of Supervision for supervision of banks in India, including the overseas operations of Indian Banks and the branches of foreign banks in India, and in setting up market intelligence for surveillance and monitoring of banking system in India. He was also a member of the Central Council of the Institute of Chartered Accountants of India.

Dr. Bhandari has served as Director of several public sector banks such as Dena Bank, Bank of Maharashtra and Bank of Baroda, and is currently a director on the Boards of JP Morgan Mutual Fund (India) Pvt Ltd, SBI Capital Markets, and several other financial institutions in the country. He has also served as Director on the Board of several companies such as Tata Timken, Birla Corp, and others.

Apart from his ambitious pursuits in the fields of economics and finance, Dr. Bhandari has also authored several books, prominent among them being R K Laxman – The Uncommon Man, Mosaic of Faith – Places of Worship in India and Nani Palkhivala, God's Gift to India (Biography by a friend).

7. Shri Debabrata Sarkar

Director

Shri Debabrata Sarkar is a Qualified Chartered Accountant, with Master degree in Commerce from Calcutta University. He joined Bank of Baroda as Manager (Credit) in July, 1982 and handled various responsibilities in the area of General Banking Operations, International Banking, Credit, Treasury Operations and Internal Audit. He worked as Chief Manager (Internal Audit) at Bank of Baroda, Port Louis, Mauritius to look after internal audit of Mauritius, Seychelles & South Africa. In 2002, he was posted as Head of Treasury Operations at Mumbai. From 2005 to 2008, worked as Zonal Head at Surat (Gujarat), Chennai and Mumbai. Thereafter, he was posted as General Manager (Corporate Credit) at Central Office, Mumbai. He was promoted as Executive Director in December, 2009 and posted at Allahabad Bank, Kolkata. In April, 2012, he was promoted and posted as Chairman & Managing Director in Union Bank of India, Mumbai till retirement in November, 2013.

8. Shri V. K. Kukreja

Director

Shri V. K. Kukreja, aged 62 years, is a Chartered Accountant by profession with a vast experience in the area of accounts, finance, fund management, portfolio management, research analytics & reporting and information technology. He has held various coveted and responsible positions throughout his career and has always added value to his erstwhile job role before moving on to the next position in order to continue to add value to his next job role.

He started his career as an Accounts Officer and worked for National Textile Corporation and Central Electronics Ltd. (Ministry of Science and Technology) respectively in brief tenures. He joined Life Insurance Corporation of India (LIC) as Direct Recruit Officer (CA Batch) in Jan 1983. By 1996 he had been elevated to the post of Dy. General Manager in LIC Mutual Fund. In the year 2005 he was made Chief (Investment operations) in the Mumbai Head office of LIC where he managed Equity, Debt and G-Secs Portfolios and also managed the entire treasury operations. He also rose to become the Executive Director (Investment- RMR) in 2009 and established new Dept. Risk Management and Research. He retired from services of LIC of India as Executive Director on 30.09.2012.

Shri. V. K. Kukreja has also been Nominee Director on the boards of various companies in sectors such

as Power Generation & Distributions, Commodity Exchange, Co-operative Housing Finance and Brokerage. He was also a committee member on Committees of various Companies/ Funds, in sectors such as Private Equity, Infrastructure, IRDA etc.

Global exposure:-

Shri Kukreja participated in various international conferences like Deutsche Bank international credit market conference 2005 South Africa, 2nd Treasury offsite Macau, Hong Kong 2009 Birla Sunlife AMC.

Shri Kukreja visited Bahrain in 2008 and formulated investment policy for LIC Bahrain office.

Shri Kukreja was a keynote speaker at Indian Private Equity IQ Middle East Conference Dubai 2007.

9. Shri Ameet Patel

Director

Shri Ameet Patel was appointed as Independent Director of LIC Housing Finance Ltd. on 19.08.2015. He qualified as a Chartered Accountant in 1986 with a rank at the all India level and has been in private practice since then. He did his articleship with a reputed firm – S.V. Ghatalia & Associates. Currently, he is a partner at Manohar Chowdhry & Associates. He has spent a large part of his professional career dealing with taxation matters and in the past few years, he has focused on tax matters of FIs, Banks, Mutual Funds, QFIs and now FPIs.

His core practice consists of tax planning, appeals and representations and Information Technology related issues. Lately, he has been focusing on tax related issues pertaining to the financial services sector – particularly FPIs and also NRIs.

He is a member of the Finance & Taxation Panel of CII's Maharashtra Region. He is also a member of the Journal Committee, International Tax Committee, HR & TI Committee and Chairman of Taxation Committee of Bombay Chartered Accountants' Society (which is a voluntary body of CAs with about 8,600 members from across India).

He was an elected member of the Managing Committee of the Bombay Chartered Accountants' Society from 1998-99 to 2010-11 and has held various posts viz. Hon. Treasurer, Hon. Joint Secretary for several years and headed the organisation in 2009-10 as its President. Has been a member on various committees such as Taxation, Indirect Tax, Journal, Seminar, Public Relations, Professional Development and Information Technology.

He is an independent non executive director of B4U Television Network India Ltd and B4U Broadband India Pvt Ltd. and also the chairman of the audit committees of both these companies.

He has been actively involved with the activities of the Institute of Chartered Accountants of India and has been a regular speaker at various seminars and conferences organised by the ICAI, BCAS, Assocham, CII, private banks, income-tax department's Regional Training Institutes, Rotary Clubs and other bodies.

He is a Co-author of following publications of the Bombay Chartered Accountants' Society:

"Calculators to Computers – a Paradigm Shift"
 "Shares And Securities - Taxation & Accounting"
 "Tax Deduction at Source"
 "FAQs on e-TDS"

His articles have appeared in various magazines and websites such as Money Outlook, MoneyLife, CNBC's moneycontrol.com, Taxsutra, Journals of the BCAS & ICAI. He has also appeared on several programs on national television and his views are regularly quoted in newspapers and websites and is very active on various social and professional media networks.

10. Ms. Sunita Sharma

MD & CEO, LIC HFL

As the first woman to head LIC Housing Finance Ltd., the country's second-largest mortgage lender in its 27th year, Ms. Sunita Sharma has the responsibility of guiding the organization to its next level of growth.

A Masters Degree in Science from Delhi University, she joined the Life Insurance Corporation as Direct Recruit Officer of 11th batch in 1981. A person who always enjoys taking on challenging assignments, her career with LIC of India spans across various functions like Investments, Marketing, Personnel etc. She prides herself a Team Player and believes in the power of human potential that is required to scale up any business. She has shown initiative, courage and conviction when it comes to decision making and taking things to a logical end while always leading from the front. Her intellect, energy

and integrity are integral to her personality counted by her colleagues. Her dynamic personality is her main strength and she does not hesitate when it comes to reaching out and convincing people within the organization and outside. These qualities foster loyalty with many in her team volunteering to work with her.

In her illustrious career of over three decades with LIC of India,

- o She headed its Investments Department in the rank of Executive Director looking after equity research and risk management in 2013.
- o As Head of Pension & Group Schemes in the rank of Executive Director of LIC of India, during her span of 4 years, premium income more than trebled to ₹ 46,000 Cr from ₹ 10,549 Cr between 2008 & 2012.
- o As Chief (Personnel) in LIC of India, she was responsible for conceptualizing and designing HR strategies for LIC of India.
- o As Regional Manager (Estates & Office Services) she played a key role in LIC acquiring property worth more than ₹ 2000 Cr.
- o As Regional Manager (Northern Region) of LIC Housing Finance covering the states of Delhi NCR, Rajasthan, Chandigarh, Punjab and Himachal Pradesh, she played a pivotal role in establishing new business model of separating sales and credit functions.

She was named as India's Best CEOs 2015 by Business Today – PWC India list of Top 100 CEOs in India. In February 2015, ABP Real Estate Awards presented her with "WOMEN SUPER ACHIEVER IN REAL ESTATE SECTOR". In December, 2013 the Institute of Economic Studies (IES), New Delhi conferred her with "UDYOG RATTAN AWARD" for excellence. Besides her present role as MD & CEO of LIC Housing Finance Ltd., she is also the Managing Director of LIC HFL Care Homes Ltd. and is on the Boards of LIC HFL Financial Services Ltd., LIC HFL Asset Management Company Ltd., LIC Mutual Fund Asset Management Ltd., and Larsen and Toubro Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Macroeconomic Outlook

Headline Consumer Price Index (CPI) inflation is projected to moderate in 2016-17 to around 5 percent while real Gross Domestic Product (GDP) growth is projected to improve gradually to 7.6 percent in 2016-17. Heightened global financial market volatility continues to pose major risks to these projections.

Two landmark developments in the period since the September 2015 Monetary Policy Report (MPR) have fundamentally shaped the institutional architecture of monetary policy in India. First, the inflation target of 6 percent for January 2016 set for itself by the Reserve Bank of India (RBI) and subsequently adopted formally under the Monetary Policy Framework Agreement (MPFA) was achieved. With inflation targets having been met consecutively since January 2015, it entrenches credibility in the commitment to the Flexible Inflation Target (FIT) framework. Inflation is currently within the 4 ± 2 percent band adopted for FIT. The path to the mid-point of the band will, however, be calibrated so that the output effects of disinflation are levelled. Accordingly, the next milestone is set at 5 percent for inflation by the end of 2016-17. Second, in his speech presenting the Union Budget for 2016-17, the Union Finance Minister announced that the RBI Act is being amended to provide statutory basis for a monetary policy framework and a Monetary Policy Committee (MPC). Committee-based decision making will mark a watershed in the historical evolution of monetary policy in India. As stated by the Finance Minister, it is expected to add value and transparency to the monetary policy decisions. As the processes leading up to the functioning of the MPC are set in motion, they will bring in significant changes in institutional design and greater accountability.

Domestically, the macroeconomic situation has evolved broadly in line with the September baseline scenario, with real Gross Value Added (GVA) growth and inflation trajectories moving in alignment with the expectations.

Two developments warrant a re-assessment of forecasts. First, the significant softening of crude oil prices since November 2015 together with the signals in futures prices suggest a lower crude oil price for 2016-17 in this MPR's baseline scenario. Secondly, prospects for external demand for 2016 are now weaker than envisaged six months back, with downside risks amplified by the worsening macroeconomic outlook and tighter financial conditions for Emerging Market Economies (EMEs). Overall, global risks have increased significantly.

Outlook for Inflation

Inflation expectations of households, corporations and financial market participants are largely adaptive in their formation. Consequently, most recent inflation developments, and particularly those relating to salient items in consumption baskets, tend to influence these expectations. The January-March 2016 round of the RBI's inflation expectations survey of urban households indicates some softening of inflation perceptions and expectations. The decline in current perceptions and three months ahead expectations, by almost 2 percentage points below the results for the previous round, was more pronounced than in one year ahead expectations (0.6 percentage points).

Both current perceptions (7.9 percent) and three months ahead expectations (8.1 percent) in the March 2016 round were the lowest since September 2009. Nevertheless, one year ahead inflation expectations (9.4 percent) continue to show hysteresis and various expectations measures rule above actual inflation. The proportion of respondents expecting prices to rise by more than the current rate fell in the March 2016 round.

In the March 2016 round of the Nikkei's manufacturing purchasing managers' survey, input costs and factory gate prices picked up. On the other hand, the January-March 2016 round of the RBI's industrial outlook survey points to expectations of stable output prices on the back of softer cost conditions. Growth in staff costs in the organised sector, both manufacturing and services, decelerated during third quarter of 2015-16. The RBI's industrial outlook survey suggests some salary pressures going forward. Rural wage growth exhibited moderation in the fourth quarter of 2015-16.

Professional forecasters (March 2016 round of the survey) expect inflation to remain around 5.2-5.3 percent during 2016-17. Their medium and long-run expectations (5 years and 10 years ahead, respectively) were 5.0 percent and 4.8 percent, respectively. These poll results may be indicative of the anchoring of inflation expectations around the Reserve Bank's inflation target.

Enhanced credibility in the RBI's commitment to its inflation objective can play an important role in the transmission of monetary policy responses to inflation and output shocks.

Incorporating signals from various indicators and revisions in assumptions on initial conditions into updated estimates of structural models yields a projection path in which headline CPI inflation decelerates modestly to 5.3 percent in first quarter of 2016-17, and then abates to 5.1 percent in second quarter, 5.0 percent in third quarter and 5.1 percent in fourth quarter. Assuming a normal monsoon, further fiscal consolidation in line with the path set out in the Union Budget and no major exogenous or policy shocks, model estimates indicate that CPI inflation would moderate to 4.2 percent in fourth quarter of 2017-18, with risks tilted to the upside. The implementation of One-Rank-One-Pension (OROP) for retired defense employees and the 7th Central Pay Commission (CPC) award, particularly with regard to house rent allowances, poses upward risks to the baseline inflation path, especially as state governments also start implementation.

Central Bank Credibility and Monetary Policy Dynamics

A monetary policy framework with a commitment to low and stable inflation warrants as a pre-condition that the central bank strengthens its credibility by achieving inflation targets, while recognising and communicating short-run trade-offs. Since January 2014, headline CPI inflation in India has moved broadly in line with the RBI's disinflation glide path and more recently, inflation expectations in the economy have started to moderate in reflection of gains in the RBI's credibility.

Outlook for Growth

A number of factors could impinge upon the growth outlook for 2016-17. First, slow investment recovery amidst balance sheet

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

adjustments of corporates is likely to hinder investment demand. Secondly, with capacity utilisation in the organised industrial sector estimated at 72.5 percent, revival of private investment is expected to be hesitant. Thirdly, global output and trade growth remain tepid, dragging down net exports. On the positive side, the government's "start-up" initiative, strong commitment to fiscal targets, and the thrust on boosting infrastructure could brighten the investment climate. Household consumption demand is expected to benefit from the Pay Commission award, continued low commodity prices, past interest rate cuts, and measures announced in the Union Budget 2016-17 to transform the rural sector.

Consumer confidence remains upbeat, as polled in the March 2016 round of the Reserve Bank's survey, with optimism on prospects for income and economic conditions.

The corporate sector's expectations of business conditions dipped but remained positive according to the RBI's industrial outlook survey. Professional forecasters surveyed by the RBI during March 2016 expected output growth to pick up gradually from 7.3 percent in fourth quarter of 2015-16 to 7.7 percent in fourth quarter of 2016-17, almost entirely on account of recovery in agriculture and allied activities.

(i) Implementation of the Seventh Pay Commission Award

The implementation of the CPC's recommendations could impact inflation and growth through:

- the direct impact of the proposed increase in the house rent allowance (HRA);
- indirect effects operating through consumption to aggregate demand; and
- inflation expectations channel.

With propagation to states, there is likely to be an amplification of the total impact on the housing inflation component and hence on overall CPI. The impact is expected to persist up to 24 months. Assuming that the Government implements the Commission's recommendations by the second quarter of 2016-17, CPI inflation could be, on average, 100-150 bps higher than the baseline in 2016-17 and 2017-18. Of course, the Government's decision on implementation of the 7th CPC is still awaited.

(ii) Weaker Global Growth

Recent developments point towards a weakening of global economic activity. If it materialises, unsettled financial markets could generate spillovers to the broader global economy. A widening of the slack in the global economy by 1 percentage point over the baseline will result in growth in India turning out to be 20-40 bps below the baseline. Inflation would also be lower by 10-20 bps as lower demand would result in a fall in global commodity prices.

(iii) Exchange Rate

While the macroeconomic fundamentals of Indian economy remain strong, volatility in the foreign exchange market on account of external developments can impact both growth and inflation trajectories. A 5 percent depreciation relative to the baseline assumption could lead to inflation turning up by 10-15 bps above the baseline forecast for 2016-17 and real GVA growth by around 5-10 bps above the baseline.

(iv) Deficient Monsoon

Assuming a deficiency of 20 percent in the monsoon due to El Nino conditions (climate cycle in the Pacific Ocean with a global impact on weather patterns), lower agriculture output could lower the overall GVA growth by around 40 bps in 2016-17. Food prices could consequently increase, leading to inflation rising above the baseline by 80-100 bps in 2016-17, even assuming effective government policies relating to food stocks, procurement and Minimum Support Prices (MSPs).

(v) Rise in Crude Oil Prices

There is considerable amount of uncertainty on oil prices in view of political forces impacting oil market dynamics. Supply disruptions from geo-political developments could lead to spikes in oil prices, while weaker global demand could push prices further down. If oil prices rise to around US\$50 per barrel, and assuming full pass-through to domestic fuel prices, inflation could be higher by 40-60 bps and growth could be weaker by 20-30 bps. On the other hand, a reduction in crude oil prices to around US\$ 20 per barrel could reduce inflation by 80-120 bps, while boosting real GVA growth by 40-60 bps.

Sustained disinflation is beginning to have a moderating impact on inflationary expectations. Along with the favourable baseline outlook on crude oil and other commodity prices, and a still negative output gap, inflation is expected to remain inertial but quiescent over 2016-17 and 2017-18. Deviations of the south-west monsoon from normal, upside shocks to oil prices and weak growth in a number of advanced and emerging economies would pose downside risks to the baseline projections of growth and inflation set out in this MPR.

Prices and Costs

Consumer price inflation rose in the second half of 2015-16 before dropping in February with a sharp decline in food prices. Farm and non-farm cost pressures abated and wage growth in rural areas as well as in the organised sector remained weak.

The September 2015 MPR projected headline CPI inflation¹ to rise from 4.5 percent in that month to an average of 5.5 percent in third quarter and 5.8 percent in fourth quarter of 2015-16. Actual inflation outcomes have closely followed this projected trajectory, and especially the turning points, albeit with a marginal undershoot that has become somewhat pronounced in February 2016.

Factors that explain the slightly softer than projected inflation readings are: (i) cereal inflation remaining contained by astute supply management; (ii) softening of crude oil prices from

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

December onwards to below US\$ 30 per barrel in January 2016, a 12-year low; and (iii) sharp fall in vegetable prices since December 2015. In January, headline inflation was 5.7 percent, within the disinflation target of 6 percent set for January 2016. A sharper than anticipated seasonal moderation in vegetable.

Consumer Prices

Favourable base effects, which had nudged inflation into a dip during July-August 2015, waned from September and consequently, inflation rose for six months successively before subsiding in February. This period was marked by persisting momentum in month-on-month (m-o-m) price changes during September-November. Although m-o-m price changes turned negative in December, the impact on overall inflation was overwhelmed by a large unfavourable base in that month. By February, the momentum of inflation declined and reinforced the favourable base effect. Some food groups, especially pulses, have given the distribution of inflation a high positive skew.

Even as inflation ebbs, its persistence remains unchanged reflecting the stickiness in prices of pulses and several categories of services. A diffusion index, measuring the tendency of the bulk of prices to move in one direction, shows that for overall CPI as well as constituent goods and services, readings were much above 50 percent in Q3 and Q4, indicating broad-based price increases. In February, the diffusion index for goods fell, while for services it moved up sharply to close to the 100 percent mark.

Drivers of Inflation

Food inflation rose unrelentingly from September 2015 to January 2016 in a broad-based manner to an intra year peak before easing in February. With inflation in cereals, fruits and animal based proteins remaining range-bound, the price behaviour of pulses and vegetables largely determined the food inflation trajectory in this period. Pulses alone contributed to over 35 percent of food inflation despite a low share of about 5 percent within the food and beverages group. The recurrence of high pulses inflation reflects the structural gap in availability relative to demand. India is the largest producer and consumer of pulses, with cross-border trade accounting for barely 15 percent of India's annual production. The focus of agricultural research needs to shift urgently to pulses with emphasis on developing short-duration pest- and disease-resistant varieties, seed multiplication and measures to boost crop yield so as to start off India's second green revolution.

Vegetables inflation also edged up during November 2015-January 2016 as unseasonal rains and flood in southern states limited the extent of price decline usually seen in winter months. However, as the crop arrival picked up, vegetables prices fell sharply in February, pulling down overall food inflation. In other food items, price pressures were visible in the case of sugar as global prices increased in anticipation of a shortfall in production. Pressures remained persistent within the protein-rich category, especially meat and fish for which supply has not been able to match up the increasing demand.

Cereals and products constitute 21.1 percent of the CPI food basket. Their prices have risen only marginally, despite a second successive year of deficient monsoon. A range of measures were

taken by the Government, including lower order of increases in MSPs and higher off-take by states to moderate price pressures. Furthermore, there has been a secular fall in world cereals prices since 2013 leading to a 45 percent correction in global prices from their peaks. Other factors include slowdown in rural wage growth and falling input costs.

In the fuel group, inflation remained steady since September but fell sharply in February. International prices for kerosene and Liquefied Petroleum Gas (LPG) remained muted and the gap with respect to domestic administered prices of kerosene and LPG closed over the course of the financial year. Electricity inflation decelerated after December. Firewood, with the second largest weight in the fuel group, continued to remain the major inflation driver in the category.

CPI inflation excluding food and fuel edged up gradually from 4.3 percent in August 2015 to 4.9 percent in February 2016, largely on account of higher inflation in the sub-groups of transport and communication and housing. Adjusted for petrol and diesel components of transportation, however, inflation in this category remained sticky with only a modest softening in fourth quarter.

Housing inflation rose gradually and continuously since September. Going forward, the forthcoming implementation of the 7th CPC recommendations could significantly alter the trajectory of overall inflation over the medium-term.

Other measures of inflation

Exclusion based measures of CPI inflation remained sticky due to the impact of non-tradable items in the CPI basket. Trimmed mean measures of CPI inflation, on the other hand, softened in fourth and remained below headline inflation.

Empirical evidence suggests that food and fuel inflation affects headline inflation in India through formation of high inflation expectations, wage increases and rise in other commodity prices. The spill-over from food to non-food inflation is found to be stronger during healthy domestic demand conditions. Understanding the shocks in food and fuel prices and their spillovers could provide meaningful insights for monetary policy in anchoring inflation expectations.

Inflation measured by other consumer price indices moved synchronously with headline CPI inflation. The deflation in Wholesale Price Index (WPI) appears to have bottomed out in second quarter of 2015-16. GVA and GDP deflators that were in negative terrain in second quarter, turned positive in third quarter. The gap between CPI and WPI started narrowing in fourth quarter.

Implication of Central Pay Commission Awards on the Medium-term Inflation Trajectory

The implementation of the 7th CPC awards can have a significant bearing on the inflation trajectory through both direct and indirect channels.

In case of subsidised housing provided by the Government, rent charged for the dwelling is the house rent allowance (HRA)

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normally admissible to the employee along with a nominal license fee. An increase in HRA leads to an increase in imputed rent for Government provided accommodation. Such HRA awards, by their construct, seek to bring parity of housing allowances by the Government with the prevailing market rates. Thus, the direct effect on inflation comes through a higher housing index. The indirect effects stem from an increase in private consumption expenditures and through second-round increases in rental rates for housing in general which could embed higher inflation expectations in the public's perception.

The direct impact of the 7th CPC recommendations on headline inflation is expected to be around 150 basis points. The indirect effects are estimated to be around 40 basis points. The impact of the pay awards is likely to be seen over a period of two years. Compared to the 6th CPC awards, increase in the housing index would be more quick and continuous and indirect effects are likely to be smaller. Moreover, outgo of arrears under 7th CPC awards would be substantially lower but HRA rates would automatically increase when the dearness allowance of the employees crosses threshold levels.

Costs

Since the MPR of September 2015, cost pressures in the economy have abated with the sustained fall in global energy and non-energy prices. Domestic input cost pressures also remained subdued. Both industrial and farm costs remained in contractionary mode, albeit with some pick-up in sequential terms in recent months. In the farm sector, electricity, fertiliser and agricultural machinery prices remained range bound whereas diesel prices moderated. In case of the non-farm sector, decline in minerals prices and fall in fuel prices provided comfort.

Wholesale input price inflation closely tracks the assessment of manufacturing firms participating in the Reserve Bank's industrial outlook survey. The 73rd round of the survey conducted in January-March 2016 reports moderation in input price growth, with the softness in costs extending into the near-term. This sentiment was driven by companies that are benefiting from the fall in international commodity prices, especially those in the petroleum and metal industries. Declining WPI attested to the moderation in the cost of raw materials. Falling input prices and weak demand conditions kept corporate pricing power in check. In case of the services sector, however, increase in input costs was reported across all major sectors such as hotels and restaurants, finance and transport companies.

Rural wages, a key determinant of farm costs, recorded moderate growth in nominal terms and remained almost stagnant in real terms. Part of the moderation in nominal wage growth could be in response to the fall in inflation.

Wage growth in the organised sector, reflected in per employee cost, decelerated in third quarter of 2015-16 for both manufacturing and services, with the manufacturing sector registering a sharper decline. While wage growth in manufacturing sector slowed down, value of production in manufacturing sector decelerated at a much faster pace leading to an increase in unit labour cost.

Firms respond more often in response to a price shock by adjusting prices upwards than in the other direction. Similarly, strong demand conditions induce higher increase in prices, whereas the likelihood of lowering the price in case demand is weak is lower. This suggests that the response of expansionary and contractionary monetary policies in controlling inflation will also be asymmetric – expansionary policy fuels inflation at a rate faster than contractionary policy can contain it.

New forms of transactions such as online exchange and e-commerce are gaining currency in India, especially in the urban areas. The cost of adjustments in prices may be limited in such forms of transactions and, therefore, price rigidities induced by menu costs may turn out to be less relevant. Also, prices could turn out to be extremely flexible with dynamic pricing models and strategies adopted by such firms. These developments complicate the setting of monetary policy as the prices of such items are not currently covered in the official price statistics.

Demand and Output

Domestic activity slowed in the second half of 2015-16. Aggregate demand was restrained by stalling fixed investment, weak rural consumption and the ongoing fiscal consolidation. Aggregate supply moderated with the impact of deficient monsoons on agriculture. Gross value added in industry benefited from the decline in input costs while services remained in expansion mode.

Domestic economic activity lost pace in the second half of 2015-16, slowed down by muted investment and a prolonged contraction in exports. While private consumption has been the mainstay in holding up aggregate demand, it has largely been an urban phenomenon; coincident indicators of rural consumption have generally remained weak or in negative territory. On the supply side though, some silver linings are discernible. Despite consecutive deficient monsoons and unseasonal weather more recently, food grains production is on course to post a modest improvement over the levels recorded a year ago. For industry, the deceleration in the volume of production has been more than offset by the decline in input costs. While service sector activity has been affected by the subdued performance of tradables, non-tradables have been expanding at a reasonable pace.

Aggregate Demand

Aggregate demand in terms of year-on-year (y-o-y) changes in real GDP at market prices moderated in the second half of 2015-16, encountering headwinds from stalling fixed investment.

The stock of stranded investment in stalled projects fell, reflecting concerted efforts by the Government towards fast-tracking the revival of projects in electricity generation and chemicals sectors. New investment remained subdued in both private and public sectors in response to the prevailing uncertainty in the business environment and muted business confidence. The production of capital goods fell sharply, co-moving with a deceleration in imports, barring in February. A durable recovery in the capex cycle continues to remain elusive in the face of considerable slack. Profitability of the non-government non-

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financial companies has also moderated in third quarter of 2015-16, with implications for corporate saving and investment. These coincident indicators suggest that national accounts data for fourth quarter of 2015-16, especially private final consumption expenditure (PFCE), may be subject to downward revisions from the implicit levels in the advance estimates for the full year.

PFCE expanded in second half of the year, in part benefiting from real income gains from lower average inflation than a year ago. The production of consumer durables rose robustly up to January 2016, also reflecting improvement in credit conditions for consumers as banks rebalanced their lending portfolios in favour of personal loans in which stress is relatively low. Sales of commercial and passenger vehicles, production of gems and jewelry and mixers and grinders accelerated, indicative of the resilience of urban consumption. Purchasing managers' surveys point to some improvement in employment in manufacturing industries.

By contrast, rural consumption remained weak in second half of the year; with moderation in wage growth, rural incomes have been depressed by shocks to farm activity from back-to-back deficient monsoons. However, lately there was a pick-up in sales of tractors and two-wheelers which could be indicative of a turning point in the rural economy. The focus of the Union Budget 2016-17 on reviving the rural economy and doubling rural incomes could support rural consumption demand more enduringly going forward. Overall, the prospects for PFCE have been brightened by the proposal to implement the 7th CPC award and one-rank-one-pension for retired defense personnel.

The growth of government final consumption picked up in second half of the year relative to first of the year. The Centre's revenue expenditure rose on higher spending on major subsidies, especially petroleum subsidies, and higher interest payments. Plan revenue expenditure related to social and physical infrastructure made a turnaround in second half of the year from an absolute decline in first half of the year. Capital expenditure of the Centre decelerated in second half of the year in relation to first of the year, reflecting lower growth in capital outlay. States, accounting for nearly two-third of general government capital expenditure, received significantly higher resources on account of their enhanced share in taxes as recommended by the Fourteenth Finance Commission. The expenditure multiplier of States tends to be higher than that of the Centre, which could work towards reviving overall investment in the economy.

For the year as a whole, the revised estimates indicate that growth in aggregate expenditure of the Central Government was higher than a year ago with revenue and capital expenditure broadly in line with their respective budgetary targets. Despite a large shortfall vis-à-vis projected disinvestment, the buoyancy in indirect tax collections and non-tax revenues helped in meeting the fiscal deficit target. The combined fiscal deficit at 6.5 percent of GDP in 2015-16 is budgeted to have improved in relation to a year ago at 7 percent.

The Union Budget 2016-17 adhered to the path of fiscal consolidation with the Centre's Gross Fiscal Deficit (GFD) projected to decline by 0.4 percentage points. Adherence to

fiscal consolidation path is contingent upon efficient revenue mobilisation - broadening the tax base and rationalising exemptions reflect the Government's intent in this direction. The stance of fiscal policy in 2016-17 will face a challenging trade-off sustaining public investment within the straitjacket of shrinking fiscal headroom.

Financing of net exports in third quarter of 2015-16 mainly took the form of foreign direct investment (FDI) which, at US\$ 14 billion was the highest ever quarterly net inflow of FDI to India. Foreign portfolio investment, by contrast, recorded net outflows in the second half of the year as heightened turbulence in global financial markets triggered shifts in investors' risk appetite and flights to safe haven. In March, however, FPIs returned as risk-on sentiments took hold. Other forms of capital inflows, however, remained subdued in the third quarter. There was an accretion to foreign exchange reserves, taking their level to US\$ 355.6 billion as on March 25, 2016, equivalent to about 10 months of imports.

Aggregate Supply

The rate of growth in output measured by GVA at basic prices moderated in the second half of 2015-16 on a y-o-y basis. In terms of seasonally adjusted quarter-on-quarter (q-o-q) annualised growth, the loss of momentum was even starker.

Actual quarterly outcomes have closely adhered to the projection path given in the September MPR, with small deviations in magnitude around the turning points. In Q2, the upturn in construction turned out to be more moderate than initially anticipated. The magnitude of recovery in corporate earnings was also somewhat muted. Real GVA growth slowed between Q2 and Q3 in line with projections, but it was 10 basis points above the projection, with manufacturing value added surprising on the upside.

Value added in agriculture and allied activities contracted in Q3 and dragged down overall GVA growth in the quarter. After the south-west monsoon ending the season with a deficit of 14 percent relative to the long period average (LPA), the north-east monsoon started on a listless note with a highly skewed spatial distribution entailing risks to soil moisture. Sowing of major rabi crops except coarse cereals was significantly below normal. An important buffer was the food grains stock which remained higher than the new norms through the year. In the first part of November, Tamil Nadu, which receives almost half of its rainfall from these rains, was buffeted by cyclonic weather and excess precipitation. Floods adversely affected coffee plantations and paddy sowing. The shortfall in the production of pulses - arhar and urad - became binding in the context of the spike in prices of pulses. The north-east monsoon ended in December with a deficiency of 23 percent of the LPA, particularly acute in central, western and parts of eastern India. In Q4, rabi sowing improved in January mainly on account of return of rain and chill in the north and north-eastern parts of the country.

In the context of crop losses in 2015-16 due to vagaries of weather, the Fasal Bima Yojana announced on January 13, 2016 assumes importance. It envisages a uniform premium of 2 percent to be paid by farmers for all kharif crops and 1.5 percent

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for all rabi crops. In case of annual commercial and horticultural crops, the premium to be paid by farmers will be 5 percent. The balance premium will be paid by the Government to provide full insurance to farmers against crop loss on account of natural calamities. Remote sensing and smart phones technologies will be used to fast track the payment of claims.

Value added in the industrial sector accelerated in second half of 2015-16, led by manufacturing. By contrast, industrial output measured by the Index of Industrial Production (IIP) could not sustain the base-effect surge in October and fell into contraction through January 2016. Soft commodity prices brought down input costs sharply as well as the implicit GVA deflator for industry, which together explains the wedge between value added and IIP. In terms of use-based activity, all segments suffered output losses, except festival related demand for consumer durables and intermediate goods in the second half of the year. The contraction in industrial output was not, however, broad-based - excluding 2 percent on either side on account of volatile items, the IIP rose by 0.9 percent; excluding capital goods, the rest of IIP expanded by 1.4 percent in December 2015.

The manufacturing PMI for March 2016 expanded on the basis of growth of output, new orders, including exports. The Make in India drive, together with new measures announced in the Union Budget to widen the space for FDI, and custom and excise concessions, are expected to help lift industrial performance. In this context, the start-up India initiative assumes importance as a potential game changer in lifting business sentiment. The objective is to create an ecosystem that is conducive for entrepreneurship, employment generation and wealth creation.

GVA in the services sector maintained a stable pace of expansion in the second half of the year, as it had in the first half of 2015-16. All constituents shared in this growth, although financial services, real estate and professional services experienced some moderation.

In the third quarter, the services PMI was in expansionary territory in October on new business orders, but it fell to a five month low in November as new business orders slowed down. In December, the index surged back but polled firms indicated a reluctance to hire. Other lead and coincident indicators of service sector activity were mixed and reflected sector-specific dynamics. By October through the quarter, passenger and commercial vehicles sales registered healthy growth on festival related demand and one-time replacement requirements to comply with fuel emission norms. On the other hand, the two wheelers segment remained subdued compared to other segments as lower rural demand subdued. Steel consumption and cement production - compositely, a lead indicator of construction activity - anticipated a slowdown in an environment of legacy issues especially delays in clearances and land acquisition, weak demand and unsold inventory. The revival in roads and highways construction and commercial real estate activity cushioned the downturn. In the trade sector, port traffic decelerated.

In the fourth quarter, the services PMI remained in expansion zone but dipped sequentially, unable to sustain the smart improvement in January 2016. The moderation occurred on account of softer growth in new business. Other indicators

moved diversely. Sales of commercial vehicles showed an uptick in January, while passenger vehicles sales decelerated to lowest in seven months possibly because of correction in inventory management and ban in the national capital region (NCR) on registration of diesel vehicles with higher engine capacity. Sales of passenger vehicles continued to remain subdued in February 2016 exacerbated by strikes in Haryana affecting supplies while commercial vehicles sales continue to accelerate. Overall freight traffic and particularly in respect of coal, the largest commodity carried by railways, contracted during February 2016. Port cargo was, however, boosted by higher tonnage of POL and containerised cargo.

Financial Markets and Liquidity Conditions

Money, bond and credit markets have been largely insulated from global spillovers, while foreign exchange and equity markets have experienced bouts of volatility. Liquidity conditions generally tightened in the second half of the year and proactive liquidity management alleviated pressure on money market rates. Long-term yields exhibited a tightening bias till February and risk spreads reflected both corporate sector stress and asset quality concerns in banks. Total flow of resources to the corporate sector remained buoyant, with industry receiving a rising proportion of increase in non-food credit.

With the turn of the year, global financial markets were seized with renewed fears of a weakening global economy. Volatility surged, dispelling the calm in the preceding quarter that had enabled a priced-in response to the start of normalisation of the US monetary policy in December. Financial markets in India exhibited differentiated responses to these developments. Money, bond and credit markets have been largely insulated from global developments. By contrast, foreign exchange and equity markets experienced bouts of volatility and were vulnerable to rapid shifts in risk assessments.

Financial Markets

Money markets experienced distinct two-way movements through third quarter of 2015-16. Overnight rates traded with a softening bias in the first half of October, having fully transmitted the end-September policy rate reduction of 50 basis points (bps) amidst easing liquidity conditions. Other short-term rates moved synchronously, with interest rates on both Commercial Papers (CPs) and 91-day treasury bills declining by about 38 bps in response to the repo rate cut. From the second half of October, however, redemption pressures in the equity market due to selling by Foreign Portfolio Investors (FPIs) constrained lending by mutual funds in the Collateralised Borrowing and Lending Obligation (CBLO) market and liquidity pressures spread to other segments of the overnight spectrum. The slowing pace of Government expenditure and the onset of festival-related currency demand also contributed to tighter liquidity conditions. Barring brief respites in the early part of each month due to salaries/pension spending by the Government and some return of currency to the banking system after the festivals in late November, the Weighted Average Call Rate (WACR) generally remained a little above the repo rate through the quarter - especially around the outflow of advance tax payments in mid-December.

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Money market rates hardened in the fourth quarter as the spending restraint by the Government became pronounced by mid-January and cash balances began to build-up well ahead of the Union Budget. Term premia rose as secondary market three month CP and Certificate of Deposit (CD) rates inched up. Another factor squeezing liquidity through the quarter was the firming up of non-food credit offtake that started in December. Liquidity tightness was exacerbated from the second week of February, imparting an upside to the WACR. On March 31, the WACR spiked with the Government's cash balances rising to ₹1.9 trillion and banks building excess reserves of 23 percent above the requirement.

In the bond market, yields on Government Securities (G-secs) – which had started to ease ahead of the monetary policy easing cycle – got increasingly disconnected and firmed up through the second half of 2015-16. After the announcement of the Union Budget, however, yields steadily eased.

In the fourth quarter of 2015-16, G-sec yields traded with an upward bias. Successive increases in monthly inflation readings, uncertainty on the likely fiscal stance in the Union Budget and concerns about compliance with the Liquidity Coverage Ratio (LCR) norm weighed on yield movements. The introduction of the new 10-year benchmark security on January 11, an OMO purchase auction of ₹ 100 billion on January 20 and the increase in the investment limit for FPIs in the debt segment improved sentiment in the bond market, but it was transient and yields started hardening by the third week of January 2016 right up to the last week of February, due to likely over-supply of papers relative to demand – State Development Loans (SDLs), tax free bonds and Ujwal DISCOM Assurance Yojana (UDAY) bonds.

Positive sentiment generated by the Union Budget softened yields, with 10-year generic yield declining by about 16 bps on February 29. G-sec yields edged up in the first half of March on profit-booking by market participants, but traded with a softening bias in the second half on the lower inflation reading for February and dovish guidance by the Fed.

High rated corporate bond yields had eased in the early part of the third quarter, fully pricing in the September policy rate cut. In the fourth quarter, however, a hardening bias set in, but eased during the second half of March. Lower rated corporate bond yields rose on concerns related to balance sheets and rising incidence of restructuring of corporate debt by Indian banks. The overall corporate stress ratio – the number of rating upgrades divided by the number of downgrades – declined sharply, indicating deterioration of credit quality of Indian firms. Overall, corporate bond spreads widened though the issuance of corporate bonds (public issues and private placements) increased significantly during the year.

Equity markets began in the third quarter on a buoyant note, lifted by the policy rate cut on September 29 which boosted rate-sensitive sectors. With positive global cues, including signals of additional accommodation by the ECB and the Fed holding rates steady, the sensex was supported by the resumption of portfolio flows while domestic institutional investors, including mutual funds, engaged in profit-booking.

At the start of the fourth quarter, global spillovers pulled down the sensex. A slump in oil prices to below US\$ 30 per barrel – a 12-year low – and dismal Chinese data coupled with another devaluation of the renminbi triggered a massive retrenchment of portfolio investment across EMEs. Equity markets in India were also affected by weaker than expected corporate earnings forecasts and the depreciation of the rupee. In February, there was a resurgence of stress in global financial markets, triggered by a meltdown in stock markets in China. As spillovers spread, investors questioned the ability of highly leveraged European banks to service their contingent convertible bonds. In India, global risk aversion was amplified by public sector banks declaring steep fall/increase in their net profits/losses in the third quarter due to higher provisioning for non-performing assets (NPA) and as a result, banking stocks witnessed a sharp fall in market valuation. The sensex dropped by 22 percent from its January 2015 highs to a 21-month low and erasing all gains since May 2014.

The sensex surged a day after the Union Budget with a return of portfolio flows, improvement in business sentiment and recovery in the rupee amidst strong cues from Asian and European equity markets after China's central bank cut the reserve requirement ratio. The sensex continued gaining in the following days with heavy buying by foreign investors, surge in banking stocks after core capital requirement rules were eased, appreciation of the rupee and rallies in Asian equity markets on expectations of further stimulus from the ECB.

The rupee traded with an appreciating bias against the US dollar in the first half of October, buoyed by the weakness in the US dollar on deferment of monetary policy normalisation in the FOMC's September 17-18 policy meeting. From mid-October, however, the rupee started to depreciate with the strengthening of the US dollar on increasing market expectations of an increase in the Federal Funds rate in December. Bunching of importers' demand for foreign currency and risk-averse FPI outflows also imparted downward pressures to the rupee. Barring intermittent gains on profit-taking and positive domestic cues, including better than expected GDP data for the second quarter, narrowing of the merchandise trade deficit and expansion of the space for FDI, the rupee continued to depreciate through November and December. The December lift-off of the Federal Funds rate turned out to be fully factored in by markets. Dovish Fed guidance brought back stability in foreign exchange markets across EMEs, and the rupee appreciated towards the close of the quarter.

The onset of the fourth quarter brought with it a dramatic shift in the foreign exchange market. Global spillovers produced a renewed bout of downward pressure from the beginning of 2016 as risk aversion and flight to safety intensified on pervasive bearish sentiment. Domestic developments such as rise in inflation, weaker industrial production and continued portfolio outflows also imparted downside to the rupee. The decision of the Bank of Japan to push interest rate into negative territory accentuated the risk-on sentiment towards EMEs in general, resulting in a modest appreciation of the rupee relative to the extent of firming up of several EME currencies.

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Following the announcement of the Union Budget, the rupee appreciated. Since mid-March, the return of portfolio flows to equity market has sustained the upside in the foreign exchange market. In terms of both Nominal Effective Exchange Rate (NEER) and Real Effective Exchange Rate (REER), the rupee depreciated during 2015-16 by 4.1 percent and 1.4 percent, respectively, partly offsetting the appreciation in 2014-15.

By and large, the improvement in bank credit flows has been led by the personal loans category, especially housing, in which delinquency and collateral constraints are comparatively less binding. The flow of resources from banks and non-banks to the commercial sector increased by 25 percent in 2015-16. Flows from non-banks, which include CPs, public issues, financing from all India financial institutions, housing finance companies as well as foreign sources, increased by 12 percent.

In the third quarter of 2015-16, the RBI started the Asset Quality Review (AQR) to ensure that banks were taking proactive steps to correctly classify their loan portfolios, with the deadline of March 2017 to clean up by making full provision. Fifteen public sector banks reported losses on their domestic operations in the third quarter of 2015-16 as a result of increased provisions for doubtful/loss assets and write-offs of bad loans.

Liquidity Conditions

Barring transient periods of surpluses on account of Government spending on salaries/pensions/subsidies – usually in the first week of every month – liquidity conditions generally tightened in the second half of the year beginning from mid-October as the pace of Government expenditure slowed and the seasonal increase in currency demand for the festival season took hold. In anticipation of the mid-December outflow of advance tax payments, the RBI conducted fine-tuning operations, including a 28-day variable rate term repo auction (₹ 210 billion) and an open market purchase operation (₹ 100 billion) as well as term repos of tenors varying from overnight to 13-day, completely offsetting the build-up of Government balances. Liquidity injected by the Reserve Bank rose from ₹ 436 billion at the end of October to ₹ 1,322 billion at the end of December 2015.

In January 2016, as cash balances of the Government jumped from ₹ 762 billion on January 6 to ₹ 1.5 trillion by January 22, the RBI expanded its scale of operations, introducing a 56-day variable rate term repo, and also provided permanent liquidity through an open market purchase operation (₹ 100 billion) on January 20, followed up by another auction of equivalent amount on February 8. Durable liquidity was also injected through buyback operations (₹ 375 billion) on behalf of the Government. Three open market purchases aggregating to ₹ 414 billion were also conducted in March, besides additional term repos of tenors ranging from 2-day to 28-day involving a cumulative amount of ₹ 1.75 trillion to ensure adequate liquidity in the system. The pre-emptive approach of the Reserve Bank can be gauged from the fact that on March 15-16, term repos to the tune of ₹ 1 trillion were conducted to manage the extreme tightness induced by advance tax outflows. By March 16, the liquidity injection by the Reserve Bank from all sources rose to ₹ 2.7 trillion, including its regular facilities.

Tactical Marksmanship in Liquidity Management

Corridor systems widely adopted by central banks in their monetary policy operations encounter both consensus and dilemmas or trade-offs. There is consensus that: (a) the operating target should be an interest rate over which the central bank has the most control – the overwhelming preference in country practices is for the overnight money market rate; (b) a sound and active liquidity management framework is essential to steer the target rate close to the policy rate; (c) there is a commitment to smoothing volatility in the target rate; and (d) reasonably accurate liquidity forecasts drive the active liquidity operations. The dilemmas include: (i) which instrument to use for modulating liquidity conditions; (ii) which interest rate to target – collateralised or uncollateralised, and overnight or short-term; and (iii) width of the corridor – too wide a corridor allows volatility in the operating target while too narrow a corridor disincentivises market development.

In India, the stylised evidence shows that volatility in the operating target has reduced markedly over the years. Rolling period standard deviations of the call rate for 7 days to 90 days have declined to a tenth from 4.5 percent in 2006-07 to around 0.4 percent in 2014-15 and further to 0.2 percent in 2015-16. The efficacy of the revised liquidity management framework in reducing volatility in the overnight money markets is also validated by conditional volatility estimated by an I-GARCH (1, 1) model: spikes now occur with a reduced frequency.

Global Spillovers and Domestic Financial Markets

Various segments of the domestic financial market spectrum have been impacted by bouts of turmoil in global financial markets and heightened volatility. In view of the disruptions in normal functioning of these markets and the implications for monetary policy transmission, identifying, measuring and managing spillovers has become a major challenge for domestic macroeconomic policies. In India, both domestic factors and global spillovers have conditioned movements in financial markets, though increasingly domestic factors appear to have played a more prominent role. Money, bond and credit markets are largely insulated in terms of persistence of the impact on average price levels, unlike the foreign exchange and stock markets. However, global spillovers tend to influence volatility in all segments. Among domestic factors, liquidity conditions, market microstructure, inflation and fiscal outlook, and market concerns relating to asset quality of banks and corporate balance sheets have a prominent influence on market activity. Proactive liquidity management is critical to transmission, but by itself cannot prevent disruptions arising from overwhelming global developments.

External Environment

Global economic activity has slackened further and international trade remains subdued, while downside risks have increased. Weak demand and soft commodity prices have rekindled fears of deflation in some key AEs, prompting renewed divergence in monetary policy stances. With fragile domestic economic fundamentals, EMEs remain vulnerable to swings in market sentiments and capital outflows.

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Since the MPR of September 2015, the global economy has weakened, with rising downside risks prompting downward revisions to forecasts by several international agencies. Still subdued commodity prices and trade flows coupled with rising volatility in capital flows, exchange rates and financial markets have amplified the downside risks more recently. Stagnant investment across economies remains the main drag on growth. Clouding the outlook is the continuing loss of momentum in EMEs, overlaid by the anticipated slowdown in China and tightening financial conditions.

Global Economic Conditions

The US economy slowed in the second half of 2015 as the private sector cut back capital investment in the face of an inventory glut, while a strong dollar and tepid global demand weighed on exports. Industrial production remained in contraction mode in the first quarter of 2016. Consumer sentiment remained upbeat, however, despite mixed sentiment in labour market conditions and retail sales. In the Euro area, growth decelerated in the fourth quarter of 2015 due to sagging exports, though private consumption was boosted by low oil prices and favourable financing conditions. Consumer confidence and economic sentiment have fallen significantly in the first quarter of 2016. Growth in the Japanese economy suffered a setback in the fourth quarter of 2015 as the fall in private consumption overshadowed the expansion in exports. Continuing decline in factory output amplifies the fear of contraction in GDP in the first quarter of 2016. The UK economy picked up in the fourth quarter of 2015, driven by its services sector. Business confidence, however, remains subdued in the first quarter of 2016.

Commodity Prices and Global Inflation

Global commodity prices softened further through fourth quarter of 2015. A recent uptick starting in mid-February 2016 is shadowed by excess supply, faltering demand from EMEs and strengthening of the US dollar. Crude oil prices dipped to a 12-year low of below US\$ 30 per barrel in January 2016 under the weight of supply glut, combined with weaker than expected demand due to a milder winter in the northern hemisphere. The weakening US dollar and anticipation of OPEC freezing output in its scheduled April meeting, however, has boosted crude oil prices lately. Metal prices fell for four consecutive months till January; however, prices of gold gained by around 16 percent during Q1 of 2016 as demand for safe haven assets increased.

Monetary Policy Stance

Monetary policy stances have been diverging across both AEs and EMEs. In December 2015, the Fed raised its policy rate after almost a decade – to a target range for the fed funds rate of 0.25-0.5 percent. However, the future policy rate path of Fed remains uncertain with the rate being kept on hold in January and March alongside dovish guidance. On the other hand, as fears of growth slowdown and deflation resurfaced, Japan and the Euro area have further eased unconventional accommodation. The European Central Bank (ECB) expanded its QE programme in March, reduced the deposit rate further into negative territory (-0.4 percent) and cut its policy rate to zero. The Bank of Japan (BoJ), while maintaining its quantitative and qualitative easing programme, introduced a negative deposit rate since January.

While the aim of countries pursuing negative interest rates has been to improve domestic growth and inflation outlook, it has given rise to global concerns about financial stability.

Global Financial Markets

Global financial markets began fourth quarter of 2015 on a positive note, with market sentiment boosted by the Fed refraining from raising policy rate in its September meeting. As concerns about China seemed to recede, markets rallied in October – globally, equity markets recorded modest gains, yields softened in debt markets, major currencies regained some ground against the US dollar and crude oil traded briefly above US\$ 50 per barrel for the first time since July. Policy interventions in major EMEs and AEs, either through stepping up of monetary accommodation or intervention in foreign currency markets, also supported the markets. With a hawkish tone discernible in Fed's October meeting, both money and bond markets in the US reacted to heightened rate expectations that gained ground from November 2015. In the Euro area, however, market sentiment remained calm until December.

Since the beginning of 2016, fears about weakening global growth have re-emerged, especially about China. Combined with worries about financial viability of European banks and falling commodity prices, it triggered surges of volatility in financial markets and overshoots, with contagion spreading to financial markets across AEs and EMEs. A panel VAR using daily data of select EMEs for the period July 1, 2015 to February 25, 2016 – covering the two episodes of large devaluation in Renminbi (RMB) in August 2015 and January 2016 – shows that devaluation of the RMB induces marked movement in the currency, bond and equity markets in the panel countries over the next two weeks. A one percent depreciation in the RMB leads to a similar depreciation in the currencies of these countries, while the 10-year G-sec yield hardens and equity prices fall significantly.

Global equity markets dipped into 'bear' territory during January-February 2016, with equity prices retreating across all major markets. Bank equities, in particular, were hit hard in AEs and have fallen significantly since the beginning of the year – 21 percent in the Euro area; 30 percent in Japan; 19 percent in the UK; and 12 percent in the US. Equity markets also fell across EMEs in Q1 of 2016, but the declines were relatively modest.

In AE bond markets, yields rose in the last quarter of 2015 on the anticipated rate hike by the Fed and easing concerns about China. Net foreign portfolio flows to EME bond markets were mostly negative in Q4 which kept yield rates high. In the first quarter of 2016, financial market turbulence and a further sharp fall in oil prices aggravated worries about global growth, and government bond yields fell into negative territory in some AEs. The introduction of a negative deposit rate by Japan pushed its 10-year bond yield into negative zone, which spurred demand for other positive yielding treasuries and depressed their yields.

In sum, downside risks to global economic activity have increased. With global commodity prices and inflation expected to remain soft, monetary policy stances continue to be highly accommodative, but divergent. Financial markets remain

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

vulnerable to volatility and flux in capital flows and investor sentiment

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

India's housing finance industry comprises banks and housing finance companies. India's Urban Population has grown over the past 4 decades from 109 million in 1971 to 377 million in 2011 and is expected to grow to almost 600 million by 2030.

India is expected to emerge as the third largest economy in the world by 2030 with an estimated 590 million people inhabiting in cities.

The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive.

Housing for All scheme in India is a vision of Prime Minister of India where all facilities will be provided in a place. As per the Urban Development Ministry, as many as 2,508 cities in 26 states have been selected under 'Pradhan Mantri Awas Yojana' (PMAY (U)) for providing affordable houses to the urban poor.

As per the scheme guidelines, the houses under the PMAY (U) mission would be designed and constructed to meet the requirement of structural safety against earthquakes, flood, cyclone, landslide etc. conforming to the National Building Code and other relevant Bureau of Indian Standards Codes.

The mission also includes a technology sub-mission to facilitate state technologies for adoption of layout designs and building plans suitable for various geo-climatic zones and to deploy disaster resistant and environment friendly technologies.

The target beneficiaries of the scheme would be poor and people living under Economically Weaker Sections (EWS) and Low Income Groups (LIG) categories in urban establishments of the country.

Objective: The Project is aimed for urban areas with following components/options to States/Union Territories and cities:-

1. Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource;
2. Promotion of affordable housing for weaker section through credit linked subsidy;
3. Affordable housing in partnership with Public & Private sectors and
4. Subsidy for beneficiary-led individual house construction or enhancement.

Finance: It is estimated that around 2 lakh crore (US\$30 billion) would be required to be spent over the next six years. Central grant of 1 lakh (US\$1,500) per house, on an average, will be available under the slum rehabilitation programme. State Governments would have flexibility in deploying this slum rehabilitation grant to any slum rehabilitation project taken for development using land as a resource for providing houses

to slum dwellers. Under the Credit Linked Interest Subsidy component, interest subsidy of 6.5 percent on housing loans availed upto a tenure of 15 years will be provided to EWS/LIG categories, wherein the subsidy pay-out on NPV basis would be about ₹ 2.3 lakh per house for both the categories. Central assistance at the rate of ₹1.5 lakh per house for EWS category will be provided under the Affordable Housing in Partnership and Beneficiary-led individual house construction or enhancement. State Government or its Housing Boards can take up project of affordable housing to avail the Central Government grant.

The scheme will be implemented as a Centrally Sponsored Scheme except the credit linked subsidy component, which will be implemented as a Central Sector Scheme. The Mission also prescribes certain mandatory reforms for easing up the urban land market for housing, to make adequate urban land available for affordable housing. Houses constructed under the mission would be allotted in the name of the female head of the households or in the joint name of the male head of the household and his wife.

Under PMAY, it is proposed to build 2 crore houses for urban poor including EWS and LIG in urban areas by the year 2022.

Looking ahead:

The government's announcement of 98 cities that have been shortlisted for the smart cities mission includes a good mix of cities that are business centres, as well as cultural hubs. The list of 20 smart cities out of the 98 shortlisted for the 'Smart Cities Mission' was released on Thursday, 28th January, 2016. These 20 cities which include Bhubaneswar (Odisha), Pune (Maharashtra), Jaipur (Rajasthan), Surat (Gujarat), Kochi (Kerala), Ahmedabad (Gujarat), Jabalpur (Madhya Pradesh), Visakhapatnam (Andhra Pradesh), Solapur (Maharashtra), Davangere (Karnataka), Indore (Madhya Pradesh), New Delhi Municipal Corporation, Coimbatore (Tamil Nadu), Kakinada (Andhra Pradesh), Belagavi (Karnataka), Udaipur (Rajasthan), Guwahati (Assam), Chennai (Tamil Nadu), Ludhiana (Punjab), Bhopal (Madhya Pradesh) will be the first to receive funds, thus kickstarting the process of developing them into 'smart cities'. The next two years will see the inclusion of 40 and 38 cities, respectively.

A 'smart city' is an urban region that is highly advanced in terms of overall infrastructure, sustainable real estate, communications and market viability. It is a city where information technology is the principal infrastructure and the basis for providing essential services to residents. There are many technological platforms involved, including but not limited to automated sensor networks and data centres.

These cities will have the core infrastructure and will offer high quality living to their citizens. They will enable a clean environment and provide smart solutions to problems. The objective behind the initiative is to improve the quality of urban living for all residents with the use of smart technologies. A smart city is different from 'normal' cities in terms of live-ability, workability and sustainability. The centre has earmarked ₹48,000 crore for the development of 100 smart cities. Each smart city would get a central assistance of ₹100 crore per year for five years. The cities were selected through an intra-city competition,

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

evaluated on the parameters such as service levels, financial and institutional capacity, past track record and reforms. The project aims at speedy development of the cities to keep pace with rising urbanization, thus increasing the quality of life in urban areas, developing new cities near the existing cities, providing housing for all the citizens, reducing air pollution and reducing the crowd. In a smart city, the infrastructure and amenities such as water, sanitation, energy, transport, public safety, education and healthcare, are integrated and managed through the technology for efficient governance and delivery. The smart city solutions identified for the selected cities would have a far-reaching demonstration effect for the entire range of towns and cities across India. This will trigger urban development; rejuvenation and infrastructure augmentation; apart from providing smart technology-based solutions, which are not capital-intensive and have the highest returns on quality of life.

The government is putting the impetus on infrastructure, thus strengthening the emerging locations and therefore, realty markets in these destinations are well set for a robust growth. Developers are now increasingly getting focused on the affordability factor to increase sales and improve their cash-flows. Experts point out that the Banking Financial Services and Insurance (BFSI) sector and professional services are the major sectors of growth in the city, whereas, the manufacturing, pharmaceuticals, shipping as well as the media and entertainment sectors, are also noticeable drivers.

In the evaluation of sustainability of the housing market, the absorption of office space is the prime indicator across the world. After all, it is the economic activity and employment quotient of the area that fuel the demand for new houses. Housing loan growth is set for a major appreciation in the current financial year 2016-17 as government's focus on housing for all scheme i.e. PMAY and impending wage revision as per 7th Pay Commission of Central / State Govt. staff could surge demand for housing.

Competition

In the first week of April' 16, the RBI Governor in his bi-monthly monetary policy review has cut the repo rate by 25 basis points to 6.5 percent, thus clearing the decks for home and auto loans, among other loans to become cheaper. The policy interest rate has been now lowered to more than a five-year low, with the prospect of another cut expected later in FY 2016-17, if inflation trends stay benign. From the standpoint of the home-buyers, this definitely has a multiplier effect on the psychology, which had been subdued for quite some time due to high interest rates and trust deficit within the sector. The industry has hence given its thumbs-up to the RBI's gesture. On the back of moderating inflation levels, controlled fiscal deficit and cautious economic sentiments, the RBI's decision to pare key interest rates in its latest monetary policy review was largely expected by the industry. The rate cut is likely to help lower borrowing costs and support growth further in 2016. For the real estate sector, this is particularly critical. It is expected that this benefit will be completely transferred to the borrowers, which will result in lower lending rates, thus reviving housing sales.

The Housing Finance Industry is one of the most keenly competitive segments of the economy, with the banking sector having a significant presence. New rules announced by RBI in December 2015 take away from banks, freedom to decide when to revise rates. Rates will have to be decided based on the 'marginal cost of funds'. In other words, banks have to routinely calculate their cost of funds and any change has to be passed on to borrowers by revising their benchmark. This new formula-based benchmark is called the marginal cost of lending rate (MCLR). MCLR is a benchmark rate which reflects the cost of funds for a particular tenure. For instance, if a bank cuts its one-year deposit rate, its one-year MCLR will see a decline. The earlier benchmark was the 'base rate' which was calculated to reflect average cost of funds. The base rate did not change if banks lowered deposit rates as existing deposits continued to earn interest on old rates.

The MCLR keeps getting revised every month as cost of new deposits changes. But once a loan has been availed, borrowers will see their rates being reset after one year. At the end of a year, the home loan rate will be reset in line with the prevailing MCLR. For new borrowers, things will be slightly different. A borrower in 1st April will get loans at the prevailing MCLR (9.3%), but a month later a new borrower might get a loan at a lower MCLR if the cost of funds drops. For the April borrower, it will take three more quarters for his loan to get reset. In other words, there could be 12 sets of one-year MCLR if cost of funds change every month. Thus loan would begin to get cheaper with new interest rate formula.

Banks have an edge over housing finance companies due to access to relatively low cost funds raised through deposits. Therefore, with every drop in interest rate as envisaged in coming months, propelled by Banks, the Housing Finance Companies will be forced to follow the suit, else borrowers of Housing Finance Companies would be at a disadvantage where interest rate matters. The competition will not be only on cheap loans but it will trigger innovation in housing finance products and force improvement of customer services.

After the Union Budget announcement, the RBI allowed banks to issue long-term money to finance long-duration infrastructure projects and offer credit for affordable housing. The money raised via bonds would not attract the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) norms. This will reduce the cost of funds for banks.

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.

Opportunities

Analysts tracking the city's property market maintain that the fundamentals are heavily loaded in favour of housing demand ahead. According to Colliers International, the commercial capital of India registered a record over 2.93 million sq. ft. of office space absorption with industries like BFSI, IT/ITeS, manufacturing and pharma taking over office spaces. It is currently in sharp contrast to the residential real estate market, which is witnessing

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

lower absorption rates. However, if commercial sales figures are anything to go by, this impetus is directly proportional to the demand for residential developments. Commercial development would continue to define the real estate market in Mumbai, thus creating a ripple effect on the growth of the residential market. There is a huge unmet demand for affordable housing in India. Apart from Mumbai, the cities of Ahmedabad, Chennai, Bengaluru, Delhi and NCR are growing in terms of infrastructure and connectivity and has become a hub for media, entertainment, consultancy and financial services. This has resulted in job opportunities. High absorption of office space indicates a healthy outlook in the economy and employment, which invariably trickles down to an increase in demand for residential property.

Employment prospects and residential development go hand in hand. If an area has vast employment opportunities, then it also requires accommodation for the work force and therefore, residential demand also surges in such destinations. Upcoming residential destinations result in quick infrastructure and social development that finally create more jobs for the local people. It is a given fact that commercial activity generally, attracts residential property development. Bigger employment opportunity means higher demand for residential property in and around that area. Some of these cities have been built on the back of business or commercial activity that have created job opportunities; in turn, attracting people from across the country to migrate and settle close to their workplaces. This has given thrust to the development of residential property due to the influx of people wanting to find a home of their own. Therefore, when there is a huge employment opportunity in a given area, it has a ripple effect with residential property prices spiraling due to the increase in demand for residential property. Alongwith residential demand, the retail and hospitality sectors also see a substantial growth in the area. When large office complexes, IT Parks, and SEZs attract a sizeable volume of employee footfalls on a daily basis, it is likely to create opportunities for allied real estate portfolios such as residential, retail and hospitality segments.

For the commercial real estate sector, 2015 started on a positive note and the momentum carried on till the year-end. Private equity activity in the commercial sector has also begun to show momentum. Institutional investors, both domestic and overseas, are demonstrating an increased appetite and willingness to engage. There were some big-ticket office deals in 2015-16. The demand was primarily driven by the IT/ITeS sector; however, e-commerce emerged as a significant contributor within IT/ITeS for this demand. Some of the turning moments for real estate market in 2015-16 were:

- Rental housing got due recognition and the government took steps to give it a boost;
- Real Estate Investment Trust (REIT) were given another positive push, although much remains to be done. FDI in real estate has friendlier norms.
- The demand for single window, time-bound clearances and permission for real estate projects may soon become a reality as per the Real Estate (Regulation and Development) Bill, 2015.

The Union Budget for the fiscal 2016-17, in the given economic environment is overall balanced and growth-oriented with an immense capacity to unlock the initiatives taken by the government. As far as the housing sector is concerned, it has turned out to be the primary beneficiary. The 100 percent deduction for profits to an undertaking in a housing project for flats upto 30 sq.mts.in four metros and 60 sq.mts.in other cities, approved during June 2016 to March 2019 and completed in three years, will encourage supply in the affordable housing segment. This is subject to Minimum Alternate Tax. The proposal that distribution made out of income of Special Purpose Vehicle (SPV) to the REIT and Infrastructure Investment Trusts (INVTs) is likely to promote REIT and attract new investments. The dispute resolution mechanism for construction contracts alongwith a credit rating system, will be highly beneficial for real estate sector which is largely dispute-ridden sector. Removal of Dividend Distribution Tax (DDT) on REITs will encourage REIT listings, which could be a game changer for the Indian real estate market. The first time home buyers definitely have a reason to cheer. The budget has provided an exemption of ₹50,000 for housing loans upto ₹35 lakh, where the cost of the house is not above ₹50 lakh. The housing loan interest for the first-time home buyers and affordable housing would boost the stressed residential sector. The budget gives a boost to low-cost housing, thus boosting the demand for compact homes. The move to waive off Service Tax on houses, which are less than 60 sq. mts. would provide the middle-class segment much needed relief. The excise duty exemption on ready-mix concrete used in construction sites augurs well for the construction industry.

Threats (bottlenecks)

Unavailability of land, delays in project approvals and low Floor Space Index (FSI) 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 and liquidity crunch, bureaucratic delays, labour shortage and legal wrangles, have contributed to the holding up of projects and consequent slowing down of sales.

Land acquisition complexities impede investors. The core issues that surround the acquisition of land are more complex than those related to built-up property. Also, there are issues of multiple approval requirements for any housing project varying from State to State.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Outlook

The year 2015-16 has not been an easy ride for the real estate sector. Apart from cyclical factors, the sector has been roiled by issues such as delay in approval, harassment from authorities, demand-supply mismatch, so on and so forth. Investors fled the market; developers almost shut down their businesses. The tide is now again turning towards the sector with easing of FDI norms, renewal of interest from foreign investors and revival of demand of commercial spaces. The middle and upper middle class strata, including investors are now more than willing to go an extra mile in search of a home that meets their requirements, while being easy on the pocket.

The developers are pioneering concept of smart housing which involves building homes that are far superior in facilities, yet remain quite economical. These smart cities remain quite self-sustained with international schools, state-of-art hospitals, exclusive entertainment zones, cinema and retail outlets all being developed simultaneously around the residential projects. These smart cities are endowed with world class amenities and cutting-edge technology, too.

The government has laid great emphasis on revamping the real estate sector. Various initiatives like the 'Make in India' campaign have contributed to increasing demand of commercial spaces by leading multinationals who are establishing their base in India. The cities of India are trying to attain economic, social and environmental sustainability in order to be livable cities. The main aim of a smart city has evolved from a provider of technology driven solutions or a seamless services network to one where the focus lies on creating quality housing for all.

The Real Estate (Regulation and Development) Bill, that empowers homebuyers in making an informed choice about buying homes, ensures timely delivery, and provides swift options for legal recourse in case a developer fails to deliver on his promises. The bill bars developers from advertising and selling homes in projects till they have obtained all approvals from local authorities and they are registered with the regulatory authorities that will be set up in every state, alongside appellate tribunals for dispute resolution. At the time of the registration, the developer will have to disclose all project information including details of promoter, project plans, including implementation schedule, land status, layout plan, status of approvals, agreements, details of real estate agents, among many others, empowering buyers. The bill also mandates that builders deposit 70% of money collected from buyers into a separate escrow account that will be utilized only for construction and payment for land, ensuring that money collected is not diverted to other projects or uses as has been the case with many builders. To bring in more projects under the ambit of the regulator, the bill says all projects on land more than 500 sq meters or eight apartments will have to register with the regulator. Most developers measured and sold homes based on a term called super area, which is conventionally atleast 30% more than the carpet area that a buyer can use. Now, the term carpet area has been clearly defined. The bill also brings parity on that front saying both consumers and developers will now have to pay same interest rate for any delays on their part.

The government of India's priority is ease of doing business for which it is taking steps to streamline procedures. A decision to streamline approvals and enable time-bound clearances for construction projects in urban areas by empowering urban local bodies to settle a wide range of approvals and adopting appropriate technology was taken in the month of November 2015. The Central Government aims to reduce movement of files between Central Government ministries and local government bodies, which prolongs the time to give approvals. In association with Indian Space Research Organization (ISRO), the Ministry of Culture is developing colour-coded maps for 281 monuments that account for most of the construction-related approvals, using which municipal bodies can accord approvals in quick time. The Ministry of Environment, Forests & Climate Change has come out with revised and simplified environmental norms, and these will be notified at the earliest, after consultation with Ministry of Urban Development. Urban local bodies and State Governments will be empowered to accord approvals at their level, based on their willingness and ability. The Ministry of Urban Development will soon issue model building bylaws by incorporating all revised and simplified norms and processes, thus enabling urban local bodies to approve building plans in quick time. The government is committed in its endeavour to ease of doing business and it believes that approvals should happen within a specific time limit. The system should be digitized to make it streamlined. It should be in accordance with the masterplan of the city and should have eco-friendly measures. The Ministry of Civil Aviation also commissioned improved version of online NOCAS- No Objection Certificate Application System- eliminating human interface and enabling faster issue of NOC through automatic calculations of permissible heights in airport zones with applicants being able to track the status. The Ministry of Culture has come out with a mobile-based application that enables online approvals for construction in the vicinity of monuments in just 72 hours through integration of websites of National Monument Authority and those of respective urban local bodies. The time taken at present is about 90 days. Now the changes are only visible at a basic level. In a year's time, the magnitude would increase significantly to be visible to the public at large.

Risks and concerns

Risk is inherent part of the Company's business. Effective Risk management is critical to any Housing Finance Company for achieving financial soundness. In view of this, aligning Risk management to Company's organisational Structure and business strategy has become an integral part in Company's business.

The management has to base their business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. The company is exposed to risks in the course of their business such as credit risk, interest rate & market risk, liquidity risk and operational risk. LICHL's strategy in optimizing business opportunities within the aforesaid constraints is assisted by a robust asset liability management. The objective can be summarized as below:

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

- 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 impacted during the financial year due to any adverse liquidity situations, interest rate and currency fluctuations by using tools such as time-bucket wise liquidity statements, duration gap and Forex exposure reports. In other words, it is aimed at ensuring that the Net Interest Income (NII) is not adversely affected irrespective of adverse changes in the above risks as far as possible.

Credit Risk

Credit risk is the risk associated with the borrower defaulting on its obligation as and when it is due. A default by the customer is recorded as Non-Performing Asset (NPA) in the Company books if the customer is not able to settle the dues within 90 days of due date. Also referred to as Default Risk, this risk is usually borne by the lender and is one of the most critical which can impact a financial institute whose main business is lending.

In case of LICHFL, the Company advances money in the lumpsum to collect it over the forth coming years by way of Equated Monthly Installments (EMIs). Selection of right borrowers is the first and the most crucial step of this process. The company follows a rigorous methodology while selecting the borrowers. The Company scrutinizes the documents carefully and the decision making is based on several parameters. After sanctioning the loan, monitoring of the accounts is done. If any irregularities are found, prompt action is initiated.

As Credit Risk is one of the major risk faced by the Company, the Standard Operating Procedures (SOP) document, clearly delineates the guidelines on credit appraisal, legal appraisal, technical appraisal, verification, valuation, documentation etc. The same is reviewed periodically and, if need be, is revised in order to keep the procedures up-to-date.

Market Risk

Market risk is the risk of losses in positions taken by the company which arises from movements in market prices. Any item in the balance sheet which needs re-pricing at frequent intervals and whose pricing is decided by the market forces will be a component of market risk. There are items in the Company's balance sheet which exposes it to market risk like Housing loans at floating rate, loans to developers at floating rate, Non-Convertible Debentures (NCDs) with options, bank loans with option, Foreign Currency Bank Loans, Coupon Swaps etc. This risk can be divided into following two types:-

Interest Rate Risk

Interest Rate Risk refers to the risk associated with the adverse movement in the interest rates. Adverse movement for LIC Housing Finance Limited would imply rising interest rates on liabilities and falling interest yields on the assets. This is the biggest market risk which the company faces. It arises because of maturity and re-pricing mismatches of assets and liabilities. In order to mitigate the impact of this risk, the Company tracks the

composition and pricing of assets and liabilities on a continuous basis. For the same purpose, the Company has constituted an ALCO Committee which actively monitors the ALM position and take appropriate action to avoid risk.

Foreign Exchange Risk

Foreign exchange risk (also known as FX risk, exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the country. It arises because of an unfavorable movement in the exchange rate of the denomination currency with respect to the base currency. Depending upon the magnitude of the movement, the cash flows of the Company can be impacted.

In our case, the amount of foreign currency liabilities form a minor part of overall liabilities and is suitably monitored.

Liquidity Risk

Liquidity Risk implies, the risk of not having sufficient funds to make good the liabilities. This very risk has been the cause behind closure of number of banks in the international markets in the past. Various situations in which liquidity risk may arise include higher than estimated disbursements, stress on systemic liquidity due to CRR hikes, higher government borrowing program, advance tax outflows etc. Therefore, it is imperative to anticipate the net cash outflows correctly, as well as have a contingency plan in case of any unforeseen outgo of funds. An other aspect of liquidity management is avoiding hoarding excess money than what may be required as the same would result in sub-optimal returns on the money available to invest. So every institution has to strike a balance between the two positions and manage the liquidity position actively.

In case of LIC Housing Finance Limited, the Company has to continuously borrow money from the market in order to carry on the business operations. This borrowing depends on the market liquidity conditions and as the liquidity conditions change in the market very rapidly, the Company may not get required funds at times. In order to avoid that situation, a thorough analysis of expected cash outflows is done and funds are raised in advance to make sure that net cash outflows remain less than cash inflows. The buffer is appropriately deployed in suitable investments.

Operations Risk

Operational risk is "the risk of a change in value caused by the fact that actual losses, incurred for in adequate or failed internal processes, people and systems, or from external events (including legal risk), differ from the expected losses". It can be subdivided into the following categories:

- **Compliance risk** is defined as the risk of legal sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best/ good practice. In case of LICHFL, the Company is regulated by NHB, its equity shares are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and the Luxembourg Stock Exchange, making it imperative that the Company follows all the applicable

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

laws. In order to deal with the same, the Company has a designated Compliance Officer whose role entails complying with the statutory requirements of the Company.

- **Legal risk** is the cost of litigation due to cases arising out of lack of legal due diligence. Litigation can also arise out of failure or frauds in project delivery. For LIC HFL, the main business is of lending money for/against mortgage loans and is therefore exposed to legal risk. For handling the same, there are robust legal systems for title verification and legal appraisal of related documents. The Company also has standards of customer delivery and the operational mechanism to adhere to such standards aimed at minimum instances of customers' grievances.
- **Accounting risk** is the risk that an error in accounting practice will necessitate a re-statement of earnings, which adversely affects the investors or customers' perception of the firm. The accounting transactions are consolidated through IT system to prevent errors and omission. The Company presents a fair and transparent view through its financial statements and should disclose the opinion of statutory auditors in the Annual Report as per the format prescribed by SEBI.

The Company is aware that Operational risk events may affect client satisfaction, reputation of the company and shareholder value and therefore considers imperative to manage the same through appropriate mechanism.

Regulatory Risk

Regulatory risk is the risk that a change in laws and regulations will materially impact the company. Changes in law or regulations made by the government or a regulatory body can increase the costs of operating the business, and/or change the competitive landscape. The regulatory risk can arise due to change in prudential rules/norms by the regulators viz; NHB, SEBI, RBI etc. The Company is able to mitigate the same by anticipating the likely regulatory changes that may come in the short and medium term and is able to quickly change its systems and practices to realign itself with the changed regulatory framework from time to time as required.

Competition Risk

Competition Risk is the risk to the market share and profitability arising due to competition. It is present across all the businesses and across all the economic cycle with the intensity of competition risk varying due to several factors, like, barriers to entry, industry growth potential, degree of competition, etc.

Housing Finance business is on an upward trajectory, perhaps due to growing economy, increased urbanization, government incentives, acceptability of credit in society and rise in nuclear families. With the result, the Housing Finance industry has seen a higher growth rate than overall economy and several other industries since past several years. This has attracted lot of Companies in the market thereby increasing competition among the existing Companies to maintain/grow market share and profitability. The Company is able to mitigate this risk by addressing to the customer needs with state of art infrastructure including IT Interface, aligning its practices with the market in order to attract customers and at the same time retaining the

existing ones. The Company has also been able to sense pulse of peer group in terms of their product offerings, pricing and other schemes and is better poised to meet the challenges through improved product offerings, prices and customer service.

Asset Liability Management:

The company follows 'The Asset Liability Management System for Housing Finance Companies – Guidelines' issued by NHB. The company has in place Board approved Risk Management policy. The policy specifies the prudential gap limits and the tolerance limits and the reporting mechanism. The Asset Liability Management (ALM) reports are periodically reviewed by Asset Liability Committee (ALCO) and ALCO in turn apprises the Board on ALM issues periodically.

The average loan to value is in the range of 50-60 percent (as against the regulatory limit of 90 percent for loans upto ₹20 lakh and 80 percent for loans above ₹20 lakh and upto ₹75 lakh and 75 percent for loans above ₹75 lakh) and its instalment to income ratio ranges between 30-40 percent, both being amongst the lower ones in the industry. The low average ticket size of the loan of ₹20 lakh and pan India spread of business adequately disperses the risk.

The Company has one of the best recovery machineries in its category, to address NPAs, supported by legislations such as SARFAESI Act.

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 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 further 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 and 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 and CARE rating agencies, which has helped the Company to procure funds at very competitive rates.

The prime lending rate of the Company is regularly reviewed and revised as it is a benchmark for asset pricing. Since more than 98 percent of the asset portfolio is on the floating/fix-o-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 liquid mutual fund schemes, fixed

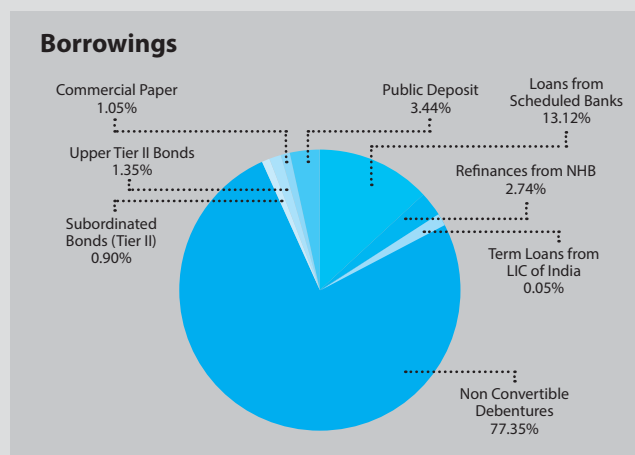
MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

deposits, certificate of deposits as per the Board approved policy with an objective of reducing the negative carry to the extent possible.

The derivative contracts selectively entered into by the company to manage risks associated with interest rate movement are regularly monitored and the company unwinds such transaction at the appropriate time.

The composition of outstanding borrowings as on 31st March, 2016 & the ratings assigned by rating agencies is as under:

Particulars	Percent to total Borrowing	Rating
Loans from Scheduled Banks	13.12%	CRISIL AAA/Stable & CRISIL A+
Refinances from NHB	2.74%	-
Term loans from LIC of India	0.05%	-
Non Convertible Debentures	77.35%	CRISIL AAA/Stable & CARE AAA
Subordinated Bonds (Tier II)	0.90%	CRISIL AAA/Stable & CARE AAA
Upper Tier II Bonds	1.35%	CRISIL AAA/Stable & CARE AAA
Commercial Paper	1.05%	CRISIL A+
Public Deposit	3.44%	FAAA (Stable)
Total	100%	



Performance / Operation Highlights

During the year, the Company sanctioned ₹39,100.07 crore and disbursed ₹36,150.93 crore registering a growth of 23.29 percent in sanctions and growth of 19.20 percent in disbursements over the last year. For the year ended 31st March, 2016, the Company's total income from operations was ₹12,396.15 crore as against ₹10,669.34 crore of previous year. Net profit for year ended March, 2016 was ₹1,660.79 crore when compared to ₹1,386.19 crore of the previous year, showing a growth of 19.81 percent. The outstanding mortgage portfolio as at 31st March, 2016 was ₹1,25,173.20 crore as against ₹1,08,360.73 crore as at 31st March, 2015 thus registering a growth of 15.52 percent.

Key Elements of statements of profit and loss account for the year ended 31st March, 2016

- Profit before tax grew by 21.96 percent and Profit after tax grew by 19.81 percent on year to year basis. Net interest margin for the year was 2.52 percent.
- Tax provision for the year amounted to ₹902.76 crore as compared to ₹715.75 crore in the previous year.
- Net interest income grew by 31.64 percent year on year basis.
- For the year ended 31st March 2016 dividend @ 275 percent is being recommended as against dividend @ 250 percent in the previous year.

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 135 Area Offices, 91 Business Centres, 7 Extension Counters, 1 Customer Service Point as on 31st March, 2016 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, 2016 stood at ₹567.82 crore as against ₹494.68 crore as on 31st March, 2015 registering an increase of 14.78 percent. The gross NPA ratio of the company stood at 0.45 percent as on 31st March, 2016 as against 0.46 percent as on 31st March, 2015. Net NPAs excluding provision on standard assets as per NHB norms as at 31st March, 2016 stood at 0.22 percent (₹270.48 crore) as against 0.22 percent (₹234.43 crore) on the corresponding dates last year. The provision cover on the NPAs stood at 52.37 percent (excluding provision on standard loans as per NHB norms) as on 31st March, 2016.

Human Resources Development

The Company has staff strength of 1726 employees 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 from time to time keeping in view the market requirement. 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, 2016 was ₹72.52 crore and net profit per employee ₹96.23 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 laws, guidelines 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

Your Directors are pleased to present the Twenty Seventh Annual Report together with the Audited Financial Statements for the year ended 31st March, 2016 of LIC Housing Finance Limited ('the Company').

Financial results

	(₹ In crore)	
	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Profit before Tax	2,563.55	2,101.94
Tax Expense	902.76	715.75
Profit after Tax	1,660.79	1,386.19
Appropriations		
Special Reserve & Statutory Reserve u/s 29C of NHB Act, 1987	500.00	385.00
General Reserve	400.00	300.00
Proposed Dividend	277.56	252.33
Tax on Dividend	55.68	49.90
Balance carried forward to next year	427.55	398.96
	1,660.79	1,386.19

Dividend

Considering the performance during the financial year 2015-16, your Directors recommend payment of dividend for the financial year ended 31st March, 2016 of ₹ 5.50 per equity share of face value of ₹ 2 per equity share i.e. @ 275 percent, as against ₹ 5 per equity share of face value of ₹ 2 per equity share for the previous year i.e. @ 250 percent. The total dividend outgo for the current year would amount to ₹ 333.25 crore including Dividend Distribution Tax of ₹ 55.68 crore which is 20.06 percent of Profit After Tax, as against ₹ 302.23 crore including dividend distribution tax of ₹ 49.90 crore, for the previous year, which was 21.80 percent of Profit After Tax.

Performance

Income and profit

The Company earned total revenue of ₹ 12,485.46 crore, registering an increase of 15.62 percent. The percentage of administrative expenses to the housing loans, which was 0.34 percent in the previous year, has marginally increased to 0.366 percent during the financial year 2015-16.

Profit before tax and after tax stood at ₹ 2,563.55 crore and ₹ 1,660.79 crore respectively as against ₹ 2,101.94 crore and ₹ 1,386.19 crore, respectively, for the previous year. Profit before tax increased by 21.96 percent over the previous year while profit after tax showed growth of 19.81 percent over that of the previous year.

Lending operations

Individual loans:

The main thrust continues on individual housing loans with a disbursement growth of 18.03 percent during the financial year. During the financial year, the Company sanctioned 1,73,950 individual housing loans for ₹ 36,024.82 crore and disbursed 1,73,038 loans for ₹ 34,529.33 crore. Housing loan to Individual i.e. retail loans constitute 94.05 percent of the total sanctions and 96.60 percent of the total disbursements for the financial year 2015-16 as compared to 92.48 percent and 96.46 percent respectively during the financial year 2014-15. The gross retail loan portfolio grew by over 15.25 percent from ₹ 1,05,742.16 crore as on 31st March, 2015 to ₹ 1,21,872.89 crore as on 31st March, 2016.

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

Amount sanctioned : ₹ 2,14,250.26 crore

Amount disbursed : ₹ 2,03,440.90 crore

More than 20,30,098 customers have been serviced by the Company up to 31st March, 2016 since inception.

Project loans:

The project loans sanctioned and disbursed by the Company during the financial year were ₹ 3,075.25 crore and ₹ 1,621.60 crore respectively. Corresponding figures for the previous year were ₹ 2,386.15 crore and ₹ 1,071.41 crore. These loans are generally for short durations, giving better yields as compared to individual housing loans.

Awards and Recognitions:

During the year under review, the Company was awarded on various counts by renowned institutions and some of the awards presented to the Company are listed below:

- Best CEO Award by Business Today;
- Most Respected Company Award by Business World;
- Best Housing Finance Company by Outlook Money;
- Best Housing Finance Company by ABP News;
- Best Data Quality by CIBIL;
- Asia Pacific Entrepreneurship Award;
- Power Brands Award by Franchise India.

Marketing and Distribution

During the year under review, efforts were taken to further strengthen the distribution network. The distribution network of the Company consists of 135 Area Offices (AO), 91 Business Centres (BC), 7 Extension Counters (EC), 1 Customer Service Point. The distribution network also includes 38 offices of LIC HFL Financial Services Ltd., wholly owned subsidiary company engaged in distribution of various financial products including housing loan. The Company has representative offices in Dubai and Kuwait.

DIRECTORS' REPORT (Contd.)

Repayments

During the financial year 2015-16, ₹ 18,398.85 crore was received by way of schedule repayment of principal through monthly instalments as well as prepayment of principal ahead of schedule, as compared to ₹ 12,158.76 crore received last year.

Non-Performing Assets and Provisions

The amount of gross Non-Performing Assets (NPA) as at 31st March, 2016 was ₹ 567.82 crore, which is 0.45 percent of the housing loan portfolio of the Company, as against ₹ 494.68 crore i.e. 0.46 percent of the housing loan portfolio as at 31st March, 2015. The net NPA as at 31st March, 2016 was ₹ 270.48 crore i.e. 0.22 percent of the housing loan portfolio vis-à-vis ₹ 234.43 crore i.e. 0.22 percent of the housing loan portfolio as at 31st March, 2015. The total cumulative provision towards housing loan portfolio including provision for standard assets as at 31st March, 2016 is ₹ 820.30 crore as against ₹ 704.25 crore in the previous year. During the financial year, the Company has written off ₹ 34.58 crore of housing loan portfolio as against ₹ 29.68 crore during the previous year.

Resource Mobilisation

During the financial year, the Company raised funds aggregating to ₹ 44,975.81 crore through Non-Convertible Debentures (NCD), term loans/Foreign Currency Non Resident (FCNR)(B) loan / Line of Credit (LoC) / Working Capital Demand Loan (WCDL) from banks, NHB refinance, Commercial Paper and Public Deposits.

Non Convertible Debentures (NCD)

During the financial year, the Company issued NCD amounting to ₹ 26,412 crore on a private placement basis which have been listed on Wholesale Debt Segment of National Stock Exchange of India Ltd. The NCDs have been assigned highest rating of 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA' by CARE. As at 31st March, 2016, NCDs amounting to ₹ 85,803 crore were outstanding. The Company has been regular in making payment of principal and interest on the NCDs.

As at 31st March, 2016, there were no NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the said NCDs became due for redemption. Hence the amount of NCD remaining unclaimed or unpaid beyond due date is Nil.

Subordinate Bonds & Upper Tier II Bonds

During the financial year, the Company has not issued any Subordinate Bonds and Upper Tier II Bonds. As at 31st March, 2016, the outstanding Subordinate Bonds and Upper Tier II Bonds stood at ₹ 2,500 crore. Considering the balance term of maturity as at 31st March, 2016, ₹ 1,500 crore of the book value of the Subordinate Bonds and Upper Tier II Bonds is considered as Tier II Capital as per the guidelines issued by NHB for the purpose of Capital Adequacy.

Term Loans, FCNR (B) loan from Banks / LOC / WCDL, Refinance from NHB

The total loans / LOC outstanding from the Banks as at 31st March, 2016 are ₹ 14,051.65 crore as compared to ₹ 17,454.03 crore as at 31st March, 2015. The Refinance from

NHB as at 31st March, 2016 stood at ₹ 3,038.21 crore as against ₹ 3,428.93 crore as at 31st March, 2015. During the financial year, the Company has availed ₹ 250 crore Refinance from NHB under regular refinance scheme.

The Company's long term loan facilities have been assigned the highest rating of 'CRISIL AAA/STABLE' and short term loan has been assigned rating of 'CRISIL A1+' signifying highest safety for timely servicing of debt obligations.

Public deposits

As at 31st March, 2016, the outstanding amount on account of public deposits was ₹ 3,820.26 crore as against ₹ 2,421.91 crore in the previous year. During the financial year 2015-16 the number of depositors has increased from 24,990 to 30,397 and ₹ 2,112.10 crore has been collected as public deposits.

CRISIL has for the tenth consecutive year, re-affirmed a rating of "CRISIL FAAA/Stable" for the company's deposits which indicates highest degree of safety regarding timely servicing of financial obligations and carries the lowest credit risk.

The support of the agents and their commitment to the Company has been vital in mobilization of deposits and making the product most preferred investment for individual households and others.

310 deposits amounting to ₹ 4.99 crore which were due for repayment on or before 31st March, 2016 were not claimed by the depositors till that date. Since then, 26 depositors have claimed or renewed deposits of ₹ 0.24 crore. Depositors are appropriately intimated for renewal / claim of their deposits through an authorised agency. Further, adequate follow-up is made in respect of those cases where deposits are lying unclaimed.

As per the provisions of Section 125 of the Companies Act, 2013, deposits and interest thereon remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, accordingly, as on date ₹ 2,068/- against unclaimed interest on deposits has been transferred to IEPF.

Being a housing finance company registered with the National Housing Bank established under the National Housing Bank Act, 1987, the disclosures as per Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014 read with section 73 and 74 of the Companies Act, 2013 are not applicable to the Company.

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 17.04 per cent (as against 12 percent prescribed by the NHB) as at 31st March, 2016 after considering the loan to value ratio for deciding risk weightage.

DIRECTORS' REPORT (Contd.)

The Company has adopted Know Your Customer (KYC) Guidelines, Anti Money Laundering Standards, Fair Practices Code, Model Code of Conduct for Direct Selling Agents and Guidelines for Recovery Agents engaged by the Company as prescribed by NHB from time to time. The Company has been complying with the NHB's requirement of issuing 'Most Important Terms and Conditions' of housing loans, with the objective of ensuring a better understanding of the major terms and conditions of the loan agreed upon between the Company and its borrowers.

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

Statutory Auditors

Pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification, or re-enactment thereof, Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Firm Registration No.:101872W / W100045) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Firm Registration No.:109574W), are recommended to be appointed as Joint Statutory Auditors of the Company for a term of three years i.e., from the conclusion of the Twenty Seventh Annual General Meeting (AGM) until the conclusion of the Thirtieth AGM. The Company has received a confirmation from them to the effect that their re-appointment, if made at the ensuing AGM would be in terms of Section 139 and 141 of the Companies Act, 2013 and Rules made thereunder.

The Board recommends the appointment of Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Firm Registration No.:101872W/W100045) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Firm Registration No.:109574W) as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Twenty Seventh AGM until the conclusion of the Thirtieth AGM on a remuneration to be determined by the Board of Directors in consultation with them and applicable taxes / cess on the said remuneration, for the purpose of audit of the Company's accounts at the Corporate Office as well as at Back Offices.

Corporate Governance

A certificate from Mr. P. S. Gupchup, Practising Company Secretary (Membership No.: ACS 4631 and Certificate of Practice No.:9900), regarding compliance of the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The report on Corporate Governance is appended as a separate section in this Annual Report.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

Business Responsibility Report

In terms of Regulations 34(1)(f) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the top 500 listed entities, based on the market capitalization (calculated as on 31st March of every financial year), business responsibility report describing the initiatives taken by these listed entities from an environmental, social and governance perspective, in the format as specified by SEBI from time to time be included as part of the Annual Report. Accordingly, Business Responsibility Report is presented in a separate section forming part of the Annual Report.

Depository system

For transaction of its shares in dematerialised form, the Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). The shareholders have a choice to select the Depository Participant. As at 31st March, 2016, 9,398 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) circular, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Auditors' observations

No adverse remark or observation has been given by the Joint Statutory Auditors in their report dated 18th April, 2016.

The Company has an in-house mechanism for Internal Audit of all its back offices by the team of in-house auditors. The Company maintains an exhaustive checklist for the purpose of Audit. The Company also appoints Chartered Accountant firm as Internal Auditor for audit of its Corporate Office.

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

Outlook for 2016-17

The initiatives taken by the Company during the financial year 2015-16 are expected to improve its operational and financial performance. During financial year 2016-17, the Company proposes:

- To grow business qualitatively by consolidating position and strengthening the competitiveness on service delivery.
- To create brand LIC HFL as a source of trusted partner exuding consumer confidence.
- Understand the inherent risks to the business and managing it effectively.
- Focus on winning and retaining customers.
- Pursue new skills and expand knowledge aimed at managing competition effectively.

DIRECTORS' REPORT (Contd.)

- Expand its operations by establishing new business centres.
- Increase 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 terms.
- 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 efforts to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- 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 its due recognition. The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive. While rapid urbanization and growing cities provide various opportunities, there is fallout in terms of proliferation of slums, high prices of land and building materials which render houses unaffordable for the segment at the bottom of the pyramid. The technical committee constituted by the Ministry of Housing and Urban Poverty Alleviation has estimated housing shortage at 18.78 million units during the 12th Five Year Plan period of which over 95 percent is estimated in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories.

With increasing urban population it is estimated that it would generate unprecedented demand for quality real estate and infrastructure. **Housing for All scheme in India** is a vision of Prime Minister of India where all facilities will be provided in a place. As many as 2,508 cities in 26 states have been selected under 'Pradhan Mantri Awas Yojana'(PMAY) for providing affordable houses to the urban poor.

As per the scheme guidelines, the houses under the PMAY (U) mission would be designed and constructed to meet the requirement of structural safety against earthquakes, flood, cyclone, landslide etc. conforming to the National Building Code and other relevant Bureau of Indian Standards Codes.

The mission also includes a technology sub-mission to facilitate state technologies for adoption of layout designs and building plans suitable for various geo-climatic zones and to deploy disaster resistant and environment friendly technologies.

The target beneficiaries of the scheme would be poor and people living under EWS and LIG categories in urban establishments of the country

Housing loan growth is set for a major appreciation in the current financial year 2016-17 as government's focus on housing for all scheme i.e. PMAY and in view of favourable current budgetary provision, with a focus on housing, has led to enhanced disposal income in the hands of people, which ultimately lead to more purchasing power and thereby could surge demand for housing.

Compliance under Companies Act, 2013

Pursuant to section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

Extract of Annual Return:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 as on 31st March, 2016 is attached as Annexure 1 to this Report.

Board Meetings held during the year:

During the year under review, 8 Board meetings were held. Detailed information on the meetings of the Board are included in the Report on Corporate Governance which forms part of this Annual Report.

Directors' Responsibility Statement:

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, and based on the information provided by the management, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis; and
- the Directors have laid down internal financial controls to be followed by the company and that such Internal Financial controls are adequate and were operating effectively. Note on Internal Financial control is attached as Annexure 2 to this Report.
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS' REPORT (Contd.)

Statement on Declaration from Independent Directors:

A declaration under section 149(6) & (7) of the Companies Act, 2013 has been obtained from each of the Independent Director.

Company's policy on Directors' appointment and remuneration including criteria:

The Company's policy for selection and appointment of Directors and there remuneration is based on its Remuneration Policy which, inter alia, deals with the manner of selection of the Board of Directors and such other matters as provided under section 178(3) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The performance of the Members of the Board, and the Board as a whole were evaluated at the meeting of Independent Directors held on 23rd February, 2016.

In terms of the provisions of section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a company shall have atleast one Woman Director on the Board of the Company. The Company has Ms. Savita Singh as Director on the Board since 25th May, 2012 and Ms. Sunita Sharma as Managing Director & CEO since 5th November, 2013. Further, Ms. Usha Sangwan has been inducted on the board of the Company with effect from 23rd June, 2016.

Qualification, reservation or adverse remark or disclaimer made by Joint Statutory Auditors and Secretarial Auditor:

No adverse remark or reservation or qualification has been made by Joint Statutory Auditors or Secretarial Auditor.

Particulars of loans, guarantees or investments under Section 186:

Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantee given or security provided by a housing finance company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Particulars of contracts or arrangements with related parties referred to Section in 188(1) read with Rule 8(2) of Companies (Accounts) Rules, 2014:

All Related Party Transaction that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transaction entered by the Company with Promoters, Directors, key managerial personnel or other persons which may have a potential conflict with the interest of the Company. Considering the nature of the industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are also on arm's length basis. All such Related Party Transactions are placed before the Audit committee for approval, wherever applicable. Prior approval as per SEBI (LODR) Regulations, 2015 is also obtained from Audit Committee for the Related Party Transactions which are of repetitive nature as well as for ordinary course of business.

The Related Party Transactions Policy and Procedures as reviewed by Audit Committee and approved by Board of Directors is uploaded on the website of the Company and the link for the same is (http://www.lichousing.com/policies_codes/Policy_Dete_Mate_Subd.php).

Form AOC-2 is annexed as Annexure 3 to this report.

State of the company's affairs:

The year 2015-16 was a significant year in Company's lifecycle. The Company earned total revenue of ₹ 12,485.46 crore, registering an increase of 15.62 percent. The percentage of administrative expenses to the housing loans, which was 0.34 percent in the previous year, has marginally increased to 0.366 percent during the year 2015-16.

Profit before tax and after tax stood at ₹ 2,563.55 crore and ₹ 1,660.79 crore respectively as against ₹ 2,101.94 crore and ₹ 1,386.18 crore, respectively, for the previous year. Profit before tax increased by 21.96 percent over the previous year while profit after tax showed growth of 19.81 percent over that of the previous year.

Amounts, if any which it proposes to carry to any reserves:

The Company has transferred ₹ 500 crore to Special Reserve and Statutory reserve u/s 29C of NHB Act, and an amount of ₹ 400 crore to General Reserve.

Amount, if any, which it recommends should be paid by way of dividend:

₹ 277.56 crore is proposed to be paid by way of dividend to shareholders of the Company i.e. ₹ 5.50 per equity share of face value of ₹ 2 per equity share.

Material changes and commitments, if any, affecting the financial position of the company:

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2016 and the date of the Directors' Report i.e. 15th July, 2016.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

A. Conservation of energy –

(i) The steps taken or impact on conservation of energy-

The Company has replaced models of computers, printers, and other equipment which were consuming between 50 to 90 percent more energy than energy-efficient models. This has ensured reduction in energy consumption and resultant saving in costs.

Electronics such as computers and copy machines are plugged out at the end of day or after office hours in order to save energy as mere turning off or shutting down does not save energy completely.

Air conditioning equipment is cleaned and serviced on routine basis thereby saving energy and costs and giving required cooling.

The office has LED lights and after office hours, only the required lights and air conditioning is used thereby saving energy and minimizing energy wastage.

(ii) The steps taken by the Company for utilizing alternate sources of energy-

DIRECTORS' REPORT (Contd.)

The Company is in the process of exploring use of alternate source of energy.

- (iii) The capital investment on energy conservation equipments - None

B. Technology absorption –

- (i) The efforts made towards technology absorption – Not applicable.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution – Not applicable.
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of financial year)- Not applicable.
- (a) The details of technology imported – Not applicable.
- (b) The year of import – Not applicable.
- (c) Whether the technology has been fully absorbed – Not applicable
- (d) If not fully absorbed areas where absorption has not taken place and the reason thereof – Not applicable.
- (iv) The expenditure incurred on Research and Development – Not applicable.

C. Foreign Exchange Earnings and Outgo-

The foreign exchange earned in terms of actual inflows during the year and the foreign outgo during the year in terms of actual outflows.

During the year ended 31st March, 2016, the Company earned ₹ 22.68 lakh and spent ₹ 149.44 in foreign currency. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

Risk Management:

The Board of the Company has formed a Risk Management Committee to frame, implement, monitor, review risk management policy; review of the current status on the outer limits prescribed in the Risk Management policy and report to the Board; review the matters on risk management. Risks faced by the Company are identified and assessed. For each of the risks identified, corresponding controls are assessed and policies and procedure are in place for monitoring, mitigating and reporting risk on a periodic basis. In the opinion of the Board, none of the risks faced by the Company threaten its existence.

Corporate Social Responsibility (CSR):

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities is annexed as Annexure 4 to this report.

Composition of the Corporate Social Responsibility Committee is as follows:

Shri S. B. Mainak*	Ex-Chairman	Director
Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari**	Member	Independent Director
Ms. Sunita Sharma	Member	Managing Director & CEO

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

**Appointed as Member w.e.f. 20.07.2015

Annual evaluation made by the Board of its own performance:

As part of good governance and Board process and also in accordance of the requirement of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, at the meeting of Independent Directors held on 23rd February, 2016.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board process, information and functioning, process of disclosure and communication, access to timely, accurate and relevant information etc.

The performance of the committee was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committee, effectiveness of committee meeting, functioning, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, presented views convincingly, resolute in holding views etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the board as a whole and performance of Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the independent directors, at which the performance of the Board, its committees and Individual Directors was also discussed.

DIRECTORS' REPORT (Contd.)

Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement:

Pursuant to Section 129 of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and also of its subsidiaries, in the same form and manner as that of the Company which shall be laid before the ensuing Twenty Seventh Annual General Meeting of the Company alongwith the laying of the Company's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Company. Further, pursuant to the provisions of Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company alongwith its subsidiaries for the year ended 31st March, 2016 form part of this Annual Report.

There has been no change in the nature of business of the Company for the year under review.

Directors:

The Company has ten Directors consisting of six Independent Directors, three Non-Executive Directors including Chairman; and Managing Director & CEO as Executive Director as on the date of approval of this revised report ie 15.07.2016.

Appointments / Resignations of Directors:

Shri Ameet Patel was appointed as Additional Director of the Company by the Board with effect from 19th August, 2015 after AGM. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a member proposing the name of Shri Ameet Patel for the office of a Director. Shri Ameet Patel has submitted a declaration under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Director under Section 149(6) of the said Act. In the opinion of the Board, Shri Ameet Patel fulfils the conditions specified in the Act, for such appointment.

The proposal for appointment of Shri Ameet Patel as Independent Director is being placed before the shareholders for approval, the relevant details are forming part of the Notice of the Annual General Meeting.

Ms. Usha Sangwan was appointed as Additional Director of the Company by the Board with effect from 23rd June, 2016 in terms of nomination received from Life Insurance Corporation of India, subject to approval of shareholders at the forthcoming AGM. As required under section 160 of the Companies Act, 2013, a Notice has been received from a Member proposing the name of Ms. Usha Sangwan for the office of a Director.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

Shri B. N. Shukla ceased to be Director of the Company on account of completion of extended term of office of Director and Shri S. B. Mainak ceased to be the Director of the Company on account of attainment of superannuation from services of LIC of India.

Director Retiring by Rotation:

Ms. Savita Singh, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Appointments / Resignation of the Key Managerial Personnel:

Ms. Sunita Sharma, Managing Director & CEO, Mr. Nitin K. Jage, General Manager & Company Secretary and Mr. P. Narayanan, Chief Financial Officer are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

Committees of the Board:

The Company has various committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company has following Committees of the Board:

- Audit Committee
- Stakeholders Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Executive Committee
- Debenture Allotment Committee
- HR Committee

Composition of Audit Committee is as follows:

Shri Debabrata Sarkar*	Chairman	Independent Director
Shri T. V. Rao	Member	Independent Director
Shri Ameet Patel**	Member	Independent Director
Shri S. Ravi ^	Chairman	Independent Director
Shri B. N. Shukla ^^	Member	Independent Director

*Appointed as Chairman w.e.f. 20.07.2015

** Appointed as Member w.e.f. 23.02.2016

^Ceased to be Director w.e.f. 25.06.2015 on account of completion of term of office of Directorship.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

There has not been any instance during the year when recommendations of Audit Committee were not accepted by the Board.

The details with respect to the compositions, powers, roles, terms of reference etc. of relevant committees are given in detail in the Report on Corporate Governance which forms part of this Annual Report.

Subsidiaries and group companies

As on 31st March, 2016, the Company has four Subsidiaries namely, LICHL Care Homes Limited, LICHL Asset Management Company Limited, LICHL Trustee Company Private Limited and LICHL Financial Services Limited. The Consolidated financial statements incorporating the results of all the subsidiaries of the Company for the year ended 31st March, 2016, are attached along with the statement pursuant

DIRECTORS' REPORT (Contd.)

to Section 129 of the Companies Act, 2013, with respect to the said subsidiaries. Brief write up including performance and financial position of each of the subsidiaries is provided as under:

1. LICHFL Care Homes Limited:

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

During the fiscal 2015-16, the Company earned a Profit Before Tax of ₹ 28.29 lakh and Profit After Tax of ₹ 15.29 lakh.

The project at Bangalore Phase II has been completed and handing over of the keys was done on August 12, 2013. The Company is at present implementing a project at Bhubaneswar and the same is expected to be completed at an early date.

With life expectancy is going up and number of elderly citizens rising year after year, the Company is set on a growth trajectory keeping LIC and LIC HFL's vision for fulfilment of Corporate Social Responsibility at the main focus.

2. 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. The Company has successfully raised total amount of ₹ 529.35 crore in LICHFL Urban Development Fund through Banks, Financial Institutions, Corporates and HNIs as against the targeted size of ₹ 500 crore. 30th March, 2013 was announced as Final Closure Date of the Fund. Fund with a focus on Real Estate considers investment in Portfolio Companies engaged in development & acquisition of housing and related infrastructure, industrial and IT Parks, SEZ, Warehouses, Schools, Hospitals. Ten Investment deals have been tied up so far with Portfolio Companies developing residential projects across Pune, Bangalore and Chennai.

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 Urban Development 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 (Fund) and 30th March, 2013 was declared as Final Closure Date of the Fund after successfully garnering fund raising of ₹ 529.35 crore as against the target of ₹ 500 crore. LICHFL Asset Management Company Ltd. is the Investment Manager for the fund. The Fund has closed ten investment deals upto 31st March, 2016.

4. LICHFL Financial Services Limited

LICHFL Financial Services Limited, a wholly owned subsidiary of LIC Housing Finance Limited was incorporated on 31st October, 2007, for marketing of housing loans, insurance products (Life and General Insurance), mutual funds, fixed deposits, credit cards and National Pension System etc. It has become operational in March, 2008 and at present has 38 offices all over the country, spread over 14 states.

The vision of the Company is "SARVESHAM POORNAM BHAVATU" – to provide complete financial solutions to secure not only the present but also the future of the customer and his family. In this endeavour, the marketing officials assist at every step – from financial planning to manage every aspect of right investment, both for the short & long term.

At present, the Company distributes Life Insurance products of LIC of India, Home Loans & Fixed Deposits of LIC Housing Finance Limited, Mutual Funds of various fund houses, General Insurance products of United India Insurance Company Limited, Credit Cards of LIC Cards Services Limited and National Pension System (NPS). More business verticals will be added depending on market opportunities and customer needs.

For the financial year 2015-16, the Company has earned a Profit Before Tax of ₹ 5.73 crore and Profit After Tax stood at ₹ 3.89 crore. The company recommended dividend @ 15 percent for FY 2015-16, which is 5 percent higher than last financial year.

Financial Highlights for FY 2015-16 in comparison with last year:

Sr. No.	Particulars	FY 2015-16 in ₹ (lakhs)	FY 2014-15 in ₹ (lakhs)
1	Total Income	1,917.68	1,291.27
2	Profit Before Tax	572.72	378.18
3	Profit After Tax	388.72	250.20
4	Dividend (Declared)	142.50	95.00

The Company has consolidated its' home loan business during the financial year 2015-16, which is the major revenue earning vertical for the company. The systematic approach along with the new initiatives taken during the year is expected to drive the revenue growth and improve the operational and financial performance in the coming years.

Name/s of Company/ies which have ceased / become subsidiary/joint venture/associate: None

As on 31st March, 2016, the Company has one associate company, namely LIC Nomura Mutual Fund Asset Management Company Limited.

The Annual Report which consists of the financial statements of the Company on standalone as well as consolidated financial statements of the group for the year ended 31st March, 2016 has been sent to all the members of the Company. It does not contain Annual Reports of Company's subsidiaries. The Company will make available Annual Report of all subsidiaries upon request by any member of the Company. These Annual Reports will also be available on Company's website viz www.lichousing.com.

DIRECTORS' REPORT (Contd.)

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Internal Financial Control Systems and their Adequacy:

The Company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively. Note on Internal financial control as Annexure 2 is attached to this report.

Vigil Mechanism / Whistle Blower Policy:

The Company has a Whistle Blower Policy in place which provides whistle blowers to raise concerns relating to reportable matters as defined in the policy. The mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of whistle blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee.

Employee stock option:

No stock options were issued to the Directors or any employees of the company.

Employee Remuneration:

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Non Executive Directors (including Independent Directors)*	Ratio to median remuneration
Nil	N.A.

*No remuneration is paid to Non Executive Directors (including Independent Directors)

Executive Director (MD & CEO)	Ratio to median remuneration
Ms. Sunita Sharma	7:1

- b. **The percentage increase in remuneration of each director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:**

Non Executive Directors (including Independent Directors)*	% increase in remuneration in the financial year
Nil	N.A.

*No remuneration is paid to Non Executive Directors (including Independent Directors)

Executive Director & KMP	% increase in remuneration in the financial year
Executive Director (MD&CEO)^	23.00%
Company Secretary	3.57%
Chief Financial Officer#	34.94%*

^Remuneration of MD&CEO includes arrears payment of ₹ 3,28,771.00 for F.Y.2015-16

#Remuneration of CFO includes arrears payment of ₹ 2,30,593.00 for F.Y. 2015-16

* Value of perks in respect of staff lease accommodation provided to Chief Financial Officer was applicable for F.Y. 2015-16 only.

- c. **The percentage increase in the median remuneration of employees in the financial year:** 4.22%.
- d. **The number of permanent employees on the rolls of the Company:** 1,726.
- e. **Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	31 March, 2016	15 November, 1994	% Change
		(IPO)	
Market Price (in ₹)	490.40**	12*	3986.66

*Adjusted face value on account of sub-division

** BSE-Clg.Pri 490.40

- f. **Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** Increase in managerial remuneration for the year was 23.00%. The average annual increase in the salaries of the employees other than managerial personnel during the year was 17% on account of new recruitment and promotion.

DIRECTORS' REPORT (Contd.)

- g. **Affirmation that remuneration is as per the Remuneration policy of the Company:** The Company affirms remuneration is as per the Remuneration policy of the Company.

During the financial year, the Company has not engaged any employee drawing remuneration exceeding the limit specified under Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of Section 136 (i) of the Companies Act, 2013 read with the Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Directors' Report is being sent to all the shareholders of the Company excluding the annexure containing names of the top ten employees in terms of remuneration drawn. Any shareholder interested in obtaining a copy of the said annexure may write to the Company at the address mentioned; The Company Secretary, LIC Housing Finance Limited, Corporate Office, 131 Maker Towers, 'F' Premises, 13th Floor, Cuffe Parade, Mumbai - 400005.

Secretarial Auditor and Secretarial Audit Report:

Pursuant to section 204 of the Companies Act, 2013, the Company had appointed M/s. N. L. Bhatia & Associates, Practicing Company Secretary as its Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2015-16. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. Report of the Secretarial Auditor for the financial year 2015-16 in Form MR-3 is annexed to this report as Annexure 6.

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Number of cases filed, if any, and their disposal under section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has Zero tolerance towards any action on the part of any executive / staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive / staff working in the company.

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 skill and knowledge of its employees in different operational areas. Apart from fixed salaries and perquisites, the Company also has in place performance-linked incentives which reward outstanding performers who meet certain performance targets. It has been sponsoring its employees for training programmes / seminars / conferences organised by reputed professional institutions.

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

Acknowledgments

The Directors place on record their appreciation for the advice, guidance and support given by Life Insurance Corporation of India, National Housing Bank 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 express their appreciation for the dedicated services of the employees and their contribution to the growth of the Company.

For and on behalf of the Board of Directors

Sunita Sharma
Managing Director
& CEO

Jagdish Capoor
Director

Date : 15th July, 2016
Place: Mumbai

ANNEXURE 1

TO THE DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

As on financial year ended 31.03.2016

[Pursuant to Section 92(3) of the Companies Act, 2013 read with [The Companies (Management and Administration) Rules, 2014] FORM NO. MGT-9

A. REGISTRATION AND OTHER DETAILS:

CIN:-	L65922MH1989PLC052257
Registration Date:	19.06.1989
Name of the Company:	LIC Housing Finance Limited
Category / Sub-Category of the Company	Public Company
Address of the Registered office and contact details:	Bombay Life Buliding, 2 nd Floor, 45/47, Veer Nariman Road, Mumbai-400001, Phones:022-22040006, 22049682 & 22049919. Fax: 022-22049839
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dyanamic (India) Pvt. Ltd., Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai-400072, Phones:022-28515606, 28515644,. Fax: 022-22641349

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
a.	The Main business of the company is to provide finance by way of loans for purchase or construction of residential houses, commercial real estate in India. All other activities of the company revolve around the main business.	65922	100%

C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held
a.	LICHFL Care Homes Limited	U85310MH2001PLC133341	Subsidiary	100%
b.	LICHFL Financial Services Limited	U67100MH2007PLC175564	Subsidiary	100%
c.	LICHFL Asset Management Company Limited	U65900MH2008PLC178883	Subsidiary	94.62%
d.	LICHFL Trustee Company Private Limited	U67190MH2008PTC179718	Subsidiary	100%
e.	LIC Nomura Mutual Fund Asset Management Company Limited	U67190MH1994PLC077858	Subsidiary	20%

D. SHARE HOLDING PATTERN

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER'S									
1). INDIAN									
(a). Individual	0	0	0		0	0	0		0.000
(b). Central Govt.	0	0	0	0	0	0	0	0	0
(c). State Govt(s).	0	0	0		0	0	0		0.000
(d). Bodies Corp.	0	0	0		0	0	0		0.000

ANNEXURE 1

TO THE DIRECTORS' REPORT (Contd.)

(e).	FIINS / BANKS.	20,34,42,495	0	20,34,42,495	40.313	20,34,42,495	0	20,34,42,495	40.313	0.000
(f).	Any Other	0	0	0	0	0	0	0	0	0.000
Sub-total (A) (1):-		20,34,42,495	0	20,34,42,495	40.313	20,34,42,495	0	20,34,42,495	40.313	0
(2). FOREIGN										
(a).	Individual NRI / For Ind	0	0	0	0	0	0	0	0	0
(b).	Other Individual	0	0	0	0	0	0	0	0	0
(c).	Bodies Corporates	0	0	0	0	0	0	0	0	0
(d).	Banks / FI	0	0	0	0	0	0	0	0	0
(e).	Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(f).	Any Other Specify	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-		0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		20,34,42,495	0	20,34,42,495	40.313	20,34,42,495	0	20,34,42,495	40.313	0
(B) (1). PUBLIC SHAREHOLDING										
(a).	Mutual Funds	2,02,67,445	12,000	2,02,79,445	4.018	1,94,84,635	12,000	1,94,96,635	3.863	-0.155
(b).	Banks / FI	12,32,259	11,000	12,43,259	0.246	27,88,016	11,000	27,99,016	0.555	0.309
(c).	Central Govt.	0	0	0	0	0	0	0	0	0.000
(d).	State Govt.	11,73,738	7,500	11,81,238	0.234	86,43,120	7,500	86,50,620	1.714	1.480
(e).	Venture Capital Funds	1,80,122	0	1,80,122	0.036	2,46,600	0	2,46,600	0.049	0.013
(f).	Insurance Companies	1,06,26,608	0	1,06,26,608	2.106	81,58,992	0	81,58,992	1.617	-0.489
(g).	FIs	18,84,89,403	25,000	18,85,14,403	37.355	18,30,74,138	25,000	18,30,99,138	36.281	-1.074
(h).	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.000
(i).	Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-		22,19,69,575	55,500	22,20,25,075	43.995	22,23,95,501	55,500	22,24,51,001	44.079	0.084
2. Non-Institutions										
(a). BODIES CORP.										
(i).	Indian	2,32,08,194	90,500	2,32,98,694	4.617	8,16,97,282	87,500	8,17,84,782	16.206	11.589
(ii).	Overseas	0	0	0	0	0	0	0	0	0
(b). INDIVIDUALS										
(i)	Individual shareholders holding nominal share capital upto ₹1 lakh	3,42,45,191	52,32,848	3,94,78,039	7.823	3,33,06,829	49,35,900	3,82,42,729	7.578	-0.245
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	50,73,966	0	50,73,966	1.005	48,45,320	0	48,45,320	0.960	-0.045
(c). OTHER (SPECIFY)										
(i)	Non Resident Indians	21,01,930	1000	21,02,930	0.417	22,60,464	1500	22,61,964	0.448	0.031
(ii)	Overseas Corporate Bodies	1,35,33,211	0	1,35,33,211	2.682	29,61,344	0	29,61,344	0.587	-2.095
(iii)	Foreign Nationals	0	0	0	0	0	0	0	0	0
(iv)	Clearing Members	17,79,207	0	17,79,207	0.353	16,84,862	0	16,84,862	0.334	-0.019
(v)	Trusts	0	0	0	0	0	0	0	0	0
(vi)	Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-		7,99,41,699	53,24,348	8,52,66,047	16.897	12,67,56,101	50,24,900	13,17,81,001	26.113	9.216
Total Public Shareholding (B)=(B)(1)+ (B)(2)		30,19,11,274	53,79,848	30,72,91,122	60.892	34,91,51,602	50,80,400	35,42,32,002	70.192	9.3
C. Shares held by Custodian for GDRs & ADRs		17,45,786	0	17,45,786	0.346	15,61,794	0	15,61,794	0.309	-0.037
Grand Total (A+B+C)		50,70,99,555	53,79,848	51,24,79,403	101.55	55,41,55,891	50,80,400	55,92,36,291	110.81	9.263

ANNEXURE 1

TO THE DIRECTORS' REPORT (Contd.)

(ii) Shareholding of Promoters

SR No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	LIFE INSURANCE CORPORATION OF INDIA	203442495	40.313	-	203442495	40.313	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SR No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2015			Share holding at the end of the Year 31/03/2016			% of total shares of the company
		No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	
	NIL	NIL			NIL			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
1	BANK MUSCAT S A O G A/C BANKMUSCAT INDIA FUND	1,14,96,000	2.278	01-04-2015				
	-Closing Balance			31-03-2016		No change	1,14,96,000	2.278
2	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GIF MAURITIUS LIMITED	92,94,839	1.842	01-04-2015				
				24-04-2015	1,57,694	Sold	91,37,145	1.811
				08-05-2015	2,00,000	Sold	89,37,145	1.771
				22-05-2015	3,30,611	Sold	86,06,534	1.705
				29-05-2015	48,174	Sold	85,58,360	1.696
				26-06-2015	1,69,529	Sold	83,88,831	1.662
				07-08-2015	1,50,000	Sold	82,38,831	1.633
				30-09-2015	1,00,000	Sold	81,38,831	1.613
				09-10-2015	2,50,000	Sold	78,88,831	1.563
				30-10-2015	2,93,300	Sold	75,95,531	1.505
				04-12-2015	23,851	Sold	75,71,680	1.5
				25-12-2015	1,50,000	Sold	74,21,680	1.471
				31-12-2015	33,568	Sold	73,88,112	1.464
				08-01-2016	2,91,432	Sold	70,96,680	1.406
				15-01-2016	1,06,318	Sold	69,90,362	1.385
				26-02-2016	80,204	Sold	69,10,158	1.369
				04-03-2016	3,45,223	Sold	65,64,935	1.301
	-Closing Balance			31-03-2016			65,64,935	1.301
3	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	83,31,031	1.651	01-04-2015				

ANNEXURE 1

TO THE DIRECTORS' REPORT (Contd.)

Sr. no	Name	No. of Shares at the beginning (01-04-2015) / end of the year (31-03-2016)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				10-04-2015	1,07,000	Buy	84,38,031	1.672
				17-04-2015	3,41,784	Buy	87,79,815	1.74
				24-04-2015	3,56,797	Sold	84,23,018	1.669
				01-05-2015	8,097	Sold	84,14,921	1.667
				08-05-2015	7,538	Buy	84,22,459	1.669
				15-05-2015	2,43,682	Sold	81,78,777	1.621
				22-05-2015	3,34,334	Sold	78,44,443	1.554
				29-05-2015	73,410	Buy	79,17,853	1.569
				05-06-2015	1,94,737	Sold	77,23,116	1.53
				12-06-2015	1,98,114	Sold	75,25,002	1.491
				19-06-2015	21,975	Sold	75,03,027	1.487
				26-06-2015	5,36,253	Buy	80,39,280	1.593
				30-06-2015	3,26,491	Sold	77,12,789	1.528
				03-07-2015	1,75,628	Sold	75,37,161	1.494
				10-07-2015	7,41,599	Sold	67,95,562	1.347
				17-07-2015	76,400	Buy	68,71,962	1.362
				24-07-2015	2,42,070	Buy	71,14,032	1.41
				31-07-2015	7,27,134	Sold	63,86,898	1.266
				07-08-2015	2,25,940	Sold	61,60,958	1.221
				10-08-2015	44,500	Buy	62,05,458	1.23
				12-08-2015	5,423	Sold	62,00,035	1.229
				14-08-2015	2,56,800	Buy	64,56,835	1.279
				21-08-2015	27,038	Buy	64,83,873	1.285
				28-08-2015	1,57,068	Sold	63,26,805	1.254
				04-09-2015	4,57,750	Buy	67,84,555	1.344
				11-09-2015	81,217	Sold	67,03,338	1.328
				18-09-2015	39,654	Sold	66,63,684	1.32
				25-09-2015	73,156	Buy	67,36,840	1.335
				30-09-2015	26,326	Sold	67,10,514	1.33
				09-10-2015	2,41,862	Sold	64,68,652	1.282
				16-10-2015	1,16,084	Sold	63,52,568	1.259
				23-10-2015	64,055	Buy	64,16,623	1.271
				30-10-2015	2,25,820	Sold	61,90,803	1.227
				06-11-2015	2,06,006	Sold	59,84,797	1.186
				13-11-2015	39,186	Sold	59,45,611	1.178
				20-11-2015	83,725	Buy	60,29,336	1.195
				27-11-2015	14,104	Sold	60,15,232	1.192
				04-12-2015	1,59,561	Sold	58,55,671	1.16
				11-12-2015	2,94,971	Sold	55,60,700	1.102
				18-12-2015	3,20,828	Sold	52,39,872	1.038
				25-12-2015	15,469	Buy	52,55,341	1.041
				31-12-2015	11,577	Sold	52,43,764	1.039
				08-01-2016	1,27,703	Sold	51,16,061	1.014
				15-01-2016	45,100	Buy	51,61,161	1.023
				22-01-2016	902	Buy	51,62,063	1.023
				29-01-2016	31,234	Sold	51,30,829	1.017
				05-02-2016	7,859	Buy	51,38,688	1.018

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				12-02-2016	1,04,800	Sold	50,33,888	0.997
				19-02-2016	1,07,800	Sold	49,26,088	0.976
				26-02-2016	3,22,873	Sold	46,03,215	0.912
				04-03-2016	10,78,518	Sold	35,24,697	0.698
				11-03-2016	2,86,000	Buy	38,10,697	0.755
				18-03-2016	64,900	Buy	38,75,597	0.768
				25-03-2016	31,979	Buy	39,07,576	0.774
	-Closing Balance			31-03-2016	17,103	Buy	39,24,679	0.778
4	MAWER INVESTMENT MANAGEMENT LTD. A/C MAWER INTERNATIONAL EQUITY FUND	70,73,930	1.402	01-04-2015				
				10-04-2015	2,76,070	Buy	73,50,000	1.456
				10-07-2015	22,400	Buy	73,72,400	1.461
				30-09-2015	1,04,100	Buy	74,76,500	1.481
				06-11-2015	24,244	Buy	75,00,744	1.486
				13-11-2015	1,57,587	Buy	76,58,331	1.518
				20-11-2015	27,293	Buy	76,85,624	1.523
				04-12-2015	98,010	Buy	77,83,634	1.542
				19-02-2016	1,35,862	Buy	79,19,496	1.569
				26-02-2016	1,04,238	Buy	80,23,734	1.59
				04-03-2016	4,34,864	Buy	84,58,598	1.676
				11-03-2016	15,117	Buy	84,73,715	1.679
	-Closing Balance			31-03-2016			84,73,715	1.679
5	MORGAN STANLEY ASIA (SINGAPORE) PTE	6630246	1.314	01-04-2015				
				10-04-2015	3,41,564	Buy	62,88,682	1.246
				17-04-2015	3,83,354	Sold	59,05,328	1.17
				24-04-2015	11,693	Sold	58,93,635	1.168
				01-05-2015	5,06,621	Sold	53,87,014	1.067
				08-05-2015	1,58,309	Sold	52,28,705	1.036
				15-05-2015	36,350	Buy	52,65,055	1.043
				22-05-2015	1,13,252	Buy	53,78,307	1.066
				29-05-2015	1,38,235	Sold	52,40,072	1.038
				05-06-2015	2,48,968	Sold	49,91,104	0.989
				12-06-2015	4,09,300	Sold	45,81,804	0.908
				19-06-2015	5,20,383	Sold	40,61,421	0.805
				26-06-2015	3,73,935	Sold	36,87,486	0.731
				30-06-2015	8,301	Buy	36,95,787	0.732
				03-07-2015	24,074	Buy	37,19,861	0.737
				10-07-2015	19,250	Buy	37,39,111	0.741
				17-07-2015	3,259	Buy	37,42,370	0.742
				24-07-2015	6,01,169	Buy	43,43,539	0.861
				31-07-2015	3,48,328	Buy	46,91,867	0.93
				07-08-2015	82,324	Sold	46,09,543	0.913
				12-08-2015	1,12,659	Sold	4,496,884	0.891
				14-08-2015	1,78,572	Sold	43,18,312	0.856
				21-08-2015	80,490	Buy	43,98,802	0.872

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				28-08-2015	1,51,559	Sold	42,47,243	0.842
				04-09-2015	3,08,820	Sold	39,38,423	0.78
				11-09-2015	939	Sold	39,37,484	0.78
				18-09-2015	1,42,564	Buy	40,80,048	0.808
				30-09-2015	1,51,478	Sold	39,28,570	0.778
				09-10-2015	3,70,935	Sold	35,57,635	0.705
				16-10-2015	1,88,492	Sold	33,69,143	0.668
				23-10-2015	82,160	Buy	34,51,303	0.684
				30-10-2015	2,34,825	Sold	32,16,478	0.637
				06-11-2015	70,193	Buy	32,86,671	0.651
				13-11-2015	1,15,863	Sold	31,70,808	0.628
				20-11-2015	6,217	Sold	31,64,591	0.627
				27-11-2015	543	Sold	31,64,048	0.627
				04-12-2015	2,94,887	Sold	28,69,161	0.569
				11-12-2015	2,14,549	Sold	26,54,612	0.526
				18-12-2015	1,44,634	Buy	27,99,246	0.555
				31-12-2015	7,700	Buy	28,06,946	0.556
				08-01-2016	43,724	Buy	28,50,670	0.565
				15-01-2016	1,56,266	Buy	30,06,936	0.596
				22-01-2016	98,137	Sold	29,08,799	0.576
				29-01-2016	3,03,162	Sold	26,05,637	0.516
				05-02-2016	65,752	Sold	25,39,885	0.503
				12-02-2016	56,801	Sold	24,83,084	0.492
				19-02-2016	15,299	Buy	24,98,383	0.495
				26-02-2016	84,602	Sold	24,13,781	0.478
				04-03-2016	1,83,593	Buy	25,97,374	0.515
				11-03-2016	1,01,679	Sold	24,95,695	0.495
				18-03-2016	2,38,643	Sold	22,57,052	0.447
				25-03-2016	25,300	Sold	22,31,752	0.442
	-Closing Balance			31-03-2016	1,63,900	Buy	23,95,652	0.475
6	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	64,04,022	1.269	03-04-2015				
				10-04-2015	2,55,163	Buy	66,59,185	1.32
				15-05-2015	8,33,656	Buy	74,92,841	1.485
				29-05-2015	1,61,044	Buy	76,53,885	1.517
				12-06-2015	1,26,154	Buy	77,80,039	1.542
				19-06-2015	1,048	Sold	77,78,991	1.541
				26-06-2015	2,69,360	Sold	75,09,631	1.488
				24-07-2015	1,33,260	Sold	73,76,371	1.462
				31-07-2015	11,591	Buy	73,87,962	1.464
				07-08-2015	6,400	Sold	73,81,562	1.463
				14-08-2015	4,228	Sold	73,77,334	1.462
				21-08-2015	31,975	Buy	74,09,309	1.468
				28-08-2015	5,67,709	Buy	79,77,018	1.581
				18-09-2015	6,10,779	Buy	85,87,797	1.702
				25-09-2015	83,700	Buy	86,71,497	1.718
				30-09-2015	3,97,340	Sold	82,74,157	1.64

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				23-10-2015	7,85,102	Sold	74,89,055	1.484
				06-11-2015	19,437	Buy	75,08,492	1.488
				13-11-2015	14,454	Buy	75,22,946	1.491
				20-11-2015	1,05,858	Buy	76,28,804	1.512
				25-12-2015	12,595	Buy	76,41,399	1.514
				15-01-2016	4,40,676	Sold	72,00,723	1.427
				22-01-2016	62,721	Buy	72,63,444	1.439
				05-02-2016	1,25,000	Buy	73,88,444	1.464
				26-02-2016	3,13,213	Buy	77,01,657	1.526
				01-04-2015	12,97,635	Sold	64,04,022	1.269
				17-04-2015	2,55,163	Buy	66,59,185	1.32
				24-04-2015	85,340	Buy	67,44,525	1.336
				01-05-2015	16,000	Buy	67,60,525	1.34
				08-05-2015	6,89,065	Buy	74,49,590	1.476
				22-05-2015	1,93,251	Buy	76,42,841	1.514
				05-06-2015	84,246	Buy	77,27,087	1.531
				30-06-2015	2,42,456	Sold	74,84,631	1.483
				03-07-2015	6,783	Sold	74,77,848	1.482
				10-07-2015	1,477	Sold	74,76,371	1.481
				10-08-2015	94,809	Sold	73,81,562	1.463
				12-08-2015	4,228	Sold	73,77,334	1.462
				04-09-2015	8,74,684	Buy	82,52,018	1.635
				11-09-2015	3,39,139	Buy	85,91,157	1.702
				09-10-2015	7,61,550	Sold	78,29,607	1.551
				16-10-2015	3,37,774	Sold	74,91,833	1.485
				30-10-2015	2,06,713	Sold	72,85,120	1.444
				27-11-2015	2,94,336	Buy	75,79,456	1.502
				04-12-2015	62,000	Sold	75,17,456	1.49
				11-12-2015	1,00,000	Buy	76,17,456	1.509
				18-12-2015	1,00,000	Buy	77,17,456	1.529
				31-12-2015	3,90,640	Sold	73,26,816	1.452
				08-01-2016	1,92,122	Sold	71,34,694	1.414
				29-01-2016	3,750	Buy	71,38,444	1.414
				12-02-2016	3,02,818	Buy	74,41,262	1.475
				19-02-2016	1,60,395	Buy	76,01,657	1.506
				04-03-2016	1,34,347	Buy	77,36,004	1.533
				11-03-2016	4,347	Sold	77,31,657	1.532
				18-03-2016	1,09,955	Buy	78,41,612	1.554
				25-03-2016	5,71,410	Sold	72,70,202	1.441
	-Closing Balance			31-03-2016	2,09,790	Sold	70,60,412	1.399
7	FIL INVESTMENTS (MAURITIUS) LTD	57,21,890	1.134	01-04-2015				
			0	18-03-2016	4,30,062	Sold	52,91,828	1.049
	-Closing Balance		0	31-03-2016			52,91,828	1.049
8	GOVERNMENT OF SINGAPORE	4897100	0.97	01-04-2015				
				10-04-2015	1,28,910	Buy	50,26,010	0.996
				24-04-2015	3,410	Sold	502,2,600	0.995
				01-05-2015	1,12,918	Sold	49,09,682	0.973

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				08-05-2015	81,013	Sold	48,28,669	0.957
				29-05-2015	3,57,008	Buy	51,85,677	1.028
				05-06-2015	3,838,86	Buy	55,69,563	1.104
				12-06-2015	5,631	Sold	55,63,932	1.103
				03-07-2015	1,02,542	Buy	56,66,474	1.123
				10-07-2015	3,78,071	Buy	60,44,545	1.198
				31-07-2015	40,313	Buy	60,84,858	1.206
				07-08-2015	99,929	Buy	61,84,787	1.226
				21-08-2015	3,08,963	Sold	58,75,824	1.164
				28-08-2015	5,69,161	Sold	53,06,663	1.052
				04-09-2015	3,01,419	Buy	56,08,082	1.111
				11-09-2015	1,19,872	Sold	54,88,210	1.087
				09-10-2015	25,71,936	Buy	80,60,146	1.597
				23-10-2015	4,228	Sold	80,55,918	1.596
				30-10-2015	61,244	Sold	79,94,674	1.584
				06-11-2015	9,373	Sold	79,85,301	1.582
				13-11-2015	4,78,403	Buy	84,63,704	1.677
				20-11-2015	6,684	Sold	84,57,020	1.676
				04-12-2015	43,991	Sold	84,13,029	1.667
				11-12-2015	1,690	Sold	84,11,339	1.667
				18-12-2015	80,876	Buy	84,92,215	1.683
				31-12-2015	21,724	Sold	84,70,491	1.678
				08-01-2016	1,04,956	Sold	83,65,535	1.658
				15-01-2016	4,080	Sold	83,61,455	1.657
				22-01-2016	3,15,497	Sold	80,45,958	1.594
				29-01-2016	1,48,735	Buy	81,94,693	1.624
				05-02-2016	31,65,93	Buy	85,11,286	1.687
				12-02-2016	73,718	Buy	85,85,004	1.701
				26-02-2016	8	Sold	85,84,996	1.701
				04-03-2016	94,743	Buy	86,79,739	1.72
				11-03-2016	2,484	Sold	86,77,255	1.719
	-Closing Balance			31-03-2016	1,18,639	Buy	87,95,894	1.743
9	THE NEW INDIA ASSURANCE COMPANY LIMITED	48,58,992	0.963	01-04-2015				
				29-05-2015	1,58,131	Sold	47,00,861	0.931
				05-06-2015	97,250	Sold	46,03,611	0.912
				12-06-2015	12,797	Sold	45,90,814	0.91
				19-06-2015	50,642	Sold	45,40,172	0.9
				26-06-2015	1,17,500	Sold	44,22,672	0.876
				30-06-2015	25,000	Sold	43,97,672	0.871
				03-07-2015	30,000	Sold	43,67,672	0.865
				10-07-2015	20,000	Sold	43,47,672	0.862
				17-07-2015	50,000	Sold	42,97,672	0.852
				24-07-2015	77,500	Sold	42,20,172	0.836
				31-07-2015	30,000	Sold	41,90,172	0.83
				07-08-2015	82,500	Sold	41,07,672	0.814
				12-08-2015	10,872	Sold	40,96,800	0.812

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				14-08-2015	5,986	Sold	40,90,814	0.811
				09-10-2015	1,37,500	Sold	39,53,314	0.783
				16-10-2015	87,500	Sold	38,65,814	0.766
				18-12-2015	71,648	Sold	37,94,166	0.752
				25-12-2015	30,000	Sold	37,64,166	0.746
				31-12-2015	41,895	Sold	37,22,271	0.738
				08-01-2016	56,457	Sold	36,65,814	0.726
				22-01-2016	91,108	Sold	35,74,706	0.708
				29-01-2016	1,77,575	Sold	33,97,131	0.673
				05-02-2016	41,317	Sold	33,55,814	0.665
	-Closing Balance			31-03-2016			33,55,814	0.665
10	STICHTING PENSIOENFONDS ABP	48,11,828	0.953	01-04-2015				
				17-04-2015	1,53,723	Buy	49,65,551	0.984
				08-05-2015	28,541	Sold	49,37,010	0.978
				29-05-2015	1,53,723	Sold	47,83,287	0.948
				26-06-2015	1,10,000	Buy	48,93,287	0.97
				07-08-2015	81,056	Buy	49,74,343	0.986
	-Closing Balance			21-08-2015			49,74,343	0.986
11	GOVERNMENT PENSION FUND GLOBAL	42,58,738	0.844	01-04-2015				
				17-04-2015	1,24,848	Buy	43,83,586	0.869
				01-05-2015	7,13,945	Buy	50,97,531	1.01
				08-05-2015	4,03,054	Buy	55,00,585	1.09
				19-06-2015	3,37,349	Buy	58,37,934	1.157
				26-06-2015	9,24,932	Buy	67,62,866	1.34
				30-06-2015	1,26,369	Buy	68,89,235	1.365
				17-07-2015	2,43,000	Buy	71,32,235	1.413
				21-08-2015	4,08,905	Sold	67,23,330	1.332
				28-08-2015	3,40,645	Sold	63,82,685	1.265
				09-10-2015	5,69,707	Sold	58,12,978	1.152
				23-10-2015	4,57,799	Sold	53,55,179	1.061
				22-01-2016	2,73,097	Sold	50,82,082	1.007
				26-02-2016	3,23,432	Sold	47,58,650	0.943
	-Closing Balance			31-03-2016			47,58,650	0.943
12	TEMPLETON FUNDS -TEMPLETON FOREIGN	41,73,484	0.827	01-04-2015				
	-Closing Balance			31-03-2016		No change	41,73,484	0.827
13	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND	3243679	0.643	01-04-2015				
				15-05-2015	4,78,974	Buy	37,22,653	0.738
				22-05-2015	17,88,45	Buy	39,01,498	0.773
				21-08-2015	3,43,325	Buy	42,44,823	0.841
				28-08-2015	3,58,747	Buy	46,03,570	0.912
				11-09-2015	40,901	Buy	46,44,471	0.92
				18-09-2015	1,55,672	Buy	48,00,143	0.951

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				13-11-2015	51,888	Buy	48,52,031	0.961
				20-11-2015	53,556	Buy	49,05,587	0.972
				18-12-2015	1,84,000	Sold	47,21,587	0.936
				05-02-2016	17,446	Buy	47,39,033	0.939
				04-03-2016	65,109	Buy	48,04,142	0.952
				11-03-2016	2,08,653	Buy	50,12,795	0.993
				25-03-2016	1,69,267	Buy	51,82,062	1.027
	-Closing Balance			31-03-2016	67,816	Buy	52,49,878	1.04

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year 01/04/2015		Cumulative Shareholding during the year 31/03/2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Director/s				
1	Dr. Dharmendra Bhandari				
	At the beginning of the year	500	0.00	500	0.00
	Date-wise Increase/ Decrease in shareholding during the year specifying the reasons for increase / decrease e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	500	0.00	500	0.00

Except for Dr. Dharmendra Bhandari, no other director or Key Managerial Personnel hold any share at the beginning or at the end of the year as well as during the year, therefore no purchase or sale of the Company's equity shares were done by them.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ In crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year : 01.04.2015				
i) Principal Amount	91,118.91	3,000.00	2,421.91	96,540.82
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due*	3,129.09	113.88	145.61	3,388.58
Total (i+ii+iii)	94,248.00	3,113.88	2,567.52	99,929.40
Change in Indebtedness during the financial year				
Addition	37,212.00	5,328.44	2,549.58	45,090.02
Reduction	24,877.55	4,677.72	1,151.23	30,706.50
Net Change	12,334.45	650.72	1,398.35	14,383.52
Indebtedness at the end of the financial year : 31.03.2016				
i) Principal Amount	1,03,453.36	3,650.72	3,820.26	1,10,924.34
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due*	4,002.48	110.38	205.90	4,318.76
Total (i+ii+iii)	1,07,455.84	3,761.10	4,026.16	1,15,243.10

ANNEXURE 1

TO THE DIRECTORS' REPORT (Contd.)

* includes premium payable on redemption of zero coupon debentures, interest payable on commercial paper and amount payable on swap.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and /or Manager:

Sr. no.	Particulars of Remuneration	Name of MD & CEO: Ms. Sunita Sharma	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,53,783.00	43,53,783.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,73,916.00	6,73,916.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	- others, specify...	0.00	0.00
5	Others, please specify (like Company contribution)	4,82,873.29	4,82,873.29
	Total (A)	55,10,572.29	55,10,572.29
	Ceiling as per the Act	1,28,27,41,650.00	1,28,27,41,650.00

B. Remuneration to other Directors

[illegible]

ANNEXURE 1

TO THE DIRECTORS' REPORT (Contd.)

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration		Name of Key Managerial Personnel		
			Nitin K. Jage, GM & CS	P. Narayanan, CFO	Total
1	Gross Salary				
	a)	Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	19,72,570.00	17,96,412.00	37,68,982.00
	b)	Value of perquisites u/s 17(2) of Income tax Act, 1961	36,179.00	3,93,627.00	4,29,806.00
	c)	Profits in lieu of salary under section 17(3) of Income tax Act, 1961	Nil	Nil	Nil
2	Stock Option		Nil	Nil	Nil
3	Sweat Equity		Nil	Nil	Nil
4	Commission		Nil	Nil	Nil
	- as % of profit		Nil	Nil	Nil
	others, specify		Nil	Nil	Nil
5	Others, please specify (like Company Contribution)		1,66,679.23	3,13,523.57	4,80,202.80
	Total		21,75,428.23	25,03,562.57	46,78,990.80

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority[RD/ NCLT/COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

ANNEXURE 2 TO THE DIRECTORS' REPORT

NOTE ON INTERNAL FINANCIAL CONTROL

- 1 Background:** As per the Section 134(5)(e) of the Companies Act 2013, The Directors' Responsibility Statement referred to in sub-section (3)(c) shall state that — "the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively."

Explanation: For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- 2 Policies and Procedures:** The Company has laid down policies and procedures. As part of the Internal Control Framework (ICF), the Company has in place standard operating procedures (SOP) covering the key activities / functions / processes (Retail Loans, Project Loans, Borrowings, Treasury, Accounting, etc.)
- 3 Compliance Reporting:** The Company has in place process to ensure compliance with the provisions of all applicable laws and the same is reported in the form of quarterly compliance reports by the process owners to the MD & CEO / Audit Committee / Board.
- 4 Risk Management System:** The Company has in place a Risk Management Policy which provides a framework to address the risk faced by the Company on a sustainable basis. The risk management function within the Company is responsible for review of existing risks and identifying potential risks and risk mitigation measures. There is a system of quarterly / half-yearly reporting to the Risk Management Committee / Audit Committee / Board.
- 5 Internal Audit System:** The Internal Audit process determines the existence, adequacy, effectiveness and adherence to the Company's internal controls, besides review of processes, adherence to SOPs and compliance with statutory provisions/ regulatory guidelines. The internal audit of back offices is conducted by the Internal Audit Department and Internal audit of Corporate Office is conducted by an independent firm of chartered accountants.
- 6 Adequacy and Effectiveness of Internal Financial Control:** The Standard Operating Procedures, Compliance Reporting, Risk Management System and Internal Audit System adopted by the Company facilitate orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. All these ensure that Internal financial controls within the Company are adequate and operating effectively.

ANNEXURE 3 TO THE DIRECTORS' REPORT

FORM No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto:

- 1 Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - a) Name(s) of the related party and nature of relationship: N.A.
 - b) Nature of contracts/arrangements/transactions: N.A.
 - c) Duration of the contracts / arrangements / transactions: N.A.
 - d) Salient terms of the contracts or arrangements or transactions including the value if any: N.A
 - e) Justification for entering into such contracts or arrangements or transactions: N.A
 - f) Date(s) of approval by the Board: N.A
 - g) Amount paid as advance, if any: N.A
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: N.A.
- 2 Details of material contracts or arrangements or transactions at arm's length basis:
 - a) Name(s) of the related party and nature of relationship: Annexed as Annexure 5 to this report
 - b) Nature of transactions: As annexed as Annexure 5 to this report.
 - c) Duration of the transactions: On going basis
 - d) Salient terms of the contracts or arrangements or transactions including the value if any: As per Annexure 5
 - e) Date(s) of approval by the Board: 15th July, 2016
 - f) Amount paid as advance, if any: Nil

For and on behalf of the Board of Directors

Date : 15th July, 2016
Place: Mumbai

Sunita Sharma
Managing Director
& CEO

Jagdish Capoor
Director

ANNEXURE 4

TO THE DIRECTORS' REPORT

Annual Report on the CSR activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- 1 Brief outline of the Company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:** To actively contribute towards social and economic development of the poor irrespective of caste, creed and religion in areas around which the Company operates. In doing, it aims to bring a dignified and meaningful life to the poor and sense of gratification to us by making a difference in their lives. The Company's CSR policy has been uploaded on the website of the Company under the web-link: <https://www.lichousing.com/Polices&Codes>.

2 Composition of the CSR Committee:

Shri S. B. Mainak*	Ex-Chairman	Director
Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari**	Member	Independent Director
Ms Sunita Sharma	Member	Managing Director & CEO

* Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India. **Appointed as Member w.e.f. 20.07.2015

- 3. Average net profit of the Company for last three financial years:** ₹ 1,770.10 crore
- 4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):** The Company, during the financial year 2015-16, was required to spend ₹ 35.40 crore towards CSR.
- 5. Details of CSR spent during the financial year:**
- Total amount spent for the financial year: ₹ 10.80 crore spent and ₹ 14.23 crore sanctioned, out of the above ₹ 3.43 crore has been provided for in FY 2015-2016.
 - Amount unspent, if any: ₹ 21.17 crore after providing for ₹ 3.43 crore in FY 2015.2016. (₹ 24.60 crore, actual unspent amount).
 - Manner in which amount spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programmes (1)Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (₹)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (₹)	Cumulative Expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
1.	Rashtriya Netra Yagna project by Vision Foundation of India	Health care for visually impaired	The registered office of Vision Foundation of India is at 5 Babulnath Road, Mumbai-400007, Maharashtra, it has around 84 Associate Hospitals spread across India to Implement the Project.	Corpus Contribution	Contribution made to the Corpus Fund	2,00,00,000.00	Through implementing agency namely Vision Foundation of India
2.	Contribution to Sabarmati Harijan Ashram Trust for the Construction and maintenance of "Heart Centre" and other educational activities.	Promoting education, including special education	Gandhi Ashram, Ahmedabad – 380027, Gujarat.	2,00,00,000.00	₹1,16,35,000 for Construction of Heart Centre and remaining ₹83,65,000 for various other educational initiatives for running and maintenance of hostel and school	2,00,00,000.00	Through implementing agency namely Sabarmati Harijan Ashram Trust

ANNEXURE 4

TO THE DIRECTORS' REPORT (Contd.)

3.	Free accommodation to 76 poor cancer & kidney patients at Rugna Sewa Sadan, contribution made to the Corpus fund.	Promoting health care	Provide free/ subsidized residential accommodation to patients and their two attendants who are visiting Mumbai for medical treatment at various hospitals like Tata Cancer Hospital and King Edward Memorial Hospital (KEM), Parel.	Corpus Contribution	Contribution made to the Corpus Fund	1,00,00,000.00	Through implementing agency namely Nana Palkar Smruti Samiti
4.	Project for 100 villages for primary and secondary health care and for purchase of certain equipment for Thirumalai Health Mission	Promoting health care	The project area is located in Vellore District of Tamil Nadu State	₹1,02,55,000.00	₹62,14,250.00 towards part of project cost for providing primary health care to 100 villages and ₹ 4040750 for purchase of certain equipment's for Thirumalai Health Mission	1,02,55,000.00	Through implementing agency namely Thirumalai Charity Trust (TCT)/ Thirumalai Health Mission (THM)
5.	Adapting to Climate Change by water harvesting in Eastern Rajasthan	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water.	30 villages of Karauli district of Rajasthan	₹ 77,51,000.00 being project implementation cost of first year out of the four year project	Program Activities Cost ₹ 63,71,000.00 and Administration cost ₹ 13,80,000.00	77,51,000.00	Through Implementing agency namely Tarun Bharat Sangh
6.	Contribution to Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief, welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women	Pan India	--	2,00,00,000.00	2,00,00,000.00	Direct
7.	Contribution to Swachh Bharat Kosh	Environment protection	Pan India	-	2,00,00,000.00	2,00,00,000.00	Direct
8.	Contribution to Corpus fund for Jagashanti Udayan Care Hostel for Women	Empowering women	Greater Noida, Haryana	Corpus Contribution	Provision created and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Provision created and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Through Implementing agency namely Udayan Care
9.	Early Childhood Care Development and Education at Centers for children of construction site workers.	Measures for reducing inequalities faced by socially and economically backward groups and promoting education, eradicating hunger, poverty and malnutrition.	3 centers in Bangalore and 17 centers in and around Delhi	₹ 65,26,914	Provision created and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Provision created and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Through Implementing agency namely PLAN India.

ANNEXURE 4

TO THE DIRECTORS' REPORT (Contd.)

10.	Maitri Ghar (construction old age home for abandoned and destitute widows)	Empowering women, setting up homes and hostels for women and orphans; setting up of old age homes, day care centers and such other facilities for senior citizens measures for reducing inequalities faced by socially and economically backward groups.	Old Age home for abandoned & destitute widows in Radha Kund, District Mahtura, Uttar Pradesh	Total project cost ₹2.05 crore we have sanctioned ₹1.05 crore	Provision created for an amount of ₹1.05 crore for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Provision created for an amount of ₹1.05 crore for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Through Implementing agency namely Maitri.
11.	One pack each rack (to setup an innovative all women sanitary napkin unit to produce affordable low cost sanitary napkins).	Promoting healthcare including preventive healthcare and sanitation.	Gopalnagar and Rambati village of South Bishnupur, 24 South Parganas, West Bengal	₹ 845,000.00	Provision created for an amount of ₹8.45 lakhs for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Provision created for an amount of ₹8.45 lakhs for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Through Implementing agency namely Advait Foundation.
12.	Renovation and construction of toilets in schools for undertaking Civil, plumbing and painting work.	Promoting education, sanitation	Kosbad City, Taluk-Dahanu, District- Palgarh, Maharashtra	₹15.00 Lacs as per estimates from contractors.	Provision created for an amount of ₹15.00 lacs for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Provision created for an amount of ₹15.00 crore for FY 2015-2016 and amount transferred after receiving a satisfactory field visit report by the representatives of the Company.	Through Implementing agency namely Jivanganga Vikas Trust

6 In case, the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report:

The Company in the process of gradually building and developing the internal CSR appraisal mechanism, for appraising CSR projects, as it intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. The Company is also emphasising in periodically monitoring the CSR contribution made by it. In financial year 2015-16 the Company has made its best endeavour to appraise and process the contribution requests received by it. The Company is committed towards spending maximum CSR funds and such commitment is evident from the provision of ₹3.43 crore which it had created in financial year 2015-16 although the law does not require the Company to create such provision.

7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance of CSR objectives and policy of the Company:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Date : 15th July, 2016
Place: Mumbai

Sunita Sharma
Managing Director
& CEO

Jagdish Capoor
Director

ANNEXURE 5

TO THE DIRECTORS' REPORT

Details of transactions and balance at the end of financial year with related parties:

		₹ in lakh
Related Party	Nature of transactions	Current Year
LIC of India	Issue of non convertible debentures	5,75,000.00
	Repayment of non convertible debentures	1,31,000.00
	Repayment of Secured loan	6,525.00
	Interest expenses on Secured and Unsecured loans	1,32,624.85
	Dividend Payment	10,172.12
	Rent Expenses	490.19
	Reimbursement of Municipal Taxes, etc.	5.00
	Reimbursement of Electricity Expenses	5.80
	Payment for Staff training, Conference, etc.	15.74
	Payments towards Renovation & Repairs Work carried out by them	31.03
	Reimbursement of Gratuity for staff on deputation from LIC	42.36
	Balance as at the year end (Credit)	17,66,897.72
LICHFL Care Homes Limited	Payment of Expenses	16.22
	Reimbursement of Expenses	(127.70)
	Balance as at the year end (Debit)	0
LICHFL Financial Services Limited	Dividend Income	95.00
	Commission Expenses on Loan Business	1,308.77
	Commission Expenses on Public Deposit	11.57
	Payment of Expenses	6.62
	Reimbursement of Expenses	(6.62)
	Balance as at the year end (Credit)	445.02
LICHFL Asset Management Co. Limited	Dividend Income	174.00
	Payment of Expenses	23.29
	Reimbursement of Expenses	(23.30)
	Balance as at the year end (Debit)	0.01
LICHFL Urban Development Fund	Investment	2,461.50
	Redemption of Investment	412.34
	Income from Investment	218.36
	Investment as at the year - end (Debit)	3,924.16
Ms. Sunita Sharma, MD & CEO	Managerial remuneration*	55.11
Shri Nitin K Jage, Company Secretary	Managerial remuneration	21.75
Shri P Narayanan, CFO	Managerial Remuneration	25.03

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. Payment made during the financial year 2015-16 for Performance Linked Incentive (PLI) and arrears on account of wage revision is included.

Note:

- There are no amounts written off or written back during the year for debts due from or to related parties.
- There are no doubtful debts.
- Related Party relationship is as identified by the Company as per the Related Party Transaction Policy.

ANNEXURE 6 TO THE DIRECTORS' REPORT

To,
The Members,
LIC Housing Finance Limited

Our report of even date is to be read along with this letter.

- (1) Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) Where ever required we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For N L Bhatia & Associates
(S1996MH016600)

N. L. Bhatia
(Managing Partner)
FCS No: 1176
C P No.: 422

Place: Mumbai
Date: 15th July, 2016

ANNEXURE 6

TO THE DIRECTORS' REPORT (Contd.)

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014] For the Financial Year ended March 31, 2016

To,
The Members,
LIC Housing Finance Limited,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LIC Housing Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulation and Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The National Housing Bank Act, 1987;
- (vi) The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.
- (vii) Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014
- (viii) Guidelines and Circulars issued under the National Housing Bank Act, 1987 from time to time.
- (ix) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not applicable to the Company during the financial year;**
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2013 - **Not applicable to the Company during the financial year;**
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable to the Company during the financial year;**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable to the Company during the financial year ; and**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable to the Company during the financial year.**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from December 1, 2015.

Other Laws applicable to the Company;

1. Tax Laws:
 - Value Added Tax (VAT) Act
 - The Finance Act, 1994 (Service Tax)
 - Income Tax Act, 1961
2. Employee Laws:
 - Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972;
 - The Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975;
 - The Payment of Wages Act, 1936;
 - The Minimum Wages Act 1948;
 - The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Scheme framed thereunder;
 - The Employees' State Insurance Act 1948;
 - The Maternity Benefit Act, 1961;

ANNEXURE 6

TO THE DIRECTORS' REPORT (Contd.)

- The Contract Labour (Abolition and Regulation) Act, 1970 & Rules;
 - Equal Remuneration Act, 1976;
 - Workmen's Compensation Act, 1923;
 - Employment Standing Orders Act, 1946;
 - Child Labour (Prohibition and Regulation) Act, 1986;
 - The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
 - The Apprentices Act, 1961 and Apprenticeship Rules, 1991 under the above Rules;
 - Labour Welfare Fund Act.
3. Indian Stamp Act, 1899 and the State Stamp Acts;
 4. The Labour Welfare Fund, Act, 1953;
 5. Indian Contract Act, 1872;
 6. Negotiable Instruments Act, 1881;
 7. Information Technology Act, 2000;
 8. Whistle Blowers Protection Act, 2011;
 9. Registration Act, 1908;
 10. Limitation Act, 1963;
 11. The Shops and Establishment Act;
 12. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI);
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India limited upto November 30, 2015;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that; The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent adequately in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions at the Board Meetings were **passed unanimously and with requisite majority in General Meeting.** The decision at all Board level Committee Meetings were taken unanimously and reason / rational for the decision has also been recorded in the minutes.

We further report that; there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that; during the audit period the Members at the Annual General Meeting held on August 19, 2015 approved and authorised the Board of Directors to;

1. Enter into agreement / transaction with Related Party namely, LIC of India and its associates for the purpose of raising fund through loans / NCDs / Bonds / similar such instrument including securitisation, to take property on lease / rent, avail / render any services or any other transaction which construe to be related party transactions with the related party / parties upto ₹ 4,000/- Crore (Rupees Four Thousand crore only) for one year from the date of Annual General Meeting pursuant to Section 188 of the Companies Act, 2013.
2. Issue secured / unsecured redeemable Non-Convertible Debentures (NCDs) in one or more series / tranches, on private placement basis as per the provision of Section 42 and other applicable provisions of the Companies Act, 2013, on such terms and conditions as the Board may deem fit and appropriate for each series / tranche, up to an aggregate amount not exceeding ₹ 43,000 Crores (Rupees Forty Three Thousand Crore only) approved by the shareholders within the limits provided under Section 180(1)(c) of the Companies Act, 2013.

We further report that; during the audit period the Members through Postal Ballot approved and authorised the Company to adopt the new set of Articles of Association of the Company which have been aligned as per the Companies Act, 2013 by way of Special Resolution passed on March 3, 2016.

For N L Bhatia & Associates
(S1996MH016600)

N. L. Bhatia
(Managing Partner)
FCS No: 1176
C P No.: 422

Place: Mumbai
Date: 15th July, 2016

ANNEXURE 6

TO THE DIRECTORS' REPORT (Contd.)

Form Aoc-1

Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
 Statement containing salient features of the financial statement of subsidiaries / associate company.

Sl. No.	Name of the Subsidiary Company	Reporting period	Reporting currency	Issued, subscribed and paid up Capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Amt in ₹			% of shareholding
										Profit/(Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	
1	LICHL Care Homes Limited	April 2015 - March 2016	INR	8,55,00,000	19,22,30,309	48,57,25,776	48,57,25,776	Nil	2,82,66,146	28,29,135	13,00,000	15,29,135	100
2	LICHL Financial Services Limited	April 2015 - March 2016	INR	9,50,00,000	10,49,83,254	22,62,75,506	22,62,75,506	Nil	19,17,67,903	572,72,240	2,03,04,583	388,71,622	100
3	LICHL Asset Management Company Limited	April 2015 - March 2016	INR	9,19,44,000	21,09,47,492	30,71,99,554	30,71,99,554	Nil	12,33,05,784	814,06,391	2,69,69,554	5,44,36,837	94.62
4	LICHL Trustee Company Private Limited	April 2015 - March 2016	INR	9,00,000	7,36,024	16,69,369	16,69,369	Nil	5,13,065	4,29,964	1,32,977	2,96,987	100
Part 'B' Associate													
1	LIC Nomura Mutual Fund Asset Management Company Limited	April 2015 - March 2016	INR	11,00,00,000	93,18,70,805	1,12,09,29,044	1,12,09,29,044	Nil	40,65,89,515	18,36,430	-	18,36,430	20

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

The core of Company's philosophy on corporate governance consists of its fundamental guiding principles of fairness, transparency, responsibility and ethical behaviour.

These principles manifest seamlessly into the business practices consistently followed by the Company with the clear aim of creating value and long term wealth for all its stakeholders.

Towards this end the Company deals in a fair and equitable manner with its stakeholders namely shareholders, customers, vendors, creditors, business associates and employees.

Your Company firmly believes in being transparent in all the areas of its operations as also to all the stakeholders and which has been embodied in its culture. This is practiced through open working methods, emphasis on continuous communication, timely and complete disclosures and being transparent about its entire gamut of activities.

Being constantly aware of its responsibilities in relation to the stakeholders, government, employees and society at large, the endeavor is to ingrain in every sphere of the Company's working the principle of being responsible. Effectively and honestly discharging its obligations to the government and the society as a responsible corporate citizen, the Company always stresses on empowerment of the employees. Acutely aware of the accountability of its Board of Directors which ultimately is essential to the Company acting with utmost integrity, the principle of responsibility is observed with all the seriousness it deserves.

Never losing sight of being ethical, your Company is always fair, transparent, honest and truthful about the way it conducts its business and treats its vital place in corporate world with due importance.

Board of Directors

Composition

The Board of Directors as on 31st March, 2016 comprised of nine members — eight Non-Executive Directors and one Executive Director. Ms. Sunita Sharma, Managing Director & CEO is an Executive Director. The Executive and Non-Executive Directors are competent and knowledgeable personalities in their respective fields. None of the Directors on the Board hold Directorship in more than 10 public companies and none of them is a member of more than 10 committees or chairman of more than 5 committees in Companies in which they are Director. Necessary disclosures in this regard as on 31st March, 2016 have been made by the Directors. The Directors are not related to each other.

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 2015-16, the composition of the Board was in conformity with SEBI (LODR) Regulations, 2015. Details of Board Meetings and the last Annual General Meeting attended by Directors, number of other Directorships / Committee membership & chairmanship (viz. Audit Committee and Stakeholders Relationship Committee as per SEBI (LODR) Regulations, 2015 held by them as on 31st March, 2016 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 26 th Annual General Meeting	Attendance at the Board meetings (No. of meetings held – 8)	No. of Directorships of other Companies (other than LIC Housing Finance Limited)	No. of Committees Membership / Chairmanship (other than LIC Housing Finance Limited)	
						Member	Chairperson
1.	Shri S. K. Roy	Non Executive Chairman	Absent	6	10	-	-
2.	Shri S. B. Mainak *	Non Executive	Present	7	9	-	-
3.	Ms. Sunita Sharma	Executive	Present	8	5	2	2
4.	Shri Jagdish Capoor	Independent and Non- Executive	Present	7	13	5	4
5.	Ms. Savita Singh	Non- Executive	Present	6	2	-	-
6.	Shri T. V. Rao	Independent and Non-Executive	Present	8	7	5	1
7.	Dr. Dharmendra Bhandari	Independent and Non-Executive	Present	8	6	3	1
8.	Shri Debabrata Sarkar ^	Independent and Non Executive	Present	7	7	1	1
9.	Shri V. K. Kukreja ^	Independent and Non Executive	Present	7	2	0	0
10.	Shri Ameet N. Patel #	Independent and Non Executive	Present	5	2	1	1
11.	Shri K. Narasimha Murthy **	Independent and Non- Executive	Present	1	8	2	5
12.	Shri S. Ravi **	Independent and Non- Executive	Present	1	10	3	3
13.	Shri B. N. Shukla ^^	Independent and Non- Executive	Present	1	-	-	-

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

^ Appointed w.e.f. 30.06.2015 as Additional Director (Independent Category)

Appointed w.e.f. 19.08.2015 (after Annual General Meeting)

**Ceased to be Director w.e.f. 25.06.2015 on account of completion of term of office of Directorship.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Changes during the Year

Shri Debabrata Sarkar and Shri V. K. Kukreja were appointed as Additional Directors (Independent Category) of the Company by the Board with effect from 30th June, 2015. The Board of Directors also appointed Shri Ameet Patel as Additional Director (Independent Category) of the Company on 19th August, 2015 after AGM.

Dr. B. N. Shukla, Non-Executive Independent Director ceased to be the Director of the Company w.e.f. 23rd January, 2016 on account of completion of extended term of one year of office of Director.

Shri S. B. Mainak, Non-Executive (Nominee) Director ceased to be the Director of the Company w.e.f. 29th February, 2016 on account of attainment of superannuation from the services of LIC of India.

Event after Balance Sheet date :

Ms. Usha Sangwan, Non Executive (Nominee) Director has been appointed as Additional Director of the Company in place of Shri S. B. Mainak w.e.f. 23rd June, 2016.

Brief Profile of Ms. Usha Sangwan is given below :

Ms. Usha Sangwan, is the first ever woman Managing Director of Life Insurance Corporation of India (LIC of India). She holds a Master's Degree in Economics, Post Graduate Diploma in Human Resource Management and technical qualification of Licentiate. She joined LIC of India as Direct Recruit Officer in 1981.

Ms. Sangwan is the whole time Director of LIC of India, Board Member of General Insurance Corporation of India, Axis Bank, Ambuja Cements Ltd., BSE Ltd. and Voltas Limited, Director on the board of LIC (Singapore) Pte. Ltd., LIC (Lanka) Ltd., LIC (Nepal) Ltd. and LIC Cards Services Ltd., Member of Governing Council of National Insurance Academy, a Trustee of LIC Golden Jubilee Foundation, Chairman of Trust -LIC of India (Regular Part-

time employees) Pension Fund and a Member of Policyholder Protection Committee, Executive Committee, Risk Management Committee and Investment Committee of LIC of India.

She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has held various important positions, such as Divisional Manager-Incharge of Delhi Division, Regional Manager (Personnel & Industrial Relations), Regional Manager (LIC Housing Finance Ltd.), Executive Director (Direct Marketing & International Operations) and Executive Director (Corporate Communication).

Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems.

Achievements:

- She has been featured in Forbes List of 50 most powerful Business Women in Asia in 2015.
- She is also featured in Femina – Most powerful women in India.
- "Women Leadership Award" in BFSI sector by Institute of Public Enterprise.
- "Brand Slam Leadership Award" by CMO Asia.
- "Women Leadership Role Model" by Top Rankers Management Consultants.
- "CEO with HR Orientation Award" by Global HR Excellence arranged by Chartered Institute of Management Accountants.
- Also felicitated by Free Press Journal, Colors TV and Doordarshan for Women in Leadership Role.

The details of other Directorships, Committee Membership & Chairmanship of Ms. Usha Sangwan are as follows :

Sr. No.	Name of the Companies/Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman	Date on which interest or concern arose/changed
1.	LIC of India	Managing Director	Nil	Nil	01.11.2013
2	Ambuja Cements Ltd.	Nominee Director	Nil	Nil	24.04.2014
3	Axis Bank Ltd.	Nominee Director	Nil	Nil	17.10.2013
4	BSE Ltd.	Nominee Director	Nil	Member, Stakeholders' Relationship Committee	04.09.2015
5	Voltas Ltd.	Nominee Director	Nil	Nil	12.08.2015
6	LIC Card Services Ltd.	Additional Director	Nil	Nil	29.02.2016
7	LIC (Singapore) Pte. Ltd	Director	Nil	Nil	05.11.2013
8	LIC (Lanka) Ltd	Director	Nil	Chairman, Audit Committee	11.09.2014
9	GI of India	Ex-Officio Director	Nil	Member, Audit Committee	06.04.2016
10	LIC (Nepal) Ltd.	Non-Executive Director	Nil	Member, Audit Committee	20.06.2016
11	National Insurance Academy	Member of Governing Body	Nil	Nil	09.12.2013
12	LIC of India(Regular Part time employees) Pension Fund	Chairman	Nil	Nil	04.08.2014
13	LIC Golden Jubilee Foundation	Trustee	Nil	Nil	11.03.2014

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Details of Director seeking re-appointment at the forthcoming Annual General Meeting

Ms. Savita Singh

Ms. Savita Singh, M.A. LL.B., Mumbai University (2001) is a partner with the Real Estate team of the Firm M/s Khaitan & Co. and is experienced in all kinds of property transactions, litigations arising out of property transactions and allied matters. Her experience includes drafting real estate transactional documents of all kind of general Real Estate advisory work and due diligence of properties.

Ms. Savita Singh has advised various owners, buyers, developers, corporate houses, individuals, domestic investors and foreign investors regarding transactions related to immovable properties and various issues related thereto including structuring. In addition to drafting the documents, she is also experienced in negotiating the same. She has also advised on Real Estate transactions in respect of commercial/retail complexes, multiplexes, hotel premises, redevelopment projects, service apartments, Special Economic Zones, Information Technology / Information Technology Enabled Services Parks and also Integrated Township Projects. She is experienced in Foreign Direct Investments in immovable property and has also advised as to Indian Law during the offer for subscription of units representing a Business Trust by way of an Initial Public Offering (IPO) in Singapore.

The details of other Directorships and Committee Memberships / Chairmanship of Ms. Savita Singh are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per SEBI (LODR) Regulations, 2015
Shreyas Home Management Private Limited	Director	-
Khaitan & Co. LLP.	Partner	-
Indiabulls Asset Reconstruction Company Ltd.	Director	-

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 Managing Director & CEO. The detailed agenda and other relevant notes are circulated to the Directors well in advance. The Directors are allowed to suggest additional item for deliberation. Members of the Senior Management team are invited in the meetings to provide additional information and clarification, if required. During 2015-16, eight Board meetings were held as listed below:

Sr no.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors present
1	18.04.2015	10	9
2	20.07.2015	10	10
3	19.08.2015	10	8
4	15.10.2015	11	10
5	23.11.2015	11	7
6	15.12.2015	11	8
7	16.01.2016	11	10
8	23.02.2016	10	10

Number of shares and convertible instruments held by Directors:

Except Dr. Dharmendra Bhandari, who holds 500 equity shares, none of the Directors of the Company are holding any equity shares of the Company. The Company has not issued any convertible instruments till date.

Familiarisation Programme for Independent Directors

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates and business model of the company. The details of such familiarisation programme is disclosed on the Company's website www.lichousing.com.

Sitting fee

Sitting fee is paid to the Directors (other than Shri S. K. Roy, Chairman, Shri S. B. Mainak, Director, and Ms. Sunita Sharma, Managing Director & CEO) for every Board and Committee meetings they attend. Remuneration is paid to Ms. Sunita Sharma as applicable to an officer in the cadre of Executive Director of LIC of India.

Board Committees

The Board has constituted various committees to facilitate a more focused attention on important issues. The Committees deliberate and decide on the issues falling within their terms of reference and make recommendations to the Board wherever necessary.

Audit Committee

The Committee comprises of three Non-Executive, Independent Directors with expertise in finance, accounts, treasury and law. During the year, five Audit Committee meetings were held. The composition of Audit Committee, the dates on which the Audit Committee meetings were held and the attendance of the members at the said meetings are as under:

Composition

Shri Debabrata Sarkar ^	Chairman	Independent Director
Shri T. V. Rao	Member	Independent Director
Shri Ameet Patel #	Member	Independent Director
Shri S. Ravi **	Ex-Chairman	Independent Director
Shri B. N. Shukla ^^	Ex-Member	Independent Director

^ Appointed as Chairman w.e.f. 20.07.2015.

Appointed as Member w.e.f. 23.02.2016.

** Ceased to be Director w.e.f. 25.06.2015 on account of completion of term of office of Directorship.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Dates of Audit Committee Meetings & Attendance Record of Members:

Sr no.	Dates on which Audit Committee meetings were held	Shri Debabrata Sarkar	Shri T. V. Rao	Shri B. N. Shukla	Shri Ameet N. Patel	Shri S. Ravi
1	18.04.2015	Not Applicable	Attended	Not attended	Not Applicable	Attended
2	20.07.2015	Not Applicable	Attended	Attended	Not Applicable	Not Applicable
3	15.10.2015	Attended	Attended	Not attended	Not Applicable	Not Applicable
4	16.01.2016	Attended	Attended	Not attended	Not Applicable	Not Applicable
5	19.02.2016	Attended	Attended	Not Applicable	Not Applicable	Not Applicable

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 SEBI (LODR) Regulations, 2015.

Role and powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration, and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause(c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by

the monitoring agency on utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuations of undertakings or assets of the company wherever it is necessary.
- Evaluation of Internal Financial Controls and Risk Management systems.
- Reviewing, with the management, performance of Statutory and Internal auditors, adequacy of the Internal Control Systems;
- Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with the Internal Auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(The term related party transactions shall have the same meaning as provided in SEBI (LODR) Regulations, 2015).

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Powers

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

The Audit Committee mandatorily reviews the following:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by management;
3. Management letters / letters of internal control weakness issued by the statutory auditors;
4. Internal audit reports relating to internal control weakness;
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit committee.
6. Statement of deviations :
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable.
 - b) Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice.

Meetings are scheduled well in advance. The Audit Committee considers and recommends quarterly and yearly financial results for approval by the Board. The Joint Statutory Auditors and Internal Auditor of the Corporate Office are invited to attend the meeting. The head of the Internal Audit function attends the Audit Committee meetings; the Committee also invites other Head of the Departments (HODs) to be present as may be necessary.

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/ conditions of the housing loan schemes including Project Finance schemes on case to case basis.
3. To sanction loans to Builders and Developers under Project Loans beyond the limits delegated to Managing Director & CEO as per Financial Power Standing Order, 1990 (as amended upto 25th April, 2012 (FPSO) on recommendation of the HODs Committee as constituted by the Managing Director & CEO from time to time.
4. To sanction loans under Rental Securitization of the loan amount more than the amount delegated to Managing Director & CEO as per FPSO.
5. To sanction loans 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/ Apna Hospital / Unsold Inventory.
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 LICHL- 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 it may think fit and in any such purchase or other acquisition to accept such title as it may believe or may advise 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 to 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. To approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).
22. To approve / ratify restructuring / reschedulement of project loan.
23. To approve revision of rate of interest in respect of project loans on case to case basis.
24. To approve/ ratify issue of NOC, release of charge in respect of project loan.
25. To approve the cases under consortium/ Joint financing.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

26. To approve takeover of existing project loan/ term loan of other institution/s.
27. To approve loan against unsold inventory.
28. To approve loan against Apna Hospital Scheme.
29. To modify existing schemes.

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

Composition of the Executive Committee:

Ms. Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Capoor	Member	Independent Director
Shri V. K. Kukreja ^	Member	Independent Director
Shri S. B. Mainak *	Ex-Chairman	Ex-Director
Shri K. Narasimha Murthy **	Ex-Member	Ex-Independent Director

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

^ Appointed as Member w.e.f. 20.07.2015.

** Ceased to be Director w.e.f. 25.06.2015 on account of completion of term of office of Directorship.

Dates of Executive Committee Meetings & Attendance Record of Members:

Sr no.	Dates on which Executive Committee meetings were held	Shri S. B. Mainak	Shri Jagdish Capoor	Shri K. Narasimha Murthy	Ms. Sunita Sharma	Shri V. K. Kukreja
1	23.04.2015	Attended	Attended	Attended	Attended	Not Applicable
2	05.05.2015	Attended	Attended	Attended	Attended	Not Applicable
3	15.05.2015	Attended	Attended	Attended	Attended	Not Applicable
4	15.06.2015	Attended	Attended	Attended	Attended	Not Applicable
5	23.06.2015	Attended	Attended	Attended	Attended	Not Applicable
6	30.06.2015	Attended	Attended	Not Applicable	Attended	Not Applicable
7	03.08.2015	Attended	Attended	Not Applicable	Attended	Not Attended
8	27.08.2015	Attended	Not attended	Not Applicable	Attended	Attended
9	21.09.2015	Attended	Attended	Not Applicable	Attended	Attended
10	29.09.2015	Attended	Attended	Not Applicable	Attended	Attended
11	17.10.2015	Attended	Attended	Not Applicable	Attended	Attended
12	09.11.2015	Attended	Attended	Not Applicable	Attended	Attended
13	24.11.2015	Attended	Attended	Not Applicable	Attended	Attended
14	08.12.2015	Attended	Attended	Not Applicable	Attended	Attended
15	30.12.2015	Attended	Attended	Not Applicable	Attended	Attended
16	05.01.2016	Attended	Attended	Not Applicable	Attended	Not attended
17	19.01.2016	Attended	Attended	Not Applicable	Attended	Attended
18	28.01.2016	Attended	Not attended	Not Applicable	Attended	Attended
19	10.02.2016	Attended	Not attended	Not Applicable	Attended	Attended
20	19.02.2016	Attended	Attended	Not Applicable	Attended	Attended
21	22.02.2016	Attended	Attended	Not Applicable	Attended	Attended
22	25.02.2016	Not attended	Attended	Not Applicable	Attended	Attended
23	29.02.2016	Not attended	Attended	Not Applicable	Attended	Attended
24	08.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended
25	14.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended
26	23.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended
27	25.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended
28	28.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended
29	30.03.2016	Not Applicable	Attended	Not Applicable	Attended	Attended

Stakeholders Relationship Committee

The Stakeholders Relationship Committee looks into issues related to shareholders, like transfer / transmission of shares, issue of duplicate share certificate/s 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 transfers in physical form, the Board has delegated power for approving the share transfers to the Committee of Officers of the Company.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Composition of the Stakeholders Relationship Committee is as follows:

Shri Debabrata Sarkar ^	Chairman	Independent Director
Ms. Savita Singh	Member	Non Independent Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri S. Ravi **	Ex-Chairman	Ex-Independent Director
Shri B. N. Shukla ^^	Ex-Member	Ex-Independent Director

^ Appointed as Chairman w.e.f 23.02.2016.

** Ceased to be Director w.e.f. 25.06.2015 on account of completion of term of office of Directorship.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

During the year, one Stakeholders Relationship Committee meeting was held as follows:

Sr no.	Date on which Stakeholders Relationship Committee Meeting was held	Shri Debabrata Sarkar	Ms. Sunita Sharma	Shri B. N. Shukla	Ms. Savita Singh
1	16.01.2016	Attended	Attended	Not Attended	Not Attended

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/s from time to time to the shareholders in case original share certificate/s is lost, upon receipt of necessary documents required for the purpose.

Compliance Officer

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

Details of shareholders' complaints

During FY2015-16, 133 complaints / requests such as non receipt of Annual Report, Address change, change in ECS details, non receipt of Duplicate Share Certificate/s, Revalidation of Dividend Warrant etc. from investors and the same were replied/resolved to their satisfaction. As on 31st March, 2016, only 1 complaint was pending which was resolved subsequently.

During the year, 541 dematerialisation requests for 2,98,698 shares and 103 requests for transfers involving 52,500 shares were received. The request for dematerialisation and transfers were promptly attended and there were no requests pending for approval as on 31st March, 2016. As on that date 49,95,81,850 equity shares, i.e. 98.99% of the Company's share capital stand dematerialised.

Other Committees:

Debenture Allotment Committee

The Debenture Allotment Committee is empowered to raise funds by allotting Non Convertible Debentures to the successful applicants from time to time in different tranches.

Composition of the Debenture Allotment Committee is as follows:

Dr. Dharmendra Bhandari \$	Alternate Member	Independent Director
Ms Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Capoor	Alternate Member	Independent Director
Shri S. B. Mainak *	Ex-Chairman	Ex-Director

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

\$ Appointed as Alternate Member w.e.f. 15.10.2015.

Dates of Debenture Allotment Committee Meetings & Attendance Record of Members:

Sr no.	Dates on which Debenture Allotment Committee Meetings were held	Shri S. B. Mainak	Shri Jagdish Capoor (Alternate Member)	Ms. Sunita Sharma	Dr. Dharmendra Bhandari (Alternate Member)
1	28.04.2015	Attended	Not Attended	Attended	Not Applicable
2	11.05.2015	Not Attended	Attended	Attended	Not Applicable
3	21.05.2015	Not Attended	Attended	Attended	Not Applicable
4	29.05.2015	Not Attended	Attended	Attended	Not Applicable
5	04.06.2015	Not Attended	Attended	Attended	Not Applicable
6	17.06.2015	Not Attended	Attended	Attended	Not Applicable

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Sr no.	Dates on which Debenture Allotment Committee Meetings were held	Shri S. B. Mainak	Shri Jagdish Capoor (Alternate Member)	Ms. Sunita Sharma	Dr. Dharmendra Bhandari (Alternate Member)
7	25.06.2015	Not Attended	Attended	Attended	Not Applicable
8	26.06.2015	Not Attended	Attended	Attended	Not Applicable
9	06.07.2015	Not Attended	Attended	Attended	Not Applicable
10	13.07.2015	Not Attended	Attended	Attended	Not Applicable
11	22.07.2015	Not Attended	Attended	Attended	Not Applicable
12	29.07.2015	Attended	Not Attended	Attended	Not Applicable
13	17.08.2015	Attended	Not Attended	Attended	Not Applicable
14	24.08.2015	Not Attended	Attended	Attended	Not Applicable
15	31.08.2015	Not Attended	Attended	Attended	Not Applicable
16	07.09.2015	Not Attended	Attended	Attended	Not Applicable
17	15.09.2015	Not Attended	Attended	Attended	Not Applicable
18	08.10.2015	Not Attended	Attended	Attended	Not Applicable
19	19.10.2015	Not Attended	Attended	Attended	Not Attended
20	23.10.2015	Not Attended	Not Attended	Attended	Attended
21	30.10.2015	Not Attended	Attended	Not Attended	Attended
22	13.11.2015	Not Attended	Attended	Not Attended	Attended
23	20.11.2015	Not Attended	Not Attended	Attended	Attended
24	27.11.2015	Not Attended	Attended	Not Attended	Attended
25	14.12.2015	Attended	Not Attended	Not Attended	Attended
26	02.02.2016	Not Attended	Not Attended	Attended	Attended
27	08.02.2016	Attended	Not Attended	Not Attended	Attended
28	18.02.2016	Not Attended	Not Attended	Attended	Attended
29	26.02.2016	Attended	Not Attended	Attended	Not Attended
30	03.03.2016	Not Applicable	Attended	Attended	Not Attended
31	21.03.2016	Not Applicable	Not Attended	Attended	Attended

Nomination & Remuneration Committee

Nomination & Remuneration Committee was formed comprising three Non-Executive Directors and the Chairman of the Committee is an Independent Director as per SEBI (LODR) Regulations, 2015.

The terms of reference of Nomination & Remuneration Committee are:

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- (2) formulation of criteria for evaluation of performance of independent directors and the board of directors;
- (3) devising a policy on diversity of board of directors;
- (4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Composition of the Nomination & Remuneration Committee is as follows:

Shri Jagdish Capoor	Chairman	Independent Director
Shri Debabrata Sarkar ^	Member	Independent Director
Ms. Usha Sangwan**	Member	Director
Shri S. B. Mainak *	Ex-Member	Director
Shri B. N. Shukla ^^	Ex-Member	Independent Director

^ Appointed as Member w.e.f. 20.07.2015.

** Appointed as member w.e.f. 15/07/2016.

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

Dates of Nomination & Remuneration Committee Meetings & Attendance Record of Members:

Sr no.	Dates on which Nomination & Remuneration Committee meetings were held	Shri S. B. Mainak	Shri Jagdish Capoor	Shri B. N. Shukla
1	18.04.2015	Attended	Attended	Not attended
2	17.07.2015	Attended	Attended	Not attended

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Remuneration Policy

The Company framed this policy in order to align with various provisions of circular no.CIR/CFD/Policy Cell/2/2014 dated 17.04.2014, circular no.CIR/CFD/Policy Cell/7/2014 dated 15.09.2014 issued by SEBI and SEBI (LODR) Regulations, 2015.

The Nomination & Remuneration Committee shall recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees as per sub-section (3) of Section 178 and based on the functions of the Board of Directors as indicated under Schedule IV (as per section 149) annexed to the Companies Act, 2013 and the Rules made thereunder.

Accordingly, the Remuneration policy relating to the remuneration of Directors, Key Managerial personnel and other employees is as below:

The Remuneration to Independent Directors and Non Executive Non Independent Directors:

The Independent Directors and Non Executive Non Independent Director would be paid sitting fees for every Board and Committee Meeting they attend as decided from time to time. Apart from sitting fees, no other remuneration / commission would be payable to them.

The Remuneration to Non Executive Promoter Directors:

The Non Executive Promoter Directors would not be paid any sitting fees for Board and Committee Meetings they attend. However, as these Promoter Directors are employees of LIC of India, they are being paid salary and other benefits as per the scale / cadre decided by LIC of India from time to time.

The Remuneration to Executive Promoter Director:

The Executive Promoter Director who is Managing Director & CEO of LIC Housing Finance Ltd. would be paid remuneration as applicable to an Officer in the cadre of Executive Director of LIC of India. This apart, the Executive Promoter Director would be entitled for Productivity Linked Incentive (PLI) as per criteria approved by the Nomination and Remuneration Committee of the Board.

Should there be any revision in the pay scales of the Executive Promoter Director as per the charter decided by the LIC of India from time to time for its Executive Director, then the same would be applicable to the Executive Promoter Director namely Managing Director & CEO of LIC Housing Finance Limited. Further, tenure and terms & conditions of appointment of Executive Promoter Director would be as decided by LIC of India from time to time.

The Remuneration to Key Managerial Personnel (other than MD&CEO) and other employees:

In the present set up of the Company's key managerial personnel other than Managing Director & CEO are Company Secretary and Chief Financial Officer. Chief Financial Officer who is an officer on deputation from LIC of India is being paid remuneration as applicable to an Officer in the cadre of Deputy Zonal Manager of LIC of India whose salary and other benefits are decided by LIC of India from time to time. Remuneration payable to Company

Secretary and other employees would be as decided by the Board of Directors as per Service Terms, Conduct Rules etc. 1990 as amended from time to time.

Criteria of making payments to Non-Executive Directors:

The Directors except Shri S. K. Roy, Chairman, Shri S. B. Mainak, Director and Ms. Sunita 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, 2015 to 31st March, 2016 is mentioned below:

Names of Non –Executive Directors	Sitting fees (In ₹)
Shri Jagdish Capoor	9,30,000
Ms. Savita Singh	1,30,000
Shri T. V. Rao	2,85,000
Dr. Dharmendra Bhandari	3,25,000
Shri Debabrata Sarker	2,15,000
Shri V. K. Kukreja	5,30,000
Shri Ameet N. Patel	1,10,000
Shri S. Ravi	35,000
Shri K. Narasimha Murthy	1,20,000
Shri B. N. Shukla	35,000

Except Managing Director & CEO who is a whole time Executive Director, none of the Directors of the Company is paid any other remuneration or any elements of remuneration package under major groups, such as salary, benefits, bonuses, stock options, pension, performance linked incentive etc.

The remuneration paid to Managing Director & CEO of Company for F.Y. 2015-16 is as under:

Ms. Sunita Sharma (from 01.04.2015 to 31.03.2016), was paid remuneration as under:

Particulars	Rupees
Gross Salary, Sodexo and Productivity Linked Incentive* (PLI), PL encashment, medical lumpsum	43,53,783.00
Contribution to pension and gratuity funds	4,82,873.29
Perquisites in cash or in kind	6,73,916.00
Total	55,10,572.29

* It may be mentioned here that Performance linked incentive for F.Y. 2014-15 was paid during the F.Y. 2015-16 and calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

The evaluation criteria for performance evaluation of Independent Directors as well as Remuneration Policy laid down by the Nomination and Remuneration Committee is appended to this Annual Report.

Meeting of Independent Directors

Separate meeting of the Independent Directors of the company was held on 23.02.2016 and in the said meeting, the Independent Directors reviewed the performance of Non Independent Directors and the Board as a whole. They reviewed the performance of the Chairperson of the company, taking into account the views of Executive Director and Non Executive

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Directors.

Annual evaluation made by the Board of its own performance:

The Board of Directors had carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by SEBI (LODR) Regulations, 2015 at the meeting of Independent Directors held on 23.02.2016.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board process, information and functioning, process of disclosure and communication, access to timely, accurate and relevant information etc.

The performance of the committee was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committee, effectiveness of committee meeting, functioning, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, presented views convincingly, resolute in holding views etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a

whole and performance of Chairman was evaluated, taking into account the views of Executive Director and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the independent directors, at which the performance of the Board, its committees and Individual Directors was also deliberated upon and expressed its satisfaction on the same.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee monitors the implementation of the CSR Policy and apprise the Board accordingly. The CSR Budget of the Company for the FY 2015-16 was Rs.35.40 crores out of which the Company spent Rs.10.77 crores till the end of 4th Quarter and further, amount under six projects worth Rs.3.43 crores already sanctioned is expected to be disbursed after following certain internal procedures of the Company. The expenditure is spread across sectors ranging from education and health care to water harvesting and women empowerment. The CSR Committee of the Company has also decided to allocate funds for the farmers as a part of its CSR initiative and to realise the initiatives, it has identified Implementation agencies and eminent persons of the Society who have taken up the cause of the farmer community.

Composition of the CSR Committee is as follows:

Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari §	Member	Independent Director
Ms Sunita Sharma	Member	Managing Director & CEO
Shri S. B. Mainak*	Ex-Chairman	Ex-Director

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

§ Appointed as Member w.e.f. 20.07.2015.

Dates of CSR Committee Meetings & Attendance of Members:

Sr no.	Dates on which CSR Committee Meetings were held	Shri S. B. Mainak	Shri Jagdish Capoor	Dr. Dharmendra Bhandari	Ms Sunita Sharma
1	02.09.2015	Attended	Attended	Attended	Attended
2	08.12.2015	Attended	Attended	Attended	Attended
3	28.03.2016	Not Applicable	Attended	Attended	Attended

Risk Management Committee

The Company has set up Risk Management Committee (RMC) to identify the risks impacting the business of the Company and to take appropriate measures to mitigate the same. The terms of reference of Risk Management Committee shall comprise of:

- review of risk management policy,
- review of the current status on the outer limits in the Risk Management Policy and Report to the Board,
- review the matters on Risk Management and
- review and monitor types of risks the Company is exposed to.

Composition of the Risk Management Committee is as follows:

Shri T. V. Rao	Chairman	Independent Director
Dr. Dharmendra Bhandari §	Member	Independent Director
Shri V. K. Kukreja ^	Member	Independent Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri B. N. Shukla ^^	Ex-Chairman	Independent Director

§ Appointed as Member w.e.f. 20.07.2015.

^ Appointed as Member w.e.f. 20.07.2015.

^^ Ceased to be Member w.e.f. from 20.07.2015 and Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

During the year, two Risk Management Committee Meetings were held as follows:

Sr no.	Dates on which Risk Management Committee Meetings were held	Shri T. V. Rao	Dr. Dharmendra Bhandari	Shri V. K. Kukreja	Ms. Sunita Sharma
1	14.10.2015	Attended	Attended	Attended	Attended
2	15.01.2016	Attended	Attended	Attended	Attended

HR Committee

The Board of Directors have formed HR Committee to deliberate on all HR related matters of the employees of the Company other than those under the purview of Nomination & Remuneration Committee and recommend the same to the Board for approval.

Composition of the HR Committee is as follows:

Shri S. B. Mainak*	Ex-Chairman	Director
Shri T. V. Rao	Member	Executive Director
Ms. Savita Singh #	Member	Non Executive Director
Shri B. N. Shukla ^^	Member	Independent Director

*Ceased to be Director w.e.f. 29.02.2016 on account of attainment of superannuation from services of LIC of India.

Appointed as Member w.e.f. 20.07.2015.

^^ Ceased to be Director w.e.f. 23.01.2016 on account of completion of term of office of Directorship.

Dates of HR Committee Meetings & Attendance Record of Members:

Sr. No.	Dates on which HR Committee meetings were held	Shri S. B. Mainak	Shri T. V. Rao	Ms. Savita Singh	Shri B. N. Shukla
1	18.04.2015	Attended	Attended	Not Applicable	Not Attended
2	14.10.2015	Attended	Attended	Not Attended	Not Applicable
3	22.02.2016	Attended	Attended	Attended	Not Applicable

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 meetings of Subsidiary companies were placed before the Board of LIC Housing Finance Limited. 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.

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
2012-13	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4 th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	25 th July, 2013	3.00 p.m.
2013-14	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4 th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	19 th August, 2014	3.00 p.m.
2014-15	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4 th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	19 th August, 2015	3.00 p.m.

Special resolution passed at the three previous Annual General Meetings

2013 : Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.

2014 : Increase in Borrowing Limit u/s 180(1)(c) of the Companies Act, 2013.

Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis u/s 42 of the Companies Act, 2013.

Alteration of Articles of Association u/s 14 of the Companies Act, 2013.

Related party transactions u/s 188 of the Companies Act, 2013.

2015 : Related party transactions u/s 188 of the Companies Act, 2013.

Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Special resolution passed through Postal Ballot during the F.Y. 2015-16:

During the year the Company conducted one Postal Ballot for passing a special resolution for adoption of new set of Articles of Association, under Section 14 of the Companies Act, 2013 as contained in notice of the Postal Ballot dated 16th January, 2016. The voting period commenced on 3rd February, 2016 and ended on 3rd March, 2016.

The result of Postal Ballot, announced on 5th March, 2016, was as under:

	Votes cast in favour		Votes cast against		Total votes cast
	E voting	Postal Ballot	E voting	Postal Ballot	
Promoter/ Promoter Group	20,34,42,495	----	----	----	20,34,42,495
Public Institutions	12,58,59,183	3,00,000	57,28,344	----	13,18,87,527
Public	2,05,22,769	2,09,973	7,00,265	2,700	2,14,35,707
Total	34,98,24,447	5,09,973	64,28,609	2,700	35,67,65,729
Grand Total	35,03,34,420		64,31,309		35,67,65,729
(Percentage)	(98.197)		(1.803)		(100)

The aforesaid resolution was passed with requisite majority.

Mr. P.S. Gupchup, Practising Company Secretary, was appointed as scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

At the ensuing Annual General Meeting no business is proposed to be transacted through postal ballot.

Procedure for Postal Ballot:

In compliance with Schedule V of SEBI (LODR) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agent (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off-date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the website of the Company, www.lichousing.com, besides being communicated to the stock exchanges, depository. The date of declaration of the results by the Company is deemed to be date of passing of the resolutions.

Disclosures

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 SEBI LODR -, were placed before the Audit Committee on quarterly basis during 2015-16. The policy on dealing with Related Party transactions and procedures is disclosed on the company's website: www.lichousing.com and Related Party Transaction are appended to the Directors' Report.

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

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.

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.

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 with extension of one year. It has suitably incorporated the duties of Independent Directors as laid down in the Companies Act, 2013.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

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 Managing Director and CEO is given below:

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2016.

For LIC Housing Finance Limited

Sunita Sharma
Managing Director & CEO

Mumbai, 15th July, 2016

The Company has a 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.

The Company does not have an Employee Stock Option Scheme.

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.

Directors confirm that the Company has adequate resources to continue its business and, therefore, financial statements are prepared on a going concern basis.

The Company has formulated policy for determining 'material' subsidiaries. However, it may be mentioned here that none of the company's subsidiaries' income or networth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or networth respectively of the listed holding company (LIC Housing Finance Limited) and its subsidiaries in the accounting year 2015-16.

CEO / CFO certification

As required by SEBI (LODR) Regulations, 2015, the Managing Director & CEO / CFO certificate is appended in the Annual Report.

Auditors' Certificate on Corporate Governance:

As required by SEBI (LODR) Regulations, 2015, the Practising Company Secretary's certificate on compliance of the conditions of Corporate Governance is appended in the Annual Report.

Mandatory / Non-Mandatory requirements

During financial year 2015-16, the Company has duly complied with all mandatory requirements of SEBI (LODR) Regulations, 2015. The Company is in compliance with all the Non – Mandatory requirements listed in SEBI (LODR) Regulations, 2015 except 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 published in the newspapers.

Financial calendar for FY 2016-17 (provisional)

a.	Unaudited Financial Result for the first quarter ending 30 th June, 2016	In the month of July, 2016
b.	Unaudited Financial Result for the second quarter ending 30 th September, 2016	In the month of October, 2016
c.	Unaudited Financial Result for the third quarter ending 31 st December, 2016	In the month of January, 2017
d.	Audited Financial Result for the fourth quarter & for the year ending 31 st March, 2017	In the month of April, 2017
e.	Annual General Meeting for the year ending March, 2017	In the month of August, 2017

Means of communication

The channels of communication include informative Annual Report containing Directors' Report, Report on Corporate Governance, Management's Discussion and Analysis Report and the audited Financial Statements (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 Business Standard-English (all editions), Business Line (all editions), The Free Press Journal (all editions), Navshakti (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 to the stock exchanges where the Company's shares are listed. Besides, the Company disseminates information through press and investors' meet.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors Report.

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.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

- a) Annual General Meeting :
Date and time: 19th August, 2016 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.
- b) Financial year: 1st April, 2015 to 31st March, 2016
- c) Book closure : From 11th August 2016 to 19th August 2016 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the Members.
- d) Dividend payment date: On or after 20th August, 2016
- e) 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.
- f) Stock Code:

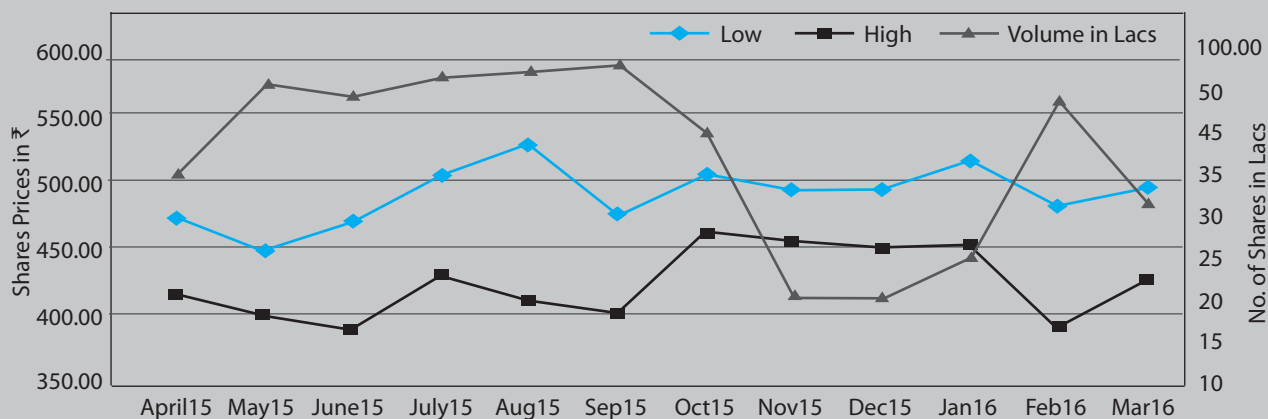
Name of Stock Exchanges	Address	Trading Symbol
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Stree, Mumbai – 400001. Tel.Nos. :022-22721233 / 22721234 Fax Nos. : 022-22721919 Website : www.bseindia.com	500253
National Stock Exchange of India Ltd.	Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400051. Tel Nos: 022-26598100-114 Fax Nos. : 022-26598120 Website : www.nseindia.com	LICHSGFIN EQ
Luxembourg Stock Exchange	35A Boulevard Joseph II L-1840 Luxembourg B.P. 165 L-2011 Luxembourg Website: www.bourse.lu	US50186U2033

- g) ISIN Number of NSDL / CDSL: INE115A01026
- h) Market price data: The monthly high and low stock quotations during the last financial year on BSE and NSE were:

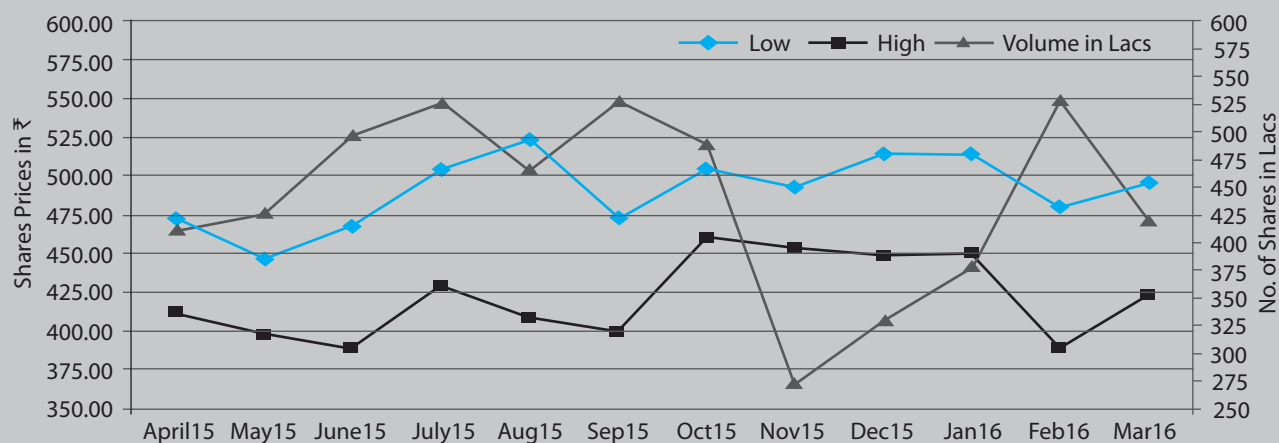
Month	BSE			BSE Sensex		NSE		
	Company's share price (₹)		Volume of shares (Nos.)			Company's share price (₹)		Volume of shares (Nos.)
	High	Low		High	Low	High	Low	
April 2015	471.70	412.95	3448043	29094.61	26897.54	472.45	412.60	41115427
May 2015	446.70	398.00	4556964	28071.16	26423.99	446.70	398.00	42737931
June 2015	467.95	389.35	4408065	27968.75	26307.07	467.95	389.25	49830648
July 2015	504.00	429.60	4632727	28578.33	27416.39	504.55	428.95	52662023
August 2015	526.00	409.40	4704206	28417.59	25298.42	523.95	409.00	46756472
September 2015	472.50	399.95	4770763	26471.82	24833.54	473.00	399.40	52897206
October 2015	503.85	460.20	3954003	27618.14	26168.71	504.70	460.60	49010355
November 2015	491.70	454.00	1996999	26824.30	25451.42	492.55	453.25	27343538
December 2015	492.85	448.55	1994182	26256.42	24867.73	514.60	448.55	33024161
January 2016	513.70	450.50	2473985	26197.27	23839.76	513.80	450.10	37824076
February 2016	479.90	389.00	4356190	25002.32	22494.61	479.85	388.65	52966817
March 2016	493.90	424.40	3131436	25479.62	23133.18	495.40	423.50	42087131

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Share Price Movement on BSE



Share Price Movement on NSE



i) Details of Shareholders holding more than 1% of the share capital of the Company as at 31st March, 2016 are given below :

Sr. No.	Name of the shareholders	No. of shares held	% to share capital
1.	Life Insurance Corporation of India	203442495	40.313
2.	Hdfc Standard Life Insurance Company Limited	6946992	1.377
3.	Fil Investments (Mauritius) Ltd	5291828	1.049
4.	Bank Muscat Saog A/C Bankmuscat India Fund	11496000	2.278
5.	Government of Singapore	8795894	1.743
6.	Mawer Investment Management Ltd A/C Mawer International Equity Fund.	8473715	1.679
7.	Hsbc Global Investment Funds A/C Hsbc Gif Mauritius Limited	6564935	1.301
8.	Fidelity Investment Trust Fidelity Series Emerging Market Fund	5249878	1.040

Distribution of shareholding as at 31st March, 2016

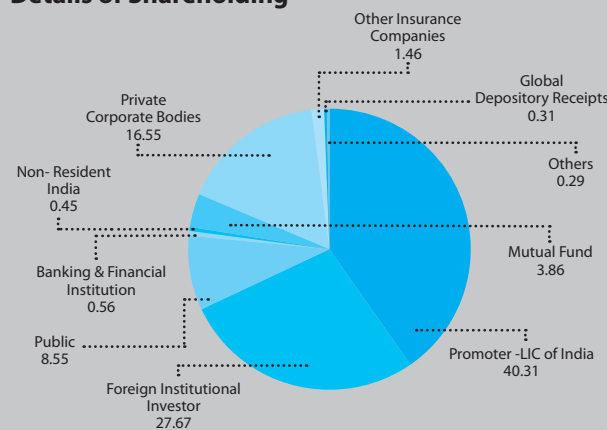
No. of equity shares held	Folio / Shareholders		Shares	
	Number	Percentage	Number	Percentage
Up to 5,000	165518	98.68	62130898.00	6.16
5,001-10,000	1005	0.60	7501944.00	0.74
10,001-20,000	419	0.25	6145830.00	0.61
20,001-30,000	131	0.08	3362156.00	0.33
30,001-40,000	87	0.05	3087938.00	0.31
40,001-50,000	65	0.04	3009172.00	0.30
50,001-1,00,000	134	0.08	9631574.00	0.95
1,00,001 and Above	365	0.22	914456488.00	90.60
Total	167724	100.00	1009326000.00	100.00

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE (Contd.)

Details of shareholding based on category as on 31st March, 2016:

	Physical Form		Demat Form		Total		% to total Capital
	No. of Share-holders	No. of Shares	No. of Share-holders	No. of Shares	No. of Share-holders	No. of Shares	
Promoter-LIC of India	-	-	1	203442495	1	203442495	40.313
Foreign Institutional Investors	10	25000	289	139594206	299	139619206	27.666
Public	9315	4935650	156135	38189565	165450	43125215	8.545
Banks & Financial Institutions	3	11000	13	2804308	16	2815308	0.558
Non Resident Indians	3	1500	3297	2248658	3300	2250158	0.446
Mutual Funds	5	12000	100	19484635	105	19496635	3.863
Private Corporate Bodies	60	87500	1764	83432611	1824	83520111	16.550
Other Insurance Companies	1	7500	7	7353798	8	7361298	1.459
Global Depository Receipts	0	0	1	1558562	1	1558562	0.309
Others	1	1000	327	1473012	328	1474012	0.292
TOTAL	9398	5081150	161934	499581850	171332	504663000	100.00

Details of Shareholding



- i) Global Depository Shares (GDS):
Of the total 5,00,000 GDS issued by the Company, 3232 GDSs were outstanding as on 31st March, 2016.
- k) Plant location: The Company is mainly engaged in providing housing finance and as such is not having any manufacturing plant.
- l) Address for correspondence:
Investors and shareholders can correspond with the Company at following address:
- A) 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.
CIN: L65922MH1989PLC052257
And / Or
- B) The Registrar and 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 share transfers are processed by the Registrar and Transfer agent, namely, Sharex Dynamic (India) Pvt. Limited and approved by the Committees of the Officers 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, 2016, 499582600 equity shares i.e., 98.99% of the Company's share capital were dematerialised.

o) Debt Securities :

The Secured Redeemable Non-Convertible Debentures and Un-secured Redeemable Non-Convertible Debentures issued by the Company are listed for trading on the Wholesale Debt Market Segment of the NSE.

p) Listing Fees :

The Company has paid listing fees to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) for listing of equity shares on BSE and NSE for FY 2016-17. The Company has also paid listing fees for listing of Non-Convertible Debenture on Wholesale Debt Market Segment of the NSE for FY 2016-17.

q) Demat Suspense Account / Unclaimed Suspense Account :

There are no share lying under Demat Suspense Account / Unclaimed Suspense Account and hence the Company does not have any Demat Suspense Account / Unclaimed Suspense Account.

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of LIC Housing Finance Limited

I have examined the compliance of conditions of Corporate Governance by LIC Housing Finance Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in:

- Clause 49 of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
- Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from December 01, 2015 to March 31, 2016.

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

In my opinion and to the best of my information and according to my examination of the relevant records and the explanations given to me and the representations made by the Management, I certify that the Company has complied in all material respects, with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreements and the Listing Regulations as applicable.

I 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.

P. S. GUPCHUP
Practising Company Secretary
ACS: 4631 CP: 9900

Place: Mumbai
Date: July 15th, 2016

ANNUAL CERTIFICATION

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

Date: 18th April, 2016

ANNUAL CERTIFICATION

We the undersigned Sunita Sharma, Managing Director & CEO and P. Narayanan , Chief Financial Officer hereby certify that for the financial year ended 31st March 2016, 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 the 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

Section A: General Information about the Company

- Corporate Identity Number (CIN) of the Company:** L65922MH1989PLC052257
- Name of the Company:** LIC Housing Finance Limited
- Registered Address:** Bombay Life Building, 2nd Floor, 45/47, Veer Nariman Road, Fort, Mumbai 400001.
- Website:** www.lichousing.com
- E-mail id:** lichousing@lichousing.com
- Financial Year Reported:** 1st April, 2015 to 31st March, 2016.
- Sector that the Company is engaged in (Industrial activity code-wise):**
Housing Finance
- List three key products/ services that the Company manufactures/ provides (as in Balance Sheet):**
Housing loan to Individuals, Housing loan to Builders/ Developers, Loan against Property
- Total number of locations where business activity is undertaken by the Company:**

Number of National Locations: LICHFL is spread across the entire nation with 7 Regional Offices, 17 Back Offices, 135 Area Offices, 91 Business Centers, 7 Extension Counters, 1 Customer Service Point.

Number of International Locations: LICHFL has overseas representative office at Dubai and Kuwait.

- Markets served by the Company:** India, UAE (Dubai) & Kuwait

Section B: Financial Details of the Company

- Paid up Capital:** ₹ 100.93 crore
- Revenue from Operations:** ₹ 12,396.15 crore
- Profit after Taxes:** ₹ 1,660.79 crore
- Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 0.85 percent.
- List of activities in which expenditure in 4 above has been incurred:** The activities towards which the company has contributed are hereunder:

S.No.	CSR Project or Activity identified	Sector in which the project is covered
1.	Rashtriya Netra Yagna project by Vision Foundation of India	Health care for visually impaired
2.	Contribution to Sabarmati Harijan Ashram Trust for the Construction and maintenance of "Heart Centre" and other educational activities	Promoting education, including special education
3.	Contribution made to the Corpus fund of Nana Palkar Smriti Samiti for providing free accommodation to 76 poor cancer & kidney patients at Rugna Sewa Sadan	Promoting health care
4.	Project for 100 villages for primary and secondary health care and for purchase of certain equipments for Thirumalai Health Mission	Promoting health care
5.	Contribution to Tarun Bharat Sangh for their Project- Adapting to Climate Change by water harvesting in Eastern Rajasthan	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water
6.	Contribution to Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief, welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women
7.	Contribution to Swachh Bharat Kosh	Environment protection
8.	Contribution to Corpus fund of Udayan Care for Jagashanti Udayan Care Hostel for Women	Empowering women
9.	Contribution to PLAN India for their project-Early Childhood Care Development and Education at 20 Centers for children of construction site workers	Measures for reducing inequalities faced by socially and economically backward groups and promoting education, eradicating hunger, poverty and malnutrition
10.	Maitri Ghar (construction of old age home for abandoned and destitute widows)	Empowering women, setting up homes and hostels for women and orphans; setting up of old age homes, day care centers and such other facilities for senior citizens; measures for reducing inequalities faced by socially and economically backward groups
11.	Contribution to Advait Foundation for their project-One pack each rack (to setup an innovative all women sanitary napkin unit to produce affordable low cost sanitary napkins)	Promoting healthcare including preventive healthcare and sanitation
12.	Contribution to Jivanganga Vikas Trust-Renovation and construction of Toilets in schools for undertaking Civil, plumbing and painting work	Promoting education, sanitation

BUSINESS RESPONSIBILITY REPORT (Contd.)

Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?

Yes

2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary companies.

Yes, the subsidiary company also participates in the Business Responsibility initiatives of LICHFL. One subsidiary company namely, LICHFL Care Homes Limited, directly participates in the BR initiatives. The subsidiary Companies also contribute a 2% of their past three year's average profits towards CSR activities.

3. Do any other entity/ entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30 percent. 30-60 percent. More than 60 percent]

The Company encourages the suppliers and distributors to participate in the Company's BR initiatives but does not mandate them to participate.

Section D: BR Information

1. **Details of Director/ Directors responsible for BR**
 - a. **Details of the Director/ Directors responsible for implementation of the BR policy/ policies:**

The Board of the Company is collectively responsible for the implementation of the BR policies of the Company.
 - b. **Details of the BR head:**

[illegible]

BUSINESS RESPONSIBILITY REPORT (Contd.)

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
Annually

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forms part of the Annual Report and is published annually. The hyperlink for viewing the report is www.lichousing.com/annual-report.php.

Section E: Principle-wise performance

Principle 1

Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?

Yes, The Company believes in value based governance and practices. It is committed to maintain the highest standards of ethics in all spheres of its business activities. The Board of Directors and senior management have a responsibility to set exemplary standards of ethical behaviour, both internally within the organization, as well as in their external relationships. Management shall constantly endeavor to inculcate this ethical behaviour at all levels in the organization so that it becomes an essential part of the work culture among all its employees. Every employee of the Company shall conduct himself / herself and deal on behalf of the Company with professionalism, honesty and integrity, while conforming to high moral and ethical standards.

All business decisions and transactions shall be fair, transparent and amenable to disclosure and be visible to relevant stakeholders. The Company believes that transparency means explaining its policies and actions to those to whom it has responsibilities. Therefore, the Company shall ensure maximum appropriate disclosures without jeopardizing the Company's strategic interests. Internally, transparency means openness in Company's relationship with its employees as well as the conduct of its business in a manner that will bear scrutiny. The Company believes that transparency enhances accountability. Everything it does must stand the test of public scrutiny.

Empowerment is an essential component of the Company's principle of governance that management must have the freedom to take the enterprise forward. Empowerment unleashes creativity and innovation throughout the organization by truly bestowing decision-making powers at the most appropriate levels in the organizational hierarchy. The Board of Directors is accountable to the

shareholders and the management is accountable to the Board of Directors. Each executive and employee is similarly accountable for the functions and responsibilities entrusted to him / her. The Company believes that empowerment coupled with accountability, provides the impetus to performance and effective Corporate Governance.

Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

All companies in LICHFL group endeavour to ensure that their business decisions and transactions are fair, transparent and amenable to disclosure and visible to relevant stakeholders. The companies in LICHFL group ensure maximum appropriate disclosures without jeopardizing the Company's strategic interests.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

5763 complaints were received during the financial year 2015-16, from various stakeholders. 5660 complaints, working out to 98.21 percent were satisfactorily resolved.

Principle 2

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

The Company always believes in integrating its business values and operations to meet the expectations of its customers, employees, investors, stakeholders and public at large. The Company provides and maintains a clean, healthy and safe working environment for employees, customers, stakeholders, investors and the community at large. The Company strives to consistently enhance its value proposition to the customers and adhere to its promised standards of service delivery.

The biggest social responsibility of helping people to have their own shelter is the main objective of the Company. To facilitate the same, the Company has been providing loans to home buyers at competitive rates of interest through its various schemes. The Company through this social objective has implications for the healthy growth of households, their optimism and investment opportunities thereby creating an environment conducive to a positive outlook in society.

1. List upto 3 products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

a. Women's Day Special Offer scheme

To bring about the advancement, development and empowerment of women, LIC Housing Finance Limited advances housing loan to women applicants who are the sole owner of the property or the first owner in a jointly owned property. In respect of applications received under the scheme, no processing fees has been charged. Till 31st March, 2016, the Company has empowered 15917 women to own a house in their name under Women's Day Special Offer scheme.

BUSINESS RESPONSIBILITY REPORT (Contd.)

b. Pradhan Mantri Awas Yojna (Credit Linked Subsidy Scheme)

Housing for All scheme in India is a vision of Prime Minister of India where all facilities will be provided in a place. As per the Urban Development Ministry, as many as 2,508 cities in 26 states have been selected under 'Pradhan Mantri Awas Yojana' for providing affordable houses to the urban poor. It is proposed to build 2 crore houses for urban poor including Economically Weaker Sections and Low Income Groups in urban areas by the year 2022. This Mission has four components viz., In-situ Slum Redevelopment with private sector participation using land as resource, Affordable Housing through Credit Linked Subsidy, Affordable Housing in Partnership with private and public sector and Beneficiary led house construction/enhancement.

In this connection the Company has been providing loan on concessional rate of interest to beneficiaries belonging to Economically Weaker Section (EWS) Women (with overriding preference to widows), Schedule Castes / Schedule Tribes / Other Backward Classes, Minorities, Persons with disabilities and Transgender.

c. LICHFL's Flood affected Areas Financial Assistance

Torrential rains in several parts of Tamil Nadu in December 2015 had displaced large segments of the population and caused large scale destruction of property. With the objective of improving the flow of housing finance at concessional rates to the people of flood affected districts of Tamil Nadu, to help them in reconstruction, repairs, renovation and up-gradation of the existing dwelling units, the Company during December 2015 announced special scheme for flood affected areas of Tamil Nadu. Under the special scheme, loans were granted at lower rate of interest in order to help flood affected people of Tamil Nadu. So far Company has disbursed 3,225 loans for an amount of ₹250 crore.

2. **For each product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional)**

Since the Company is not involved in any manufacturing activity, the reporting on use of energy, water, raw material etc. is not applicable. However, while considering financing housing project these factors are given due importance.

It may be mentioned here that the Company minimises the consumption of electrical energy and natural resources and shall strive to prevent pollution of air, water. The Company would commit all the necessary resources required to meet the goals of Corporate Social Responsibility. It is an opportunity for the company to create or shore up a pack of intangibles – reputation, brand image, trust or the capacity to innovate, to build partnerships – all recognised as critical drivers of value creation in today's complex and fluid business environment.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Since the Company is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

LICHFL 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 / operation.

5. **Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5 percent, 5-10 percent, >10 percent). Also, provide details thereof, in about 50 words or so.**

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. However the IT wastes are outsourced to an agency which disposes off the wastes as per proper waste disposal mechanism. Also the old papers and documents are scrapped in such a manner such that they may be recycled. The Company minimises the consumption of electrical energy and natural resources and shall strive to prevent pollution of air, water and land.

Principle 3

Businesses should promote the well being of all employees

1. **Please indicate the total number of employees:** Total number of employees as on 31st March, 2016 is 1726.

2. **Please indicate the total number of employees hired on temporary/contractual/ casual basis:** 143 employees are hired on a contractual basis.

3. **Please indicate the number of permanent women employees:** 509 are permanent women employees in the company as on 31st March, 2016, which constitute 30.39 percent of the total permanent employee strength of the Company.

4. **Please indicate the number of permanent employees with disabilities:** 4 permanent employees with disabilities are engaged with the company as on 31st March, 2016.

5. **Do you have an employee association that is recognized by management?**

There is no employee association. However mechanisms are in place for employees to represent their issues, if any, and the same is resolved amicably.

BUSINESS RESPONSIBILITY REPORT (Contd.)

6. What percentage of your permanent employees is members of this recognized employee association?
Not applicable.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	LICHFL does not hire child labour, forced labour or involuntary labour – No reported case	Not Applicable
2.	Sexual harassment	None	Not Applicable
3.	Discriminatory employment	None	Not Applicable

8. What safety & skill up-gradation training was provided in the last year?

- Permanent employees
- Permanent Women employees
- Casual/ Temporary/ Contractual employees
- Employees with disabilities

Internal training for upgrading and enhancing the skills and knowledge level was given to different categories of employees consisting of 39 training programmes covering 650 employees.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

The Company's key stakeholders include promoters, employees, customers, business associates, recovery agents, investors, agents, suppliers, regulatory agencies and local communities around its sites of operations. Our Investors comprise of shareholders (including Institutional Investors, corporate bodies, foreign institutional investors, foreign bodies etc.).

The Company values the support of its stakeholders and respects the interests and concerns they have towards it. The Company and its employees strive to provide value-based services to the stakeholders.

The Company has continuous engagement with its various stakeholders to understand their concerns and assess their requirements and respond to their needs in an effective manner.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

The Company through its CSR activities partners through NGOs for catering to the needs of common people and especially of marginalised group. It undertakes several initiatives to engage with and ensure sustainable development of the marginalised groups in the local communities around its sites of operations. As a part of Corporate Social Responsibility, the Company shall continue to provide:

Education: Help in setting up formal schools with proper sanitation, Balwadis for elementary education, free distribution of text books and note books, girl education etc.

Health: Primary health care centers, Mother and Child care projects, Immunisation programmes with a thrust on polio eradication, Health care for visually impaired, and physically challenged, Preventive health through awareness programmes and preventing malnutrition among infants and adults etc.

Sustainable Livelihood: Formation of Self Help Group, Groups for women empowerment, Agriculture development through sustainable agricultural practices, organic farming, designing vermin compost, making farmer aware of their legitimate margin of their produce and to free them from being exploited by market intermediaries.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

The Company through its CSR initiative via Maitri Ghar, Sabarmati Harijan Ashram Trust, Advait Foundation, Jivanganga Vikas Trust has helped in construction of old age home for abandoned and destitute widows, construction and maintenance of heart centre, educational activities, promoting healthcare including preventive healthcare and sanitation.

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 Company has also newly launched its own CRM portal namely TALISMA which acts as an interface between the aggrieved customer and the Company.

BUSINESS RESPONSIBILITY REPORT (Contd.)

Principle 5

Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

The Company appreciates that human rights are inherent, universal, indivisible and Interdependent in nature. The Spirit of Fundamental Rights is imbibed in the Company's policies and systems. The Company strives to adhere to the human rights laws and guidelines of Human Rights.

The Company shall integrate respect for human rights in management systems and ensure that all individuals impacted by the business have access to grievance redressal mechanisms.

The Company shall, within its sphere of influence, promote the awareness and realization of human rights across its value chain. It shall ensure compliance and adherence to all the applicable human rights laws and national laws. The Company's policies strive to percolate these values at all levels in the organisation.

The Company conducts business in a manner that respects the rights and dignity of all people, complying with all legal requirements.

The policy is applicable to the Company and its group, and vendors. It is committed to developing a culture where it implements a policy of respect and support for human rights.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Not received any complaint from stakeholders in this regard.

Principle 6

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

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

The Company, commits itself to take all necessary initiatives towards optimization and continual reduction in utilization of natural resources and also manmade resources. The Company is determined to focus its attention to achieve the goal of "Reduce, Reuse and Recycle" in its entire operation / process for sustainable development. The Company is committed to put efforts towards renewable resources to avoid depletion of natural resources. The Company shall comply with all legal / regulatory requirements related to environment protection, management and sustainable development.

The Company 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. The Company has also contributed as part of its CSR activity towards a project namely "Adapting to climate change through water harvesting in Eastern Rajasthan".

2. **Does company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?**

Not applicable since the company is engaged in providing finance for construction / purchase of house / flat. However as part of its CSR initiative the Company intends to appraise such projects which serves environmental sustainability.

However, it may be mentioned here that efficient processes shall be opted in order to minimize impact on environment. Energy efficiency shall be given high priority for selecting or changing over to new system to have less carbon emission initiatives.

The Company has replaced models of computers, printers and other equipment which were consuming between 50 to 90 percent more energy than energy-efficient models. This has ensured reduction in energy consumption and resultant saving in costs.

Electronics such as computers and copy machines are plugged out at the end of day or after office hours in order to save energy as mere turning off or shutting down does not save energy completely.

Air conditioning equipment is cleaned and serviced on routine basis thereby saving energy and costs and giving required cooling.

The office has LED lights and after office hours, only the required lights and air conditioning is used thereby saving energy and minimizing energy wastage.

3. **Does the company identify and assess potential environmental risks?**

Yes. LIC HFL 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.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The Company directly does not have any project related to Clean Development Mechanism but the Company has contributed ₹2,00,00,000/- in Swachh Bharat Kosh and has also funded a project under its CSR initiative namely "Adapting to climate change through water harvesting in

BUSINESS RESPONSIBILITY REPORT (Contd.)

Eastern Rajasthan". The project would run over a period of four years. The Company has partnered with the Implementation Agency (NGO) namely Tarun Bharat Sangh for the first year of the project and would consider funding the subsequent years based on the performance of the Implementation Agency in the First year.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page, etc.**

The Company has replaced models of computers, printers, and other equipment which were consuming between 50 to 90 percent more energy than energy-efficient models. This has ensured reduction in energy consumption and resultant saving in costs.

Electronics such as computers and copy machines are plugged out at the end of day or after office hours in order to save energy as mere turning off or shutting down does not save energy completely.

Air conditioning equipment is cleaned and serviced on routine basis thereby saving energy and costs and giving required cooling.

The office has LED lights and after office hours, only the required lights and air conditioning is used thereby saving energy and minimizing energy wastage.

6. **Are the Emissions/ Waste generated by the company within the permissible limits given by CPSB/ SPCB for the financial year being reported?**

Not applicable.

7. **Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

NIL.

Principle 7

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

1. **Is your company a member of any trade and chamber or association?**

The Company presently is not a member of any trade and chamber or association but is contemplating to associate itself soon.

2. **Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Not applicable.

Principle 8

Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:**

LIC Housing Finance Limited functions on the principles of inclusive growth and equitable development. By opening offices throughout the length and breadth of the country, including rural areas, the Company is trying in its own way to contribute to the overall development of the country. The Company has implemented rural housing scheme of NHB for development of the rural areas. The Company has been offering appropriate products especially for vulnerable and marginalized sections of the society. Further the Company as part of its CSR initiative funds projects with an intention to benefit the poor and marginalised people in the society and looks to bring them in the main stream, one such example is the Company's decision to fund an Implementation Agency namely PLAN India for their project, namely, "Early Childhood Care Development and Education at Centers" wherein the company will help the Implementation Agency provide early childhood care, development and education to 600 children in Bangalore and Delhi each to ensure better quality of life through day care facility to these young children of migrant laborers at construction site, while their parents are away for work, through Integrated Child Development Scheme (ICDS).

2. **Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures / and any other organisation?**

The Company as a part of its Corporate Social Responsibility (CSR) initiative has identified and partnered with various Implementation Agencies (NGOs) for carrying out various projects pertaining to education, health care, women empowerment, water harvesting, construction of Old Age Homes etc. Further, the Company has also contributed towards Swachh Bharat Kosh and Prime Minister's National Relief Fund. Moreover, the Company's own subsidiary namely, LICHFL Care Homes Limited's main objective is to build assisted living centres for the elderly and provide them with a roof at a competitive price, for a peaceful and enjoyable retired life support growth and inclusive development.

3. **Have you done any impact assessment of your initiative?**

The Company as part of its CSR expenditure monitoring initiative has called for quarterly reports from the various Implementation agencies (NGOs) with which it has partnered while expending its CSR funds. The Implementation agencies (NGOs) submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. Even before disbursement of funds the

BUSINESS RESPONSIBILITY REPORT (Contd.)

representatives of the Company conduct a field visit to the project site and try to assess the overall feasibility of the project which is considered to be funded.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the project undertaken?

The Company as part of its CSR initiative has funded Thirumalai Charity Trust (TCT)/Thirumalai Health Mission (THM) for their project, namely, Integration of village healthcare and hospital services. The project also includes formation of Community Based Organisation. The Company has also partnered with Tarun Bharat Sangh which is an NGO headed by Shri Rajendra Singh also known as the "Waterman of India" for a project namely "Adapting to Climate Change through water harvesting in Eastern Rajasthan" which involves forming 90 Rain Water Harvesting Structure constructed in the 30 project villages. The Company has also sanctioned funds for Construction of an old age home for poor and destitute widows in Radha Kund district of Mathura, UP. Funds have also been sanctioned for Community development initiative - To setup an innovative all women sanitary napkin unit namely - One Pack in Each Rack! at Gopalnagar and Rambati village of South Bishnupur, 24 South Parganas, West Bengal. Further the Company through its subsidiary LICHL Care Homes Limited, is engaged in Community Development Project. The main objective of LICHL Care Homes Limited is to establish & operate assisted community centres for senior citizens in major cities across India. The said Company has been working towards ensuring comfort, privacy and security to the elderly citizens along with their dignity and independence. LICHL Care Homes Limited had taken up two projects, one in Bangalore and another in Bhubaneswar. The project at Bangalore is an eco-friendly campus promoting Shelter & Freedom from routine chores, social interaction and harmonious companionship among residents and also providing comprehensive services. The project is consisting of 98 cottage and 144 flats divided into 4 blocks of 2BHK and 3BHK at economical prices. The project included on-campus amenities and cost-effective independent cottages fully structured and self-contained with library, community centre, home theatre, meditation centre and ambulance on campus. The project in Bhubaneswar consists of 240 flats of 1BHK, 2BHK and 3BHK and is in full swing, expected to be completed soon. All the 240 flats have been sold out.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

This community development initiative is being welcomed and has been successfully adopted by the community mainly because of increase in life expectancy and increase in number of senior citizens year after year. The concept of nucleus family has become prevalent almost throughout

India. Parents prefer to maintain their own privacy and enjoy their social life amongst their peer group. Also children employed out of India and their parents not willing to shift out of India prefer such community homes for their parents wherein the senior citizens' social needs, medical needs and emotional needs are taken care of. This fact is confirmed by the response to the project in both Bangalore and Bhubaneswar wherein the projects were fully sold out within a short period.

Principle 9

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

1. What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?

Percentage of customer complaints pending as on 31st March, 2016 – 6.50 percent.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

LICHL is a housing finance company and hence this question is not applicable. However, features of housing loan schemes are disclosed to the applicant before financing.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

There is no such instance.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

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 Standalone Financial Statements

We have audited the accompanying standalone financial statements of **LIC HOUSING FINANCE LIMITED** (hereinafter referred to as "the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of the section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under sub-section 10 of Section 143 of the Act. 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 the 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 financial control relevant to Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section 3 of Section 143 of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

INDEPENDENT AUDITORS' REPORT

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27(2) to the financial statements;
 - ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Vipul K. Choksi
Partner
M.No.037606

Place: Mumbai
Date: April 18, 2016

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN -101872W/W100045

Vineet Saxena
Partner
M.No.100770

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The nature of the Company's business is such that it is not required to hold any inventories. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 of the Act, 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.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Act, for the products / services of the Company.
- (vii) (a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government and due to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of debt instruments and term loans have been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment pending application of proceeds. Apart from money raised by way of debt instruments, the Company has neither raised any moneys by way of initial public offer / further public offer nor were such proceeds pending to be applied, during the current year.
- (x) 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 disbursement of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.1,338.95 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.

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

- (xi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- (xv) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA Reserve Bank of India Act, 1934.

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

Vipul K. Choksi
Partner
M.No.037606

Place: Mumbai
Date: April 18, 2016

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN -101872W/W100045

Vineet Saxena
Partner
M.No.100770

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **LIC Housing Finance Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and specified under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

Vipul K. Choksi
Partner
M.No.037606

Place: Mumbai
Date: April 18, 2016

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN -101872W/W100045

Vineet Saxena
Partner
M.No.100770

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF 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, 2016.

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.

Auditors' 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 certificate.

We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purpose 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 the 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 1, 2015 is in force. There are no limits of public deposits 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. We 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

Vipul K. Choksi
 Partner
 M.No.037606

Place: Mumbai
 Date: April 18, 2016

For **CHOKSHI & CHOKSHI LLP**
 Chartered Accountants
 FRN -101872W/W100045

Vineet Saxena
 Partner
 M.No.100770

BALANCE SHEET

as at March 31, 2016

		(₹ in Lacs)	
	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	904,498.07	771,744.15
		914,597.70	781,843.78
Non Current Liabilities			
Long-Term Borrowings	3	9,065,813.59	8,051,855.04
Deferred Tax Liabilities (Net)	12	81,090.10	66,897.81
Other Long-Term Liabilities	4	86,569.86	32,274.95
Long-Term Provisions	5	80,633.47	69,665.64
		9,314,107.02	8,220,693.44
Current Liabilities			
Short-Term Borrowings	6	544,044.21	269,800.96
Trade Payables	7		
(a) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		4,139.03	2,745.85
Other Current Liabilities	8	2,226,835.63	1,942,110.99
Short-Term Provisions	9	46,052.91	37,310.50
		2,821,071.78	2,251,968.30
Total		13,049,776.50	11,254,505.52
ASSETS			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		8,719.81	7,370.98
- Intangible Assets		481.96	594.46
Non-Current Investments	11	27,181.81	23,711.87
Long-Term Loans & Advances	13	13,406.23	11,923.28
Other Non-Current Assets	14	5.09	3.65
		49,794.90	43,604.24
Loans	15		
Non-Current Loans		11,765,194.67	10,182,457.57
Current Loans		752,125.22	653,615.27
		12,517,319.89	10,836,072.84
Current Assets			
Current Investments	16	502.39	2.38
Trade Receivables	17	8,539.07	6,961.91
Cash and Bank Balances	18	392,680.13	293,306.07
Short-Term Loans and Advances	19	1,419.10	3,171.04
Other Current Assets	20	79,521.02	71,387.04
		482,661.71	374,828.44
Total		13,049,776.50	11,254,505.52
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 the Board of Directors

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

For **Chokshi & Chokshi LLP**
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

Surya Kumar Roy
Chairman
DIN - 02503135

Debabrata Sarkar
Director
DIN - 02502618

Sunita Sharma
Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

P. Narayanan
CFO

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

		(₹ in Lacs)	
	Note No.	March 31, 2016	March 31, 2015
Income			
Revenue from Operations	21	1,239,614.56	1,066,934.62
Other Income	22	8,931.12	12,930.89
Total Revenue		1,248,545.68	1,079,865.51
Expenses			
Finance Costs	23	930,675.81	831,024.58
Employee Benefits Expense	24	15,034.80	12,930.92
Depreciation and Amortisation Expense	10	972.15	937.53
Establishment and Other Expenses	25	30,861.22	24,052.99
Provisions / Write Offs (Net)	26	14,646.36	725.08
Total Expenses		992,190.34	869,671.10
Profit before Tax		256,355.34	210,194.41
Tax Expense			
- Current Tax [Refer Note 27(19)]		76,084.00	58,374.00
- Deferred Tax [Refer Note 27(20)]		14,192.29	13,201.54
Profit for the Year		166,079.05	138,618.87
Earnings per equity share [Refer Note 27(18)]			
- Basic and Diluted (in ₹)		32.91	27.47
[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 the Board of Directors

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

For **Chokshi & Chokshi LLP**
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Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
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General Manager
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P. Narayanan
CFO

CASH FLOW STATEMENT

for the year ended March 31, 2016

	(₹ in Lacs)	
Particulars	March 31,2016	March 31,2015
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	256,355.34	210,194.41
Add / (Less) : Adjustment for		
Depreciation and Amortisation Expenses	972.15	937.53
Provisions/ Write offs	14,646.36	726.68
Interest Income on housing loans	(1,228,000.69)	(1,054,667.50)
Interest Expenses	929,555.77	829,941.39
Interest Received on housing loans	1,218,290.67	1,045,038.14
Interest Paid	(837,798.01)	(778,768.15)
Loss on sale of fixed assets (Net)	(6.25)	(3.34)
Fixed assets Written off	0.05	0.12
Old and unclaimed amounts written back	-	(98.95)
(Reversal) / Provision for diminution in value of Current investment	-	(1.82)
(Profit) / Loss on sale of long term investment	-	219.09
(Income)/Loss from investments	83.93	(617.28)
Dividend Income from current and long term investment	(269.11)	(66.67)
Provision for contingency writtenback	(0.03)	-
	97,474.83	42,639.24
Operating Profit before Working Capital Changes	353,830.17	252,833.65
Adjustment for:		
(Increase) / Decrease in Other Current Assets	728.62	(7,880.17)
(Increase) / Decrease in Loans & Advance	282.07	(437.04)
Increase / (Decrease) in Liabilities & Provisions	98,945.17	82,987.59
	99,955.86	74,670.38
Cash generated from Operations	453,786.03	327,504.03
Direct taxes Paid	(73,198.26)	(58,631.16)
Net Cash from operations	380,587.77	268,872.87
Increase in Housing Loans	(1,684,177.40)	(1,704,265.43)
Net Cash used in operating activities (A)	(1,303,589.63)	(1,435,392.56)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	412.34	778.37
Purchase of Investments	(4,482.50)	(4,764.77)
Purchase of Fixed Assets	(2,209.51)	(1,830.34)
Sale of Fixed Assets	7.23	3.63
Dividend Income from current and long term investment	269.11	66.67
Income/(Loss) from investments	(83.93)	617.28
Net Cash used in Investing Activities (B)	(6,087.26)	(5,129.16)

CASH FLOW STATEMENT

for the year ended March 31, 2016

	(₹ in Lacs)	
Particulars	March 31,2016	March 31,2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Secured Loans (Net)	1,233,445.11	1,327,278.09
Proceeds from Unsecured Loans (Net)	206,484.87	122,350.71
Dividend Paid	(25,105.72)	(22,589.50)
Transfer to Investor Protection Fund	(53.34)	(46.38)
Dividend Tax Paid	(4,990.25)	(3,848.27)
Net Cash generated from Financing Activities (C)	1,409,780.68	1,423,144.65
Net Increase in Cash and Cash Equivalents (A+B+C)	100,103.79	(17,377.07)
Cash and cash equivalents at the beginning of the year	275,726.71	293,103.78
Cash and cash equivalents at the end of the year (Refer Note No.1)	375,830.50	275,726.71
Net Increase in Cash and Cash Equivalents	100,103.79	(17,377.07)
Notes:		
1 Cash & Cash Equivalent include:		
Balance with banks*	112,828.46	71,322.05
Cheques,drafts on hand	10,804.27	13,501.36
Cash in hand	2,406.81	539.08
Investment in Mutual Fund Units (Highly liquid)	249,790.96	190,364.22
Total Cash & Cash Equivalent	375,830.50	275,726.71
*Balance with Banks includes unclaimed dividend of ₹ 668.49 Lacs (Previous Year ₹ 594.17 Lacs)		
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 the relevant provisions of the Companies Act, 2013	

As per our attached report of even date

For and on behalf of the Board of Directors

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

 For **Chokshi & Chokshi LLP**
 Chartered Accountants
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Vipul K Choksi
 Partner
 M.No.037606

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 Chairman
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 DIN - 02949529

 Place: Mumbai
 Date: April 18, 2016

Nitin K. Jage
 General Manager (Tax.)
 & Company Secretary

Ajith Kumar L
 General Manager
 (Accounts, CRM & Legal)

P. Narayanan
 CFO

NOTES FORMING PART OF BALANCE SHEET

as at March 31, 2016

NOTE 1

	(₹ in Lacs)	
SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous Year)	15,000.00	15,000.00
750,000,000 Equity Shares of ₹ 2/- each		
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year)	10,093.26	10,093.26
504,663,000 Equity Shares of ₹ 2/- each) fully paid up		
Add: Forfeited shares as per Note.1(d) below	6.37	6.37
	10,099.63	10,099.63

Note.1(a): Reconciliation of number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	504,663,000	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 Annual General Meeting. 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, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	203,442,495	40.31	203,442,495	40.31

Note.1(d): Forfeited Shares

	(₹ in Lacs)	
Particulars	As at March 31, 2016	As at March 31, 2015
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 2

(₹ in Lacs)		
RESERVES AND SURPLUS	As at March 31, 2016	As at March 31, 2015
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
As per last Balance Sheet	170,528.55	170,528.55
(c) Special Reserve - I		
In terms of section 36(1)(viii) of Income Tax, 1961 and Section 29C of National Housing Bank (NHB) Act, 1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00
(d) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	11.00	10.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	272,438.01	233,939.01
Total	272,449.01	233,949.01
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the NHB Act, 1987	1.00	1.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	49,999.00	38,499.00
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	12.00	11.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	322,437.01	272,438.01
Total	322,449.01	272,449.01
(e) General Reserve		
Opening Balance	234,804.00	204,804.00
Add: Transfer during Current Year	40,000.00	30,000.00
Closing Balance	274,804.00	234,804.00
(f) Surplus in the Statement of Profit and Loss		
Opening balance	90,016.66	129,962.50
Add: Net Profit for the current year	166,079.05	138,618.87
Less: Appropriations		
Proposed Dividend	27,756.69	25,233.37
Tax on Proposed Dividend	5,568.44	4,990.25
Transfer to General Reserve	40,000.00	30,000.00
Transfer to Special Reserve - II	49,999.00	38,499.00
Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	1.00	1.00
Adjustment relating to Deferred tax on Special Reserve [Refer Note 2.1 & 27(20)]	-	79,519.27
Adjustment relating to Fixed Assets	-	321.82
Closing Balance	132,770.58	90,016.66
	904,498.07	771,744.15

Note 2.1

As per the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at April 01, 2014 created under section 36(1)(viii) of the Income-tax Act, 1961

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 3

(₹ in Lacs)				
LONG TERM BORROWINGS	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures (Refer Note - 3.1)	6,920,600.00	1,197,000.00	5,695,500.00	971,000.00
(b) Zero Coupon Debentures (Refer Note - 3.2)	322,700.00	140,000.00	302,600.00	42,600.00
(c) Term loans (Refer Note - 3.3)				
From Banks (Rupee Term Loan)	1,043,552.38	79,113.10	1,329,814.14	177,452.38
From Banks (Foreign Currency Term Loan)	50,000.00	-	50,000.00	-
(d) Loans and advances from related parties:				
Life Insurance Corporation of India (Refer Note - 3.3)	1,775.00	4,275.00	6,050.00	6,525.00
(e) Other loans and advances				
National Housing Bank (Refinance) (Refer Note - 3.3)	253,827.16	49,993.62	281,620.78	61,271.87
Security :				
Negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after Sept.26, 2001.				
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds (Refer Note - 3.4)	100,000.00	-	100,000.00	50,000.00
(ii) Upper Tier II Bonds (Refer Note - 3.5)	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposits (Refer Note - 3.6)	223,359.05	12,877.45	136,270.12	22,681.74
	9,065,813.59	1,483,259.17	8,051,855.04	1,331,530.99

Note - 3.1

The NCD are redeemable at par. The NCD issued after March 31, 2015 are secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the Company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. In addition to above the NCD are secured by way of pari-passu mortgage and charge in favour of the debenture trustee on the Company's immovable property to the extent of ₹ 24.29 lacs.

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

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

				(₹ in Lacs)
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
Non Current :				
10000 NCD's of ₹ 1,000,000 each	3-Mar-26	8.57%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	26-Feb-26	8.53%	-	50,000.00
7500 NCD's of ₹ 1,000,000 each	2-Feb-26	8.43%	-	75,000.00
7500 NCD's of ₹ 1,000,000 each	28-Jan-26	8.42%	-	75,000.00
10000 NCD's of ₹ 1,000,000 each	12-Dec-25	8.40%	-	100,000.00
10000 NCD's of ₹ 1,000,000 each	13-Nov-25	8.20%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	23-Oct-25	8.25%	23-Nov-18	50,000.00
2100 NCD's of ₹ 1,000,000 each	8-Oct-25	8.34%	-	21,000.00
3000 NCD's of ₹ 1,000,000 each	29-Aug-25	8.50%	24-Dec-20	30,000.00
2000 NCD's of ₹ 1,000,000 each	29-Aug-25	8.48%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	14-Aug-25	8.55%	-	50,000.00
3000 NCD's of ₹ 1,000,000 each	1-Aug-25	8.58%	03-May-19	30,000.00
2000 NCD's of ₹ 1,000,000 each	18-Jul-25	8.57%	20-Sep-18	20,000.00
2050 NCD's of ₹ 1,000,000 each	4-Jun-25	8.50%	-	20,500.00
10000 NCD's of ₹ 1,000,000 each	29-May-25	8.55%	-	100,000.00
10000 NCD's of ₹ 1,000,000 each	31-Mar-25	8.22%	-	100,000.00
4250 NCD's of ₹ 1,000,000 each	3-Mar-25	8.52%	-	42,500.00
6000 NCD's of ₹ 1,000,000 each	24-Feb-25	8.50%	24-Apr-18	60,000.00
100 NCD's of ₹ 1,000,000 each	30-Jan-25	8.40%	-	1,000.00
10000 NCD's of ₹ 1,000,000 each	8-Jan-25	8.62%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	16-Oct-24	9.22%	-	50,000.00
6500 NCD's of ₹ 1,000,000 each	30-Sep-24	9.24%	-	65,000.00
10000 NCD's of ₹ 1,000,000 each	23-Aug-24	9.39%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	23-Aug-24	9.47%	-	50,000.00
6050 NCD's of ₹ 1,000,000 each	5-Jul-24	9.29%	-	60,500.00
10000 NCD's of ₹ 1,000,000 each	19-Mar-24	9.80%	-	100,000.00
2000 NCD's of ₹ 1,000,000 each	8-Feb-24	8.58%	15-Mar-19	20,000.00
9000 NCD's of ₹ 1,000,000 each	21-May-23	8.37%	-	90,000.00
5000 NCD's of ₹ 1,000,000 each	25-Apr-23	8.89%	-	50,000.00
5250 NCD's of ₹ 1,000,000 each	09-Apr-23	9.00%	-	52,500.00
5000 NCD's of ₹ 1,000,000 each	12-Mar-23	9.13%	-	50,000.00
4900 NCD's of ₹ 1,000,000 each	19-Jan-23	8.58%	19-Jun-19	49,000.00
7500 NCD's of ₹ 1,000,000 each	01-Jan-23	9.25%	-	75,000.00
5000 NCD's of ₹ 1,000,000 each	17-Dec-22	9.30%	-	50,000.00
2000 NCD's of ₹ 1,000,000 each	13-Dec-22	9.23%	-	20,000.00
4000 NCD's of ₹ 1,000,000 each	12-Nov-22	9.25%	-	40,000.00
3350 NCD's of ₹ 1,000,000 each	25-Oct-22	9.05%	-	33,500.00
5000 NCD's of ₹ 1,000,000 each	14-Sep-22	9.30%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	24-Jul-22	9.35%	-	50,000.00
2000 NCD's of ₹ 1,000,000 each	10-Feb-22	9.43%	-	20,000.00
3000 NCD's of ₹ 1,000,000 each	30-Jan-22	9.45%	-	30,000.00
2000 NCD's of ₹ 1,000,000 each	11-Nov-21	9.90%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	19-Sep-21	9.40%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	07-Jun-21	9.80%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	11-May-21	9.40%	-	50,000.00
6000 NCD's of ₹ 1,000,000 each	8-Mar-21	8.75%	08-Aug-17	60,000.00

NOTES FORMING PART OF BALANCE SHEET (Contd.)**as at March 31, 2016**

				(₹ in Lacs)
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
2500 NCD's of ₹1,000,000 each	07-Mar-21	9.60%	-	25,000.00
3670 NCD's of ₹1,000,000 each	26-Feb-21	8.60%	-	36,700.00
7500 NCD's of ₹1,000,000 each	12-Feb-21	8.75%	13-Apr-17	75,000.00
10000 NCD's of ₹1,000,000 each	18-Jan-21	9.00%	-	100,000.00
3500 NCD's of ₹1,000,000 each	5-Jan-21	8.50%	28-Feb-19	35,000.00
1500 NCD's of ₹1,000,000 each	5-Jan-21	8.50%	28-Feb-18	15,000.00
1070 NCD's of ₹1,000,000 each	04-Jan-21	9.35%	-	10,700.00
4560 NCD's of ₹1,000,000 each	28-Dec-20	8.60%	-	45,600.00
7500 NCD's of ₹1,000,000 each	21-Dec-20	8.75%	-	75,000.00
3660 NCD's of ₹1,000,000 each	23-Nov-20	9.00%	-	36,600.00
6500 NCD's of ₹1,000,000 each	23-Oct-20	8.35%	-	65,000.00
4650 NCD's of ₹1,000,000 each	13-Oct-20	8.88%	-	46,500.00
4400 NCD's of ₹1,000,000 each	24-Sep-20	8.53%	-	44,000.00
2050 NCD's of ₹1,000,000 each	15-Sep-20	8.65%	-	20,500.00
5030 NCD's of ₹1,000,000 each	15-Sep-20	8.65%	-	50,300.00
10000 NCD's of ₹1,000,000 each	25-Aug-20	8.67%	-	100,000.00
6300 NCD's of ₹1,000,000 each	10-Aug-20	8.90%	-	63,000.00
7500 NCD's of ₹1,000,000 each	29-Jul-20	8.60%	23-Feb-18	75,000.00
6050 NCD's of ₹1,000,000 each	27-Jul-20	8.60%	22-Nov-17	60,500.00
2960 NCD's of ₹1,000,000 each	31-May-20	8.60%	-	29,600.00
3000 NCD's of ₹1,000,000 each	28-Apr-20	8.49%	-	30,000.00
5950 NCD's of ₹1,000,000 each	30-Mar-20	8.68%	-	59,500.00
8000 NCD's of ₹1,000,000 each	21-Jan-20	8.47%	-	80,000.00
3500 NCD's of ₹1,000,000 each	14-Jan-20	8.73%	12-Aug-16	35,000.00
4500 NCD's of ₹1,000,000 each	14-Jan-20	8.75%	14-Apr-16	45,000.00
10000 NCD's of ₹1,000,000 each	11-Dec-19	8.61%	-	100,000.00
7150 NCD's of ₹1,000,000 each	28-Nov-19	8.72%	-	71,500.00
5500 NCD's of ₹1,000,000 each	18-Nov-19	8.5937%	-	55,000.00
6000 NCD's of ₹1,000,000 each	8-Nov-19	8.70%	10-May-17	60,000.00
5000 NCD's of ₹1,000,000 each	29-Oct-19	8.97%	28-Oct-16	50,000.00
7700 NCD's of ₹1,000,000 each	18-Oct-19	8.35%	17-Nov-17	77,000.00
3500 NCD's of ₹1,000,000 each	30-Sep-19	9.24%	-	35,000.00
2500 NCD's of ₹1,000,000 each	10-Sep-19	9.45%	-	25,000.00
10000 NCD's of ₹1,000,000 each	30-Aug-19	9.44%	-	100,000.00
5750 NCD's of ₹1,000,000 each	19-Aug-19	9.3532%	-	57,500.00
10000 NCD's of ₹1,000,000 each	24-Jul-19	9.51%	-	100,000.00
3000 NCD's of ₹1,000,000 each	26-Jun-19	8.69%	-	30,000.00
3000 NCD's of ₹1,000,000 each	13-Jun-19	8.60%	-	30,000.00
2000 NCD's of ₹1,000,000 each	17-May-19	8.69%	-	20,000.00
3950 NCD's of ₹1,000,000 each	30-Apr-19	8.28%	-	39,500.00
2000 NCD's of ₹1,000,000 each	5-Apr-19	8.73%	-	20,000.00
5000 NCD's of ₹1,000,000 each	25-Mar-19	9.65%	-	50,000.00
8000 NCD's of ₹1,000,000 each	8-Mar-19	9.7624%	-	80,000.00
3500 NCD's of ₹1,000,000 each	28-Feb-19	8.40%	-	35,000.00
3000 NCD's of ₹1,000,000 each	27-Feb-19	8.38%	-	30,000.00
2810 NCD's of ₹1,000,000 each	26-Feb-19	9.7705%	-	28,100.00
4150 NCD's of ₹1,000,000 each	8-Feb-19	8.65%	-	41,500.00
3700 NCD's of ₹1,000,000 each	22-Jan-19	9.63%	-	37,000.00
5000 NCD's of ₹1,000,000 each	22-Jan-19	9.60%	-	50,000.00

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
7000 NCD's of ₹ 1,000,000 each	16-Jan-19	9.73%	-	70,000.00
3000 NCD's of ₹ 1,000,000 each	17-Dec-18	8.70%	17-Aug-16	30,000.00
5000 NCD's of ₹ 1,000,000 each	6-Dec-18	8.69%	-	50,000.00
2730 NCD's of ₹ 1,000,000 each	1-Nov-18	9.65%	-	27,300.00
7750 NCD's of ₹ 1,000,000 each	25-Oct-18	9.55%	-	77,500.00
5000 NCD's of ₹ 1,000,000 each	21-Oct-18	9.60%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	8-Oct-18	8.38%	-	50,000.00
1550 NCD's of ₹ 1,000,000 each	14-Sep-18	8.70%	21-Apr-17	15,500.00
3000 NCD's of ₹ 1,000,000 each	7-Sep-18	8.45%	-	30,000.00
5000 NCD's of ₹ 1,000,000 each	25-Aug-18	9.60%	-	50,000.00
3000 NCD's of ₹ 1,000,000 each	13-Aug-18	11.08%	-	30,000.00
4900 NCD's of ₹ 1,000,000 each	27-Jul-18	8.60%	-	49,000.00
2050 NCD's of ₹ 1,000,000 each	4-Jul-18	8.83%	-	20,500.00
285 NCD's of ₹ 10,000,000 each	27-Jun-18	7.00%	-	28,500.00
5000 NCD's of ₹ 1,000,000 each	22-Jun-18	8.7022%	-	50,000.00
6600 NCD's of ₹ 1,000,000 each	20-Jun-18	8.60%	-	66,000.00
3520 NCD's of ₹ 1,000,000 each	11-Jun-18	8.40%	-	35,200.00
8500 NCD's of ₹ 1,000,000 each	28-May-18	8.34%	-	85,000.00
3000 NCD's of ₹ 1,000,000 each	22-May-18	8.31%	-	30,000.00
4000 NCD's of ₹ 1,000,000 each	15-May-18	8.73%	-	40,000.00
4380 NCD's of ₹ 1,000,000 each	14-May-18	8.6547%	-	43,800.00
6000 NCD's of ₹ 1,000,000 each	9-Apr-18	9.11%	-	60,000.00
1500 NCD's of ₹ 1,000,000 each	24-Mar-18	9.75%	-	15,000.00
6020 NCD's of ₹ 1,000,000 each	28-Feb-18	9.077%	-	60,200.00
2000 NCD's of ₹ 1,000,000 each	16-Jan-18	9.14%	-	20,000.00
2500 NCD's of ₹ 1,000,000 each	08-Dec-17	8.68%	-	25,000.00
100 NCD's of ₹ 10,000,000 each	25-Nov-17	7.50%	-	10,000.00
5200 NCD's of ₹ 1,000,000 each	24-Nov-17	8.79%	-	52,000.00
5000 NCD's of ₹ 1,000,000 each	22-Oct-17	9.80%	-	50,000.00
7500 NCD's of ₹ 1,000,000 each	16-Oct-17	9.29%	-	75,000.00
5000 NCD's of ₹ 1,000,000 each*	27-Sep-17	11.15%	-	25,000.00
10000 NCD's of ₹ 1,000,000 each	07-Sep-17	9.57%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each**	05-Sep-17	9.60%	-	25,000.00
2500 NCD's of ₹ 1,000,000 each	1-Sep-17	9.40%	-	25,000.00
3000 NCD's of ₹ 1,000,000 each	27-Aug-17	9.75%	-	30,000.00
5000 NCD's of ₹ 1,000,000 each	21-Jul-17	8.75%	-	50,000.00
1390 NCD's of ₹ 1,000,000 each	17-Jul-17	8.60%	-	13,900.00
7750 NCD's of ₹ 1,000,000 each	3-Jul-17	9.18%	-	77,500.00
3600 NCD's of ₹ 1,000,000 each	20-Jun-17	9.22%	-	36,000.00
3000 NCD's of ₹ 1,000,000 each	15-Jun-17	8.72%	21-Nov-17	30,000.00
6000 NCD's of ₹ 1,000,000 each	11-Jun-17	9.70%	-	60,000.00
2500 NCD's of ₹ 1,000,000 each	05-Jun-17	9.75%	-	25,000.00
1500 NCD's of ₹ 1,000,000 each	1-Jun-17	8.53%	-	15,000.00
1500 NCD's of ₹ 1,000,000 each	28-May-17	8.33%	-	15,000.00
2980 NCD's of ₹ 1,000,000 each	17-May-17	8.64%	-	29,800.00
3000 NCD's of ₹ 1,000,000 each	16-May-17	9.70%	-	30,000.00
2000 NCD's of ₹ 1,000,000 each	16-May-17	8.40%	-	20,000.00
2000 NCD's of ₹ 1,000,000 each	14-May-17	10.25%	-	20,000.00

NOTES FORMING PART OF BALANCE SHEET (Contd.)**as at March 31, 2016**

				(₹ in Lacs)
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
2000 NCD's of ₹ 1,000,000 each	13-Apr-17	8.50%	-	20,000.00
1680 NCD's of ₹ 1,000,000 each	4-Apr-17	8.40%	-	16,800.00
				6,920,600.00
Current :				
7000 NCD's of ₹ 1,000,000 each	27-Mar-17	9.69%	-	70,000.00
5000 NCD's of ₹ 1,000,000 each	16-Mar-17	8.69%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	23-Feb-17	9.60%	-	50,000.00
2500 NCD's of ₹ 1,000,000 each	08-Feb-17	8.65%	-	25,000.00
3000 NCD's of ₹ 1,000,000 each	08-Feb-17	9.62%	-	30,000.00
2500 NCD's of ₹ 1,000,000 each	24-Jan-17	9.56%	-	25,000.00
2000 NCD's of ₹ 1,000,000 each	19-Jan-17	9.56%	-	20,000.00
2650 NCD's of ₹ 1,000,000 each	15-Jan-17	9.10%	-	26,500.00
8000 NCD's of ₹ 1,000,000 each	11-Jan-17	9.69%	-	80,000.00
2000 NCD's of ₹ 1,000,000 each	23-Dec-16	8.25%	-	20,000.00
4000 NCD's of ₹ 1,000,000 each	20-Dec-16	9.50%	-	40,000.00
3000 NCD's of ₹ 1,000,000 each	16-Dec-16	9.55%	-	30,000.00
3500 NCD's of ₹ 1,000,000 each	07-Dec-16	9.70%	-	35,000.00
2500 NCD's of ₹ 1,000,000 each	30-Nov-16	9.75%	-	25,000.00
6000 NCD's of ₹ 1,000,000 each	29-Nov-16	9.84%	-	60,000.00
5300 NCD's of ₹ 1,000,000 each	24-Nov-16	8.77%	-	53,000.00
4000 NCD's of ₹ 1,000,000 each	14-Oct-16	9.30%	-	32,000.00
6000 NCD's of ₹ 1,000,000 each	14-Oct-16	9.45%	-	60,000.00
5000 NCD's of ₹ 1,000,000 each*	27-Sep-16	11.15%	-	12,500.00
10000 NCD's of ₹ 1,000,000 each	19-Sep-16	10.18%	-	100,000.00
7650 NCD's of ₹ 1,000,000 each	6-Sep-16	10.60%	-	76,500.00
5000 NCD's of ₹ 1,000,000 each**	5-Sep-16	9.60%	-	12,500.00
2400 NCD's of ₹ 1,000,000 each	30-Aug-16	10.57%	-	24,000.00
2000 NCD's of ₹ 1,000,000 each	29-Jul-16	9.833% (5Yr INBMK +1.20% annualised)	-	20,000.00
2000 NCD's of ₹ 1,000,000 each	28-Jul-16	9.30%	-	20,000.00
4000 NCD's of ₹ 1,000,000 each	15-Jul-16	9.74%	-	40,000.00
4250 NCD's of ₹ 1,000,000 each	17-Jun-16	9.90%	-	42,500.00
9750 NCD's of ₹ 1,000,000 each	3-May-16	8.64%	-	97,500.00
2000 NCD's of ₹ 1,000,000 each	11-Apr-16	9.50%	-	20,000.00
				1,197,000.00
				8,117,600.00

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

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

Note - 3.2**Zero Coupon Debentures (ZCD):**

The ZCD are redeemable at Premium. The ZCD issued after March 31, 2015 are secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. In addition to above the NCD are secured by way of pari-passu mortgage and charge in favour of the debenture trustee on the Company's immovable property to the extent of ₹ 24.29 Lacs.

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

The details of Zero Coupon Debentures are as under:

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
Non Current				
9000 NCD's of ₹ 1,000,000 each *	10-Sep-19	*	3-Nov-16	90,000.00
10000 NCD's of ₹ 1,000,000 each **	2-Sep-19	**	2-Sep-16	100,000.00
3210 NCD's of ₹ 1,000,000 each ***	09-Apr-19	***	-	32,100.00
2800 NCD's of ₹ 1,000,000 each ****	18-Feb-19	****	-	28,000.00
5000 NCD's of ₹ 1,000,000 each *****	26-Nov-18	*****	-	50,000.00
2260 NCD's of ₹ 1,000,000 each *****	20-Mar-18	*****	-	22,600.00
				322,700.00

* Issued at par and redeemable at ₹ 1,556,727/- per debenture including premium, subject to Put Option.

** Issued at par and redeemable at ₹ 1,566,016/- per debenture including premium, subject to Put Option.

*** Issued at par and redeemable at ₹ 1,283,584/- per debenture including premium.

**** Issued at par and redeemable at ₹ 1,283,951/- per debenture including premium.

***** Issued at par and redeemable at ₹ 1,150,886/- per debenture including premium.

***** Issued at par and redeemable at ₹ 1,282,073/- per debenture including premium.

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2016
Current				
4000 NCD's of ₹ 1,000,000 each *	24-Feb-17	*	-	40,000.00
4000 NCD's of ₹ 1,000,000 each **	30-Dec-16	**	-	40,000.00
3000 NCD's of ₹ 1,000,000 each ***	23-Dec-16	***	-	30,000.00
3000 NCD's of ₹ 1,000,000 each ****	29-Jul-16	****	-	30,000.00
				140,000.00
				462,700.00

* Issued at par and redeemable at ₹ 1,182,928/- per debenture including premium.

** Issued at par and redeemable at ₹ 1,090,523/- per debenture including premium.

*** Issued at par and redeemable at ₹ 1,090,523/- per debenture including premium.

**** Issued at par and redeemable at ₹ 1,092,844/- per debenture including premium.

Note - 3.3

Maturity Profile of Term Loans

(₹ in Lacs)				
Description	As at March 31, 2016			
	Term Loans Banks *	Life Insurance Corporation of India	National Housing Bank (Refinance)	
Non Current:	(Foreign Currency Term Loan)	(Rupee Term Loan)		
	(ROI LIBOR + 150 bp)	(ROI 9.30% - 9.75%)	(ROI 6.71%)	(ROI 6% - 9.90%)
Over 1 year to 3 years	50,000.00	446,250.38	1,775.00	113,775.09
Over 3 to 5 years	-	436,140.00	-	68,411.04
Over 5 to 7 years	-	202,912.00	-	55,847.01
Over 7 Years	-	8,250.00	-	15,794.02
Total		1,093,552.38	1,775.00	253,827.16

* Include FCNR B US\$ Loan underlying USD 81,168,831.67 equivalent to INR of ₹ 500 crs

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

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 March 31, 2016
Non Current :				
5000 Bonds of ₹ 1,000,000 each	01-Jul-18	10.35%	-	50,000.00
5000 Bonds of ₹ 1,000,000 each	15-Sep-20	8.95%	-	50,000.00
				100,000.00

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 March 31, 2016
Non Current :				
5000 Bonds of ₹ 1,000,000 each*	31-Mar-25	8.70%	31-Mar-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	26-Oct-25	8.90%	26-Oct-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	29-Nov-25	9.00%	29-Nov-20	50,000.00
				150,000.00

*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 ₹ 34,603.60 Lacs (Previous Year ₹ 33,466.12 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, 2016	As at March 31, 2015
Government Securities	18,353.85	16,433.07
Fixed Deposits with Banks	8,190.20	17,033.05
Certificate of Deposits	8,059.55	-
	34,603.60	33,466.12

NOTE 4

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	316.39	513.27
(b) Sundry Deposit Repayable	47.38	39.93
(c) Interest Accrued but not due on Borrowings	36,099.70	11,137.47
(d) Premium payable on redemption of Debentures	50,106.39	20,584.28
	86,569.86	32,274.95

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 5

(₹ in Lacs)		
LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
(a) Provision for Employee Benefits [Refer Note 27(14)]	3,279.53	2,733.92
Less : Current maturities of Long term employee benefits [Refer Note 8]	(109.46)	(134.09)
	3,170.07	2,599.83
(b) Others		
(i) Provision for Contingencies [Refer Note 27(5)]	155.91	195.68
(ii) Provision for Housing loans [Refer Note 27(23)]	76,394.61	65,968.06
(iii) Provision for Diminution in the value of Investment [Refer Note 11 & 27(23)]	912.88	902.07
	80,633.47	69,665.64

NOTE 6

(₹ in Lacs)		
SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
Secured		
(a) Loans repayable on demand:		
Line of Credit from Banks	282,500.00	187,456.98

Security :

Negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after 26th Sept. 2001.

Unsecured

(a) Public Deposits	145,289.82	82,343.98
(b) Commercial Paper [Refer Note 6.1]	116,254.39	-
	544,044.21	269,800.96

Note - 6.1

Commercial Papers of the Company have a Maturity value of ₹ 117,500 Lacs (Previous Year ₹ Nil)

NOTE 7

(₹ in Lacs)		
TRADE PAYABLES	As at March 31, 2016	As at March 31, 2015
(a) Micro Enterprises and Small Enterprises [Refer Note 27(12)]	-	-
(b) Others*	4,139.03	2,745.85
	4,139.03	2,745.85

*includes payable to a related party ₹ 445.02 Lacs (Previous Year ₹ 88.95 Lacs)

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 8

(₹ in Lacs)

OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current maturities of Long-Term Debt (Refer Note 3)	1,483,259.17	1,331,530.99
(b) Current maturities of Long Term Employee Benefits (Refer Note 5)	109.46	134.09
(c) Interest accrued but not due on Loans and public deposits	335,549.91	301,486.17
(d) Premium payable on redemption of Debentures	8,018.79	4,880.66
(e) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	196.87	381.37
(f) Payable on account of Swap		
Floating interest rate payable on Swap	10,746.46	10,684.55
Fixed interest rate receivable on Swap	(9,905.04)	(9,914.68)
	841.42	769.87
(g) Unpaid Dividends*	668.49	594.18
(h) Unpaid Deposits	513.05	908.94
(i) Statutory Dues Payable	1,308.96	687.15
(j) Payable to related parties [Refer Note 27(16)]	170.94	3,338.65
(k) Other Payables	10,892.99	10,239.20
(l) Temporary Book Overdraft [Refer Note 27(8)]	385,305.58	287,159.72
	2,226,835.63	1,942,110.99

*The Company has transferred ₹ 53.34 Lacs (Previous year ₹ 46.38 Lacs) to Investor Education and Protection Fund during the year.

NOTE 9

(₹ in Lacs)

SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
(a) Provision for Employee Benefits [Refer Note 27(14) & 27(22)]	4,149.82	2,540.91
(b) Others		
(i) Provision for Taxation (Net)	2,900.27	-
(ii) Proposed Dividend	27,756.47	25,233.15
(iii) Tax on Dividend	5,568.40	4,990.22
(iv) Provision for Housing Loans [Refer Note 27(23)]	5,635.76	4,457.37
(v) Provision for Contingencies [Refer Note 27(5)]	42.19	88.85
	46,052.91	37,310.50

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

Note 10 - FIXED ASSET										(₹ in Lacs)
Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 01, 2015	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2016	Upto March 31, 2015	For the Year	Depreciation adjusted to Retained Earnings	Deductions / Adjustments	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Freehold Land	4.32	-	-	4.32	-	-	-	-	4.32	4.32
Buildings	5,853.34	1,485.00	-	7,338.34	402.10	109.98	-	-	6,826.26	5,451.24
Leasehold Improvements	5,752.67	100.67	-	5,853.34	310.65	91.45	-	-	5,451.24	5,442.02
Furniture & Fixtures	1,294.92	83.90	35.54	1,343.28	1,053.17	77.26	-	35.54	1,094.89	241.75
Vehicles	1,319.00	51.32	75.40	1,294.92	1,030.20	87.68	10.50	75.21	1,053.17	288.80
Office Equipments	1,056.83	61.93	63.10	1,055.66	891.47	51.71	-	63.06	880.12	165.36
Others	1,071.30	31.92	46.39	1,056.83	765.38	79.00	93.27	46.18	891.47	305.92
Computers	61.38	-	10.69	50.69	20.20	9.62	-	10.17	19.65	41.18
Tangible assets Total (A)	42.68	18.76	0.06	61.38	12.14	8.12	-	0.06	20.20	30.54
Previous Year	863.12	112.79	119.58	856.33	700.46	69.40	-	119.12	650.74	162.66
	845.98	65.53	48.39	863.12	382.87	104.38	261.59	48.38	700.46	463.11
Intangible Assets										
Software	3,939.54	364.02	283.50	4,020.06	2,635.07	439.81	-	283.49	2,791.39	1,304.47
Intangible assets Total (B)	2,774.88	1,215.21	50.55	3,939.54	2,160.14	403.31	122.17	50.55	2,635.07	614.74
Previous Year	13,073.45	2,107.64	512.41	14,668.68	5,702.47	757.78	-	511.38	5,948.87	7,370.98
	11,810.83	1,483.41	220.79	13,073.45	4,661.38	773.94	487.53	220.38	5,702.47	7,370.98
Intangible Assets										
Software	2,003.53	101.87	-	2,105.40	1,409.07	214.37	-	-	1,623.44	594.46
Intangible assets Total (B)	1,656.60	346.93	-	2,003.53	1,245.48	163.59	-	-	1,409.07	411.12
Previous Year	2,003.53	101.87	-	2,105.40	1,409.07	214.37	-	-	1,623.44	594.46
	1,656.60	346.93	-	2,003.53	1,245.48	163.59	-	-	1,409.07	594.46
Total (A+B)	15,076.98	2,209.51	512.41	16,774.08	7,111.54	972.15	-	511.38	7,572.31	7,965.44
Previous Year	13,467.43	1,830.34	220.79	15,076.98	5,906.86	937.53	487.53	220.38	7,111.54	7,965.44

Figures in bold represents current year numbers.

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 11

		(₹ in Lacs)	
NON CURRENT INVESTMENTS		As at	As at
		March 31, 2016	March 31, 2015
Other Non-trade Investments (Refer Note 11.1)			
<i>(Long Term Investments)(At Cost)</i>			
(a) Investments in Equity instruments		3,014.16	3,014.16
(b) Investments in Government Securities		17,853.85	16,433.06
(c) Contribution to Trust		0.10	0.10
(d) Other non-current investments			
(i) Real Estate Venture Fund		6,313.70	4,264.55
		27,181.81	23,711.87
Aggregate amount of quoted investments	Book Value	17,853.85	16,433.06
	At Market Value	18,435.62	16,738.56
Aggregate amount of unquoted investments		9,327.97	7,278.81
Aggregate provision for diminution in value of investments (Refer Note 5)		912.88	902.07

Note 11.1

		(₹ in Lacs)	
		As at	As at
		March 31, 2016	March 31, 2015
Other Non Trade Investments			
(a) Investments in Equity Instruments - Unquoted, Fully paid up			
In Subsidiaries			
LICHFL Care Homes Ltd. (Face Value ₹ 10/- each)	8,550,000	855.00	855.00
LICHFL Financial Services Ltd. (Face Value ₹ 10/- each)	9,500,000	950.00	950.00
LICHFL Trustee Company Private Ltd. (Face Value ₹ 10/- each)	90,000	9.00	9.00
LICHFL Asset Management Company Ltd. (Face Value ₹ 10/- each)	8,700,000	870.00	870.00
In Associate			
LIC Nomura Mutual Fund Asset Management Company Ltd. (Face Value ₹ 10,000/- each)	2,200	220.00	220.00
Others			
LIC Nomura Mutual Fund Trustee Company Private Ltd. (Face Value ₹ 10/- each)	1,600	0.16	0.16
Goods and Service Tax Network (Face Value ₹ 10/- each)	1,100,000	110.00	110.00
		3,014.16	3,014.16
(b) Investments in Government Securities - Quoted, Fully paid up *			
8.33 % Government of India Stock 2036	30,000	30.00	30.00
8.28 % Government of India Stock 2032	828,000	789.90	789.90
8.07 % Government of India Stock 2017	1,00,000	100.00	100.00
7.35% Government of India Stock 2024	1,600,000	1,592.50	1,592.50
7.59% Government of India Stock 2016	-	-	500.00
8.14% Maharashtra SDL 2019	150,000	150.00	150.00
8.24% Government of India Stock 2027	1,100,000	1,092.45	1,092.45
8.28% Government of India Stock 2027	500,000	498.05	498.05
7.80% Government of India Stock 2020	6,500,000	6,381.65	6,381.65
8.12% Government of India Stock 2020	1,000,000	1,000.00	1,000.00
8.35% Government of India Stock 2022	20,000	19.30	19.30
8.83% Government of India Stock 2023	2,500,000	2,500.00	2,500.00
8.83% Government of India Stock 2023	1,700,000	1,700.00	1,779.21
8.32% Government of India Stock 2032	2,000,000	2,000.00	-
* Kept with designated bank for repayment to depositors.		17,853.85	16,433.06

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

(₹ in Lacs)				
Other Non Trade Investments	No. of Shares / Units		As at	As at
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(c) Contribution to Trust			0.10	0.10
(d) Other non-current investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund:**				
Kotak India Real Estate Fund -1 (Face Value ₹ 100,000/- each) ***	1,389.55	1,389.55	1,389.55	1,389.55
CIG Reality Fund - 1 (Face Value ₹ 10/- each)	10,000,000	10,000,000	1,000.00	1,000.00
			2,389.55	2,389.55
(e) Other non-current investments-Unquoted, Partly paid up				
(i) Real Estate Venture Fund:**				
LICHFL Urban Development Fund (Face Value ₹ 10,000/- each)	50,000	50,000	3,924.16	1,875.00
			27,181.82	23,711.87

**These are close ended schemes subject to lock in till the closure of the Scheme

*** Provision for diminution in the value of investments of ₹1,229.93 Lacs (Previous Year ₹ 902.07 Lacs)

NOTE 12

(₹ in Lacs)		
DEFERRED TAX ASSETS / (LIABILITIES) (NET) [Refer Note 27(20)]	As at March 31, 2016	As at March 31, 2015
(a) Deferred tax assets	30,539.87	25,859.88
(b) Deferred tax liabilities	(111,629.97)	(92,757.69)
	(81,090.10)	(66,897.81)

NOTE 13

(₹ in Lacs)		
LONG TERM LOANS AND ADVANCES	As at March 31, 2016	As at March 31, 2015
<i>Unsecured, considered good</i>		
(a) Capital Advance	137.91	233.11
(b) Security Deposits	675.29	596.04
(c) Loan against Public Deposit	58.17	12.47
(d) Advances to employees*	345.95	340.60
(e) Advance tax and tax deducted at source (Net of provision for tax)	4,243.55	2,795.70
(f) Tax Paid under Protest	7,945.36	7,945.36
	13,406.23	11,923.28

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

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 14

(₹ in Lacs)		
OTHER NON CURRENT ASSETS	As at March 31, 2016	As at March 31, 2015
Interest Accrued on Advance against Public Deposit	5.09	3.65
	5.09	3.65

NOTE 15

(₹ in Lacs)				
LOANS (SECURED) [Refer Note 27(3) & 27(23)]	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
(a) Individuals	11,526,192.25	646,883.41	10,007,806.18	555,172.89
(b) Others	239,002.42	105,241.81	174,651.39	98,442.38
	11,765,194.67	752,125.22	10,182,457.57	653,615.27

NOTE 16

(₹ in Lacs)				
CURRENT INVESTMENTS	No. of Shares / Units		As at	As at
At Lower of cost or market value	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(a) Investment in Equity instruments				
Aptech Limited (Face Value of ₹ 10 each)	4,134	4,134	2.39	2.38
(b) Investment in Mutual Funds - Highly liquid investments			249,790.96	190,364.22
Less: Considered as cash and cash equivalents (Refer Note 18 & Note 16.1)			(249,790.96)	(190,364.22)
(c) Investment in Government Securities *				
7.59% Government of India Stock 2016	500,000	-	500.00	-
			502.39	2.38
Aggregate amount of quoted investments		Book Value	508.47	8.47
		At Market Value	502.59	2.38

* Kept with designated bank for repayment to depositors.

Note 16.1

(₹ in Lacs)				
Mutual Funds (Highly Liquid)	No. of Units		Amount As at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Axis Liquid Fund	298,573.17	323,012.15	5,003.91	5,002.82
Baroda Pioneer Liquid Fund - Plan A Growth	721,372.10	312,233.39	12,520.75	5,003.15
Birla Sun Life Cash Plus - Regular	5,153,789.07	-	12,512.06	-
BOI AXA	-	311,068.72	-	5,003.22
BNP Paribas Overnight Fund	215,424.04	232,744.40	5,004.49	5,002.57
L & T Liquid Fund Growth	386,026.35	391,495.36	8,007.07	7,504.27
DSP Blackrock Liquidity Fund - Institutional Plan	231,469.12	-	5,004.73	-
DHFL PRAMERICA Insta Cash Plus Fund	5,096,507.47	-	10,008.87	-
HDFC Cash Mgmt Fund - Savings Plan	-	30,009,873.02	-	8,758.02
HDFC Liquid Fund - Growth	268,274.39	-	8,006.77	-
ICICI Prudential Liquid - Regular	-	4,836,509.07	-	10,004.66

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

Mutual Funds (Highly Liquid)	No. of Units		Amount As at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
ICICI Prudential Money Market Fund - Regular	4,785,781.25	-	10,008.23	-
IDBI Liquid Fund- Regular	309,242.12	-	5,004.93	-
IDFC Cash Fund - Regular	272,230.39	-	5,005.85	-
JM High Liquidity Fund	26,642,639.85	-	11,010.90	-
Kotak Floater Short Term	504,009.46	218,315.08	12,511.43	5,005.47
LIC NOMURA MF Liquid Fund	2,189,323.02	1,974,976.57	60,007.43	50,023.37
PRINCIPAL CMF Regular Plan	544,359.89	589,319.43	8,006.12	8,005.69
Reliance Liquid Fund - Treasury Plan	355,775.17	293,788.20	13,112.08	10,005.30
Religare Invesco Liquid Fund	384,763.65	-	8,005.83	-
SBI Premier Liquid Fund - Regular	463,558.23	1,823,087.83	11,014.52	40,029.94
Sundaram Money Fund - Super IP - Growth	25,107,649.05	27,150,856.95	8,006.40	8,003.85
Tata Money Market fund Plan A -Growth	294,314.22	-	7,006.10	-
Templeton India TMA - Super IP - Growth	-	239,793.73	-	5,005.46
Taurus Liquid Fund - Existing Plan- Super Institutional Plan	763,126.79	1,190,596.67	12,510.56	18,006.43
UTI MONEY MARKET FUND - Institutional Plan	738,765.97	-	12,511.93	-
			249,790.96	190,364.22

NOTE 17

(₹ in Lacs)

TRADE RECEIVABLES	As at	As at
	March 31, 2016	March 31, 2015
<i>Secured, considered good</i>		
(a) For a period exceeding six months	-	-
(b) Others		
Interest Accrued and Due on Housing Loans	8,539.07	6,961.91
	8,539.07	6,961.91

NOTE 18

(₹ in Lacs)

CASH AND BANK BALANCES	As at	As at
	March 31, 2016	March 31, 2015
(a) Cash and Cash Equivalents		
Balance with Banks*	112,828.46	71,322.05
Cheques, drafts on hand	10,804.27	13,501.36
Cash in hand	2,406.81	539.08
Mutual Fund - Highly Liquid Investments (Refer Note 16)	249,790.96	190,364.22
(b) Other Bank Balances		
Fixed Deposits with Banks**	8,790.08	17,579.36
Certificate of deposit with banks	8,059.55	-
	392,680.13	293,306.07

*Balance with Banks includes unclaimed dividend of ₹ 668.49 Lacs (Previous Year ₹ 594.18 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 8,190.20 Lacs (Previous Year ₹ 17,033.05 Lacs) and ₹ 599.88 Lacs (Previous Year ₹ 546.30 Lacs) created for excess sale proceeds recovered under SARFAESI Act, 2002

NOTES FORMING PART OF BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 19

(₹ in Lacs)		
SHORT-TERM LOAN AND ADVANCES	As at March 31, 2016	As at March 31, 2015
(a) Advances to Subsidiaries (Related Party)		
Unsecured, considered good	-	111.48
(b) Others		
(i) Loans and advances to Employees*	205.75	196.36
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,209.60	1,427.48
Doubtful	24.89	24.86
Less: Provision for Doubtful	(24.89)	(24.86)
	1,209.60	1,427.48
(iii) Loan against Public Deposit	3.75	2.40
(iv) Advance tax and tax deducted at source (Net of provision for tax)	-	1,433.32
	1,419.10	3,171.04

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

NOTE 20

(₹ in Lacs)		
OTHER CURRENTS ASSETS	As at March 31, 2016	As at March 31, 2015
(a) Interest Accrued but not due on		
(i) Housing loan	78,360.38	70,103.26
(ii) Investments	465.59	438.32
(iii) Fixed Deposits with Banks	334.80	486.32
(iv) Public deposit	1.11	-
(b) Others	359.14	359.14
	79,521.02	71,387.04

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

NOTE 21

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
REVENUE FROM OPERATIONS		
(a) Interest Income:		
Interest on Loans [Tax deducted at source ₹ 4,207.24 Lacs (Previous year ₹ 3,446.42 Lacs)]	1,225,085.30	1,054,667.50
(b) Other Financial Services:		
Processing Fees and other charges received	20,959.10	17,929.39
Less: Processing Fees and other charges paid	(6,429.84)	(5,662.27)
	14,529.26	12,267.12
	1,239,614.56	1,066,934.62

NOTE 22

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
OTHER INCOME		
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks [Tax deducted at source ₹ 176.55 Lacs (Previous Year ₹ 123.52 Lacs)]	1,450.47	1,204.51
(ii) Interest on Long Term Investments	1,380.99	1,735.99
	2,831.46	2,940.50
(b) Dividend	269.11	66.67
[Includes Dividend on Current Investments & Dividend from Subsidiary amounting to ₹ 0.11 Lacs & ₹ 269.00 Lacs respectively (Previous Year ₹ 0.17 Lacs & ₹ 66.50 Lacs)]		
(c) Profit on sale of Investments (Net) *	4,635.10	8,294.89
(d) Others Non Operating Income		
Miscellaneous Income [Tax deducted at source ₹ 1.21 Lacs (Previous year ₹ 13.64 Lacs)] [Refer Note 27(7)]	1,195.45	1,628.83
	8,931.12	12,930.89
*Profit / (Loss) on sale of Investments		
Highly Liquid Investments	4,635.10	8,513.98
Long Term Investments	-	(219.09)
	4,635.10	8,294.89

NOTE 23

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
FINANCE COSTS		
(a) Interest Expense		
(i) On Term Loans	166,818.00	219,308.61
(ii) On Commercial Papers	8,411.45	1,258.65
(iii) On Debentures / Bonds	724,443.11	590,069.27
(iv) On Public Deposits	27,782.79	17,423.84
(v) Interest payable from Swaps (Net)	2,100.42	1,881.03
(b) Other Borrowing costs		
(i) Other Finance Charges	1,120.04	1,083.18
	930,675.81	831,024.58

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (Contd.)

for the year ended March 31, 2016

NOTE 24

	(₹ in Lacs)	
EMPLOYEE BENEFITS EXPENSE	March 31, 2016	March 31, 2015
(a) Salaries and Bonus	12,135.67	9,923.40
(b) Contributions to Provident & Other Funds	1,457.16	1,632.66
(c) Staff Welfare Expenses	1,441.97	1,374.86
	15,034.80	12,930.92

NOTE 25

	(₹ in Lacs)	
ESTABLISHMENT AND OTHER EXPENSES	March 31, 2016	March 31, 2015
(a) Rent, rates and taxes	3,362.84	2,827.23
(b) Repairs and maintenance - building	86.83	43.87
(c) Repairs and maintenance - others	169.05	141.82
(d) Travelling and conveyance	834.82	765.93
(e) Directors sitting fees	27.35	16.35
(f) Advertisement & Publicity expenses	2,332.02	2,877.61
(g) Competition Prizes & Conference Expenses	674.44	523.02
(h) Printing and stationery	467.21	440.33
(i) Postage, telephones and telex	881.18	930.25
(j) Computer Expenses	593.39	473.60
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 27 (9)]	61.68	59.50
(ii) Other Professional fees	90.72	144.49
(l) Electricity expenses	528.58	525.37
(m) Insurance	11.10	14.06
(n) (Profit) / Loss on sale of Fixed Assets (Net)	(6.25)	(3.33)
(o) Fixed Assets written off	0.05	0.11
(p) Service Charges for Safe Custody of Documents	546.82	493.53
(q) Listing Fees and Payment to Share Transfer Agents	42.06	33.99
(r) Commission and Brokerage	18,302.66	12,796.45
(s) Recovery Expenses (Net)	(308.20)	(322.09)
(t) Contribution towards CSR activities [Refer Note 27 (21)]	1,423.82	400.00
(u) Miscellaneous expenses	739.05	870.90
	30,861.22	24,052.99

NOTE 26

	(₹ in Lacs)	
PROVISIONS / WRITE OFFS (NET)	March 31, 2016	March 31, 2015
(a) Housing loans written off	3,457.95	2,968.45
(b) Provision for diminution in value of investments [Refer Note 27 (5)]	10.80	(327.15)
(c) Provision for Housing Loans	15,056.47	2,707.95
(d) Long term investment written off (Non Trade)	100.22	26.25
(e) Provisions for Contingency [Refer Note 27 (5)]	0.03	(999.77)
Less :		
(f) Housing loans written off recovered	(527.59)	(686.96)
(g) Provisions for Housing Loans written back	(3,451.52)	(2,963.69)
	14,646.36	725.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

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 specified under Section 133 of the Companies Act, 2013 (the Act), read with the Rules 7 of the Companies (Accounting Standard) Rules, 2014, the relevant provisions of the Companies Act, 2013 (to the extent notified), 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.

b. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported balances 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

Tangible

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

Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

e. Depreciation and Amortisation

Depreciation in respect of assets is charged based on the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

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.

Software is amortized on straight line basis over five years.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

g. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – “Accounting for Investments” notified under the relevant provisions of the Act, current investments are carried at lower of cost & 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. The premium paid on acquisition of Investments is written off in the year of purchase.

h. Employee Benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

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.

Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

i. 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 reporting date, 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.

j. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

k. Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

l. 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 in the Statement of Profit and Loss.

m. Taxes on Income

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for Taxes on Income”, notified under the relevant provisions of the Act. 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.

n. 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.

o. 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. Operating 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 principle of surrender of control over the assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 54.25 Lacs (Previous Year ₹ 554.40 Lacs).
- b) Other Commitments: Uncalled liability of ₹ 663.50 Lacs (Previous Year ₹ 3,125.00 Lacs) in respect of commitment made for contribution to LICHL Urban Development Fund by subscription of 50,000 units (Previous Year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 7,848.32 (Previous Year ₹ 3,750/-) each.
2. **Contingent liabilities in respect of :**
 - a) Claims against the Company not acknowledged as debts ₹ 130.19 Lacs (Previous Year ₹ 289.04 Lacs).
 - b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lacs- (including interest of ₹ 20.39 Lacs) for A.Y. 2003-04, ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lacs, ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs) against which ₹ 1,951.62 Lacs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) against which the Company received refund of ₹ 137.47 Lacs for A.Y. 2006-07 and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) for A.Y. 2007-08. 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 ₹ 4,198.16 Lacs (Previous Year ₹ 3,643.06 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 ₹ 5,897.10 Lacs (Previous Year ₹ 3,427.77 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2016.
5. Movement in Provision for contingencies and diminution in the value of investments are as under:
 - a) Provision includes:
 - i. 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, and
 - ii. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

b) The movement in provisions is as below:

(₹ in Lacs)		
Particulars	Provision for untapped corporate undertaking & Doubtful advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	220.54 (1,166.75)	88.85 (88.85)
Add: Top up of Corporate Undertaking / additional provision for doubtful advances	5.78 (90.78)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	45.51 (36.99)	46.66 (-)
Less: Reversal of provision for corporate undertaking	- (1,000.00)	- (-)
Closing balance	180.80 (220.54)	42.19 (88.85)

Figures in bracket are in respect of the previous year.

c) Provision for diminution in the value of investments:

(₹ in Lacs)	
Particulars	Provision for diminution in the value of long term investments
Opening Balance	902.07 (1,229.93)
Add : Provision made during the year	11.15 (165.03)
Less : Write back of provision during the year	0.34 (492.89)
Closing Balance	912.88 (902.07)

Figures in bracket are in respect of the previous year.

- Fixed Deposits with Banks includes earmarked deposits created in favor of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 8,190.20 Lacs (Previous Year ₹ 17,033.05 Lacs). The Company has beneficial interest on the income earned from these deposits.
- Miscellaneous income includes ₹ 4.18 Lacs (Previous Year ₹ 3.39 Lacs) being interest income on staff loans/advances, ₹ 381.37 Lacs (Previous Year ₹ 392.06 Lacs) being gain on unwinding of Interest rate SWAP, ₹ 80.45 Lacs (Previous Year ₹ 98.95 Lacs) being old outstanding and unclaimed amounts written back, Nil (Previous Year ₹ 350.73 Lacs) being interest on income tax refund.
- Temporary Book Overdraft of ₹ 385,305.58 Lacs (Previous Year ₹ 287,159.72 Lacs) represents cheques issued towards disbursements to borrowers for ₹ 383,975.90 Lacs (Previous Year ₹ 286,111.34 Lacs) and cheques issued for payment of expenses of ₹ 1,329.68 Lacs (Previous Year ₹ 1,048.38 Lacs), but not encashed as at March 31, 2016.
- Auditor's Remuneration*:**

(₹ in Lacs)		
Particulars	Current Year	Previous Year
As auditor including Nil (Previous Year ₹ 5.00 Lacs) to Back Office Auditors	35.30	33.33
As advisor or in any other capacity in respect of tax audit	5.40	5.40
For Quarterly Limited Reviews	16.50	16.50
In any other manner (Certification work)	4.30	3.01
For Reimbursements of expenses to Auditors	0.18	1.26
Total	61.68	59.50

* Excluding Service Tax

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

10. Expenditure in Foreign Currencies:

(₹ in Lacs)		
Particulars	Current Year	Previous Year
Travelling Expenses	10.16	4.68
Professional Fees	3.60	3.42
Fees for filing returns and Trade License fees	5.61	4.23
Salary to Overseas Staff	55.56	58.65
Rent for Overseas Staff Residence	21.48	11.27
Flat Annual Fees	28.12	-
Commission	15.48	17.30
Other Expenses	9.43	2.83
Total	149.44	102.38

11. Earnings in Foreign Currencies:

(₹ in Lacs)		
Particulars	Current Year	Previous Year
Processing Fees	22.68	17.30

12. 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.

13. Derivative Instruments:

- (a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 119,600.00 Lacs (Previous Year ₹ 119,600.00 Lacs).
- (b) 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.
- (c) The Company as on March 31, 2016 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 184,600.00 Lacs (Previous Year ₹ 184,600.00 Lacs). The Mark to Market value of all such Swaps as at March 31, 2016 was negative to the extent of ₹ 3,345.39 Lacs (Previous Year ₹ 5,292.11 Lacs).
- (d) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2016 amount to ₹ 2.83 Lacs (Previous Year ₹ 1.16 Lacs).

14. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on (AS-15) – “Employee Benefits” the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Company has recognized ₹ 860.99 Lacs (Previous Year ₹ 747.76 Lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 92.55 Lacs (Previous Year ₹ 22.63 Lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Gratuity Liability

(₹ in Lacs)

Changes in the Benefit Obligation:	2015-16	2014-15
Liability at the Beginning of the year	4,067.73	3,072.47
Interest Cost	323.79	286.05
Current Service Cost	235.69	212.47
Past Service Cost	-	-
Benefit Paid	(52.89)	(21.68)
Actuarial Loss on obligations	60.70	541.18
Liability at the end of the year	4,635.02	4,067.73
Fair Value of the Plan Assets:	2015-16	2014-15
Fair Value of Plan Asset at the beginning of the year	3,144.31	2,705.11
Expected Return on Plan Assets	250.29	235.34
Contributions	2.79	153.72
Benefit paid	(52.89)	(21.68)
Actuarial Gain / (Loss) on Plan Assets	4.91	71.82
Fair value of Plan Assets at the end of the year	3,349.41	3,144.31
Total Actuarial Loss to be Recognized	55.79	446.60
Actual Return on Plan Assets:	2015-16	2014-15
Expected Return on Plan Assets	250.29	235.34
Actuarial Gain / (Loss) on Plan Assets	4.91	71.82
Actual Return on Plan Assets	255.20	307.17
Amount Recognized in the Balance Sheet:	2015-16	2014-15
Liability at the end of the year	(4,635.02)	(4,067.73)
Fair Value of Plan Assets at the end of the year	3,349.41	3,144.31
Amount recognized in the Balance Sheet	(1,285.61)	(923.42)
Expense Recognized in the Statement of Profit and Loss:	2015-16	2014-15
Current Service Cost	235.69	212.47
Interest Cost	73.50	50.70
Expected Return on Plan Assets	-	-
Net Actuarial Loss to be recognized	55.79	446.60
Past Service Cost	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	364.98	709.77
Reconciliation of the Liability recognized in the Balance Sheet:	2015-16	2014-15
Opening Net Liability	923.42	367.36
Expense recognized	364.98	709.77
Contribution by the Company	(2.79)	(153.72)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,285.61	923.42
Assumptions:	2015-16	2014-15
Discount Rate	8.08%	7.96%
Rate of Return on Plan Assets	8.08%	7.96%
Salary Escalation	8.00%	7.00%
Attrition Rate	2.00%	2.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Experience Adjustments:	2015-16	2014-15	2013-14	2012-13	2011-12
On Plan liability (Gains)/Losses	118.35	(11.38)	235.30	285.88	124.29
On Plan Assets (Losses)/Gains	4.91	71.82	15.18	25.23	17.84
Plan Assets					
Insurer Managed Funds*	3,349.41	3,144.31	2,705.11	2,138.61	1,686.87
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

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, 2016 is ₹ 634.80 Lacs (Previous Year ₹ 544.07 Lacs).

Leave Encashment

	(₹ in Lacs)	
Changes in the Benefit Obligation:	2015-16	2014-15
Liability at the Beginning of the year	2,253.79	1,642.57
Interest Cost	179.40	152.92
Current Service Cost	107.53	70.52
Benefit Paid	(58.86)	(5.00)
Actuarial (Gain) / Loss on obligations	160.02	392.78
Liability at the end of the year	2,641.88	2,253.79
Amount Recognized in the Balance Sheet:	2015-16	2014-15
Liability at the end of the year	2,641.88	2,253.79
Fair Value of Plan Assets at the end of the year	-	-
Amount recognized in the Balance Sheet*	(2,641.88)	(2,253.79)
Expense Recognized in the Statement of Profit and Loss:	2015-16	2014-15
Current Service Cost	107.53	70.52
Interest Cost	179.40	152.92
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss to be recognized	160.02	392.78
Expense recognized in the Statement of Profit and Loss under staff expenses	446.95	616.23
Reconciliation of the Liability recognized in the Balance Sheet:	2015-16	2014-15
Opening Net Liability	2,253.79	1,642.57
Expense recognized	446.95	616.23
Contribution/Benefit Paid by the Company	(58.86)	(5.00)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	2,641.88	2,253.79
Assumptions:	2015-16	2014-15
Retirement Age	58 Years	58 Years
Discount Rate	8.08%	7.96%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%

Experience Adjustments:	2015-16	2014-15	2013-14	2012-13	2011-12
On Plan Liability (Gains)/Losses	199.52	42.89	(454.61)	155.57	49.80
On Plan Assets (Losses)/Gains	-	-	-	-	-

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.

*Exclusive of Amount ₹ 28.34 Lacs (Previous Year ₹ 22.14 Lacs) towards additional provision made for LIC employees.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Sick Leave

The Company has recognized ₹ 161.00 Lacs (Previous Year ₹ 458.00 Lacs) in the Statement of Profit and Loss towards sick leave in respect of company employees.

15. 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 and has its operations within India. Accordingly, there are no separate reportable segments, as per the Accounting Standard on 'Segment Reporting' (AS-17) notified under the relevant provisions of the Act.

16. Related Party Disclosure:

a) Names of related parties:

(i) Enterprise having significant influence

Life Insurance Corporation of India

(ii) 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.

(iii) Entity over which control exists

LICHFL Urban Development Fund

(iv) Associate

LIC Nomura Mutual Fund Asset Management Company Ltd. (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)

(v) Key Management Personnel

Ms. Sunita Sharma, MD and Chief Executive Officer

b) Details of transactions and balance at the year end with related parties: (₹ in Lacs)

Related Party	Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India:			
	Issue of non-convertible debentures	575,000.00	200,000.00
	Repayment of non-convertible debentures	131,000.00	25,000.00
	Repayment of Secured loan	6,525.00	9,024.87
	Interest expenses on Secured and Unsecured loans	132,624.85	109,739.84
	Dividend Payment	10,172.12	9,154.91
	Rent Expenses	490.19	454.48
	Reimbursement of Municipal Taxes, etc.	5.00	10.84
	Reimbursement of Electricity Expenses	5.80	29.44
	Payment for Staff training, Conference, etc.	15.74	20.19
	Payments towards Renovation & Repairs Work carried out by them	31.03	8.41
	Reimbursement of Gratuity for staff on deputation from LIC	42.36	26.83
	Balance as at the year-end (Credit)	1,766,897.72	1,373,022.34
LICHFL Care Homes Limited			
	Payment of Expenses	16.22	55.76
	Reimbursement of Expenses	(127.70)	(1.59)
	Balance as at the year-end (Debit)	-	111.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

(₹ in Lacs)			
Related Party	Nature of transactions	Current Year	Previous Year
LICHFL Financial Services Limited			
	Dividend Income	95.00	66.50
	Commission Expenses on Loan Business	1,308.77	600.72
	Commission Expenses on Public Deposit	11.57	2.96
	Payment of Expenses	6.62	5.43
	Reimbursement of Expenses	(6.62)	(5.43)
	Balance as at the year-end (Credit)	445.02	88.95
LICHFL Asset Management Company Limited			
	Dividend Income	174.00	-
	Payment of Expenses	23.29	16.32
	Reimbursement of Expenses	(23.30)	(16.43)
	Balance as at the year-end (Debit)	0.01	-
LICHFL Urban Development Fund			
	Investment	2,461.50	440.00
	Redemption of Investment	412.34	-
	Income from Investment	218.36	617.28
	Investment as at the year-end (Debit)	3,924.16	1,875.00
Ms. Sunita Sharma	Managerial remuneration*	55.11	31.59

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2015-16 has been included.

17. Operating Leases:

The Company has taken various offices and residential premises on cancellable operating lease basis for periods which range from 11 to 180 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 ₹ 2,401.31 Lacs (Previous Year ₹ 2,153.54 Lacs).

In respect of the Non-cancellable leases, the future minimum lease payments are as follows:

(₹ in Lacs)		
Period	March 31, 2016	March 31, 2015
Not later than one year	22.31	63.81
Later than one year but not later than five years	145.50	215.03
Later than five years	57.60	64.51
Total	225.41	343.35

18. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders 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)	166,079.05	138,618.87
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per equity share	₹	32.91	27.47
Face value per equity share	₹	2/-	2/-

19. 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 THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing & Non Housing loans	28,389.07	23,931.09
Provisions for Contingencies	8.62	8.45
Provision for Tapping Corporate Undertaking	53.96	66.51
Unamortized One Time Gain	177.63	304.09
Provision for Employee Benefits	1,594.66	1,243.13
Provision for diminution in value of long term investment	315.93	306.61
(A)	30,539.87	25,859.88
Deferred Tax Liabilities:		
Related to Fixed Assets [Refer Note 10.1]	356.44	152.27
Related to Special Reserve [Refer Note 2.1]	111,273.53	92,605.42
(B)	111,629.97	92,757.69
Net Deferred Tax Assets / (Liability)	[(A)-(B)]	(81,090.10)
		(66,897.81)

21. Corporate Social Responsibility

Establishment and Other expenses includes ₹ 1,423.82 Lacs for the year ended March 31, 2016 (Previous Year ₹ 400.00 Lacs) contribution towards Corporate Social Responsibility(CSR) in accordance with Companies Act, 2013.

Details of CSR spent during the financial year

- Gross amount required to be spent by the company during the year is ₹ 3,540.00 Lacs
- Amount spent during the year on:

(₹ in Lacs)

Sl. No	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	171.37	174.75	346.12
(ii) On purposes other than (i) above	908.69	169.01	1,077.70

- Details of related party transactions as per Accounting Standard (AS-18), "Related Party Disclosures" - Nil
 - An amount of ₹ 343.76 Lacs had been provided for by the company suo-motu as on March 31, 2016 which relates to the projects sanctioned during FY 2015-16 and the disbursement would be done subject to the receipt of a satisfactory field visit report.
22. In accordance with the Payment of Bonus (Amendment) Act, 2015, due to increase in the eligibility and ceiling limit, provision of ₹ 60.95 Lacs has been provided for the year ended March 31, 2016. Further provision of ₹ 4.07 Lacs has been provided in respect of FY 2014-15 as per the said amendment.
23. 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	11,340,331.28	48,586.53	10,290,926.62	43,813.37
Sub-standard assets	12,522.83	1,878.42	4,817.57	722.64
Doubtful assets	26,340.74	16,878.50	27,259.42	15,492.44
Loss assets	2,386.85	2,386.85	1,994.04	1,994.04
Total	11,381,581.70	69,730.30	10,324,997.65	62,022.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

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	1,120,206.21	5,909.44	495,678.05	2,068.78
Sub-standard assets	431.86	64.78	319.40	47.91
Doubtful assets	15,013.95	6,239.68	15,037.95	6,246.46
Loss assets	86.17	86.17	39.79	39.79
Total	1,135,738.19	12,300.07	511,075.19	8,402.94

b. Investment in Kotak Real Estate Venture Fund (₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Standard Assets	1,389.55	912.88	1,389.55	902.07
Total	1,389.55	912.88	1,389.55	902.07

24. 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 (%)	17.04%	15.30%
ii CRAR - Tier I Capital (%)	13.86%	11.82%
iii CRAR - Tier II Capital (%)	3.18%	3.48%

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	4,185,855.64	3,843,587.87
Housing loans more than ₹15 Lacs	7,987,220.02	6,719,391.34
(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	344,244.23	273,093.76
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
(a) Residential (PTC-B)	-	-
(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 THE FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

	(₹ in Lacs)										
	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 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	625	2,542	8,607	30,364	319,475	396,250	436,140	202,912	8,250	-	1,405,165
Market Borrowings	49,572	158,254	93,726	454,039	910,099	2,733,030	2,587,090	753,347	1,948,794	-	9,687,951
Assets											
Advances*	52,358	54,935	68,729	179,110	396,993	1,582,102	1,519,008	1,518,828	2,264,197	47,99,029	12,435,289
Investments**	500	-	-	-	-	102	1,150	3,944	7,269	13,806	26,771

* Net of Provisions

** Net of Investment diminutions

25. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010 during the current year:
 - a. The Company has not been imposed any penalty by National Housing Bank (NHB).
 - b. Observations of National Housing Bank (NHB) have been suitably addressed and compliance has been reported to NHB.
26. The additional Information pursuant to Schedule III to the Companies Act, 2013 are either Nil or Not Applicable.
27. 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 the Board of Directors

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

For **Chokshi & Chokshi LLP**
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

Surya Kumar Roy
Chairman
DIN - 02503135

Debabrata Sarkar
Director
DIN - 02502618

Sunita Sharma
Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

P. Narayanan
CFO

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LIC Housing Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. 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 auditors' judgement, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of the subsidiaries noted below the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its associate as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of any of the subsidiaries, whose financial statements reflect total assets of Rs. 10,208.70 lacs (Previous Year Rs. 9,558.42 lacs) as at March 31, 2016, total revenue of Rs. 3,438.53 lacs (Previous Year Rs. 3,693.21 lacs), and net cash flows amounting to Rs. (-) 51.75 lacs (Previous Year Rs. 832.62 lacs), for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.
- (b) The consolidated financial statements also include the Group's share of profit of Rs. 37.49 lacs (Previous Year loss of Rs. 160.56 lacs) for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

INDEPENDENT AUDITOR'S REPORT

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, none of the directors of any such company is disqualified as on March 31, 2016 from being appointed as a Director of that company in terms of sub section 2 of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' report of the Holding company and its subsidiaries.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the "Other Matters" paragraph:
 - i. The consolidated financial statement disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28(2) to the consolidated financial statements;
 - ii. Provisions has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long- term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

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

Vipul K. Choksi
 Partner
 M.No.037606

Place: Mumbai
 Date: April 18, 2016

For **CHOKSHI & CHOKSHI LLP**
 Chartered Accountants
 FRN -101872W/W100045

Vineet Saxena
 Partner
 M.No.100770

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of **LIC HOUSING FINANCE LIMITED** ("the Holding Company") as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of the Holding Company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and associate company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and specified under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of subsidiary companies in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to subsidiary companies, is based on the corresponding reports of the auditors of such companies.

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

Vipul K. Choksi
Partner
M.No.037606

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN -101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Date: April 18, 2016

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

(₹ in Lacs)			
	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	911,357.69	777,906.35
		921,457.32	788,005.98
Minority Interest		162.96	150.42
Non Current Liabilities			
Long-Term Borrowings	3	9,065,813.59	8,051,855.04
Deferred Tax Liabilities (Net)	4	81,090.10	66,901.03
Other Long-Term Liabilities	5	87,448.16	33,153.25
Long-Term Provisions	6	80,670.18	69,699.03
		9,315,022.03	8,221,608.35
Current Liabilities			
Short-Term Borrowings	7	544,044.21	269,800.96
Trade Payables	8		
(a) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		3,694.25	2,667.76
Other Current Liabilities	9	2,228,097.53	1,943,275.02
Short-Term Provisions	10	46,247.75	37,516.92
		2,822,083.74	2,253,260.66
Total		13,058,726.05	11,263,025.41
ASSETS			
Non-Current Assets			
Fixed Assets	11		
- Tangible Assets		9,734.27	8,398.87
- Intangible Assets		485.05	597.41
- Capital Work in progress		24.54	24.54
Goodwill on Consolidation		20.52	20.52
Non Current Investments	12	26,366.75	22,859.32
Deferred Tax Assets (Net)	13	7.17	0.32
Long Term Loans & Advances	14	13,608.03	12,114.94
Other Non Current Assets	15	532.62	30.31
		50,778.95	44,046.23
Loans	16		
Non-Current Loans		11,765,194.67	10,182,457.57
Current Loans		752,125.22	653,615.27
		12,517,319.89	10,836,072.84
Current Assets			
Current Investments	17	1,671.32	1,284.48
Trade Receivables	18	8,765.69	7,250.80
Cash and Bank Balances	19	398,712.64	299,291.05
Short-Term Loans and Advances	20	1,771.99	3,424.20
Other Current Assets	21	79,705.57	71,655.81
		490,627.21	382,906.34
Total		13,058,726.05	11,263,025.41
Significant Accounting Policies and Notes to Accounts	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.

Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP

Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi

Partner
M.No.037606

Vineet Saxena

Partner
M.No. 100770

Surya Kumar Roy

Chairman
DIN - 02503135

Debabrata Sarkar

Director
DIN - 02502618

Sunita Sharma

Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

P. Narayanan
CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

		(₹ in Lacs)	
	Note No.	March 31, 2016	March 31, 2015
Income			
Revenue from Operations	22	1,241,034.26	1,069,466.52
Other Income	23	9,223.63	13,421.95
Total Revenue		1,250,257.89	1,082,888.47
Expenses			
Finance Costs	24	930,664.27	831,021.61
Employee Benefits Expense	25	16,450.48	13,908.70
Depreciation and Amortisation Expense	11	1,001.42	965.08
Establishment and Other Expenses	26	29,989.64	24,337.34
Provisions / Write offs (Net)	27	14,646.36	725.08
Total Expenses		992,752.17	870,957.81
Profit before Tax		257,505.72	211,930.66
Tax expense			
- Current Tax [Refer Note 28(13)]		76,562.11	58,980.54
- Deferred Tax [Refer Note 28(14)]		14,182.21	13,198.16
Profit after tax (before adjustment of Profit / Loss of associate and minority interest)		166,761.40	139,751.96
Share of Profit / (Loss) of Associate		37.49	(160.56)
Share of Profit of Minority Interest		(29.29)	(30.47)
Profit for the Year		166,769.60	139,560.93
Earnings per equity share [Refer Note 28(12)]			
- Basic and Diluted		33.05	27.65
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

Surya Kumar Roy
Chairman
DIN - 02503135

Debabrata Sarkar
Director
DIN - 02502618

Sunita Sharma
Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

P. Narayanan
CFO

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	(₹ in Lacs)	
Particulars	March 31, 2016	March 31, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit After Tax , Share of Associate & Minority interest	166,769.60	139,560.93
Add : Provision for tax	90,744.32	72,178.70
Add / (Less) : Adjustment for	257,513.92	211,739.63
Depreciation and Amortisation Expenses	1,001.43	965.08
Provisions/ Write offs	14,646.36	724.85
Interest Income on housing loans	(1,228,000.69)	(1,054,667.50)
Interest Expenses	929,555.77	829,941.39
Interest Received on housing loans	1,218,290.67	1,045,038.14
Interest Paid	(837,798.01)	(778,768.15)
Loss on sale of fixed assets (Net)	(6.18)	(3.40)
Fixed assets Written off	0.05	4.97
Old and unclaimed amounts written back	-	(98.95)
Excess provision written back	(10.86)	-
(Profit) / Loss on sale of long term investment	-	219.09
Income from investments	-	(617.28)
Dividend Income from current and long term investment	(0.11)	0.17
Provision for contingency written back	(0.03)	-
Interest on deposits	(398.34)	(387.78)
Profit on sale of Mutual fund	(55.21)	(11.53)
Preliminary exp written off	1.90	2.41
	97,226.75	42,341.51
Operating Profit before Working Capital Changes	354,740.67	254,081.13
Adjustment for:		
(Increase) / Decrease in Other Current Assets	781.38	(8,532.51)
(Increase) / Decrease in Loans & Advance	(337.93)	797.32
Increase / (Decrease) in Liabilities & Provisions	98,746.35	82,004.96
	99,189.80	74,269.77
Cash generated from Operations	453,930.47	328,350.91
Direct taxes Paid	(73,696.47)	(58,622.22)
Net Cash from operations	380,234.00	269,728.68
Increase in Housing Loans	(1,684,177.41)	(1,704,265.43)
Net Cash used in operating activities (A)	(1,303,943.41)	(1,434,536.75)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	1,663.81	1,531.33
Purchase of Investments	(5,601.99)	(6,458.67)
Purchase of Fixed Assets	(2,225.73)	(1,850.68)
Sale of Fixed Assets	7.38	3.77
Dividend Income from current and long term investment	0.11	(0.17)
Income/(Loss) from investments	-	617.28
Interest on Deposits	398.34	387.78
Net Cash used in Investing Activities (B)	(5,758.08)	(5,769.36)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Secured Loans (Net)	1,233,445.11	1,327,278.09
Proceeds from Unsecured Loans (Net)	206,484.87	122,350.71
Dividend Paid	(25,105.72)	(22,589.50)
Transfer to Investor Protection Fund	(53.34)	(46.38)
Dividend Tax Paid	(5,046.68)	(3,859.57)
Increase in minority Interest	29.29	30.47
Net Cash generated from Financing Activities (C)	1,409,753.53	1,423,163.82
Net Increase in Cash and Cash Equivalents (A+B+C)	100,052.04	(17,142.28)
Cash and cash equivalents at the beginning of the year	277,332.64	294,474.92
Cash and cash equivalents at the end of the year (Refer Note No.1)	377,384.68	277,332.64
Net Increase in Cash and Cash Equivalents	100,052.04	(17,142.28)
Notes:		
1 Cash & Cash Equivalent includes:		
Balance with banks*	113,055.35	71,600.45
Cheques,drafts on hand	10,804.27	13,501.36
Cash on hand	2,407.11	539.19
Investment in Mutual Fund Units (Highly liquid)	251,117.95	191,691.64
Total Cash & Cash Equivalent	377,384.68	277,332.64
*Balance with Banks includes unclaimed dividend of ₹ 668.49 Lacs (Previous Year ₹ 594.17 Lacs)		
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 the relevant provisions of the Companies Act, 2013	

As per our attached report of even date

For and on behalf of the Board of Directors

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

For **Chokshi & Chokshi LLP**
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

Surya Kumar Roy
Chairman
DIN - 02503135

Debabrata Sarkar
Director
DIN - 02502618

Sunita Sharma
Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

P. Narayanan
CFO

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

as at March 31, 2016

NOTE 1

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
SHARE CAPITAL		
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous Year 750,000,000 Equity Shares of ₹ 2/- each)	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 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 number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	504,663,000	10,093.26

Note.1(b): Forfeited Shares

	(₹ in Lacs)	
Particulars	As at March 31, 2016	As at March 31, 2015
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

NOTE 2

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
RESERVES AND SURPLUS		
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
As per last Balance Sheet	172,108.55	172,108.55
(c) Special Reserve - I		
In terms of section 36(1)(viii) of Income Tax, 1961 and Section 29C of National Housing Bank (NHB) Act, 1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00
(d) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	11.00	10.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	272,438.01	233,939.01
Total	272,449.01	233,949.01

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

RESERVES AND SURPLUS	As at March 31, 2016	As at March 31, 2015
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the NHB Act, 1987	1.00	1.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	49,999.00	38,499.00
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	12.00	11.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	322,437.01	272,438.01
Total	322,449.01	272,449.01
(e) General Reserve		
Opening Balance	233,445.06	203,418.26
Add: Transfer during Current Year	40,001.52	30,026.80
Closing Balance	273,446.58	233,445.06
(f) Surplus in the Statement of Profit and Loss		
Opening balance	95,957.79	135,066.63
Add: Net Profit for the current year	166,769.60	139,560.93
Less: Appropriations		
Proposed Dividend	27,756.69	25,233.37
Tax on Dividend	5,568.43	5,046.69
Transfer to General Reserve	40,000.00	30,028.32
Transfer to Special Reserve - II	49,999.00	38,499.00
Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	1.00	1.00
Adjustment relating to Deferred tax on Special Reserve * (Refer Note 2.1)	-	79,519.27
Adjustment relating to Fixed Assets	-	332.22
Share of minority in proposed dividend	(5.34)	9.89
Closing Balance	139,407.61	95,957.79
	911,357.69	777,906.35

Note 2.1

As per the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at April 01, 2014 created under section 36(1)(viii) of the Income-tax Act, 1961

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 3

(₹ in Lacs)				
LONG TERM BORROWINGS	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures	6,920,600.00	1,197,000.00	5,695,500.00	971,000.00
(b) Zero Coupon Debentures	322,700.00	140,000.00	302,600.00	42,600.00
(c) Term loans				
From Banks (Rupee Term Loan)	1,043,552.38	79,113.10	1,329,814.14	177,452.38
From Banks (Foreign Currency Term Loan)	50,000.00	-	50,000.00	-
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	1,775.00	4,275.00	6,050.00	6,525.00
(e) Other loans and advances				
National Housing Bank (Refinance)	253,827.16	49,993.62	281,620.78	61,271.87
Security :				
Negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after Sept.26, 2001.				
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds	100,000.00	-	100,000.00	50,000.00
(ii) Upper Tier II Bonds	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposits	223,359.05	12,877.45	136,270.12	22,681.74
	9,065,813.59	1,483,259.17	8,051,855.04	1,331,530.99

NOTE 4

(₹ in Lacs)		
DEFERRED TAX LIABILITIES	As at	
	March 31, 2016	March 31, 2015
Deferred tax asset	30,539.87	25,859.89
Deferred Tax liability	(111,629.97)	(92,760.92)
Net Deferred Tax Liability	(81,090.10)	(66,901.03)

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 5

(₹ in Lacs)		
OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	316.39	513.27
(b) Sundry Deposit Repayable	925.68	918.23
(c) Interest Accrued but not due on Borrowings	36,099.70	11,137.47
(d) Premium payable on redemption of Debentures	50,106.39	20,584.28
	87,448.16	33,153.25

NOTE 6

(₹ in Lacs)		
LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
(a) Provision for Employee Benefits [Refer Note 28(8) & 28 (18)]	3,283.53	2,739.82
Less : Current maturities of Long term employee benefits	109.46	134.09
	3,174.07	2,605.73
(b) Others		
(i) Provision for Contingencies [Refer Note 28(5)]	155.91	195.68
(ii) Provision for Housing loans	76,394.61	65,968.06
(iii) Provision for Diminution in the value of Investment [Refer Note 12 & 28(5)]	912.88	902.07
(iv) Provision for Property Tax	27.49	27.49
(v) Provision for Taxation	5.22	-
	80,670.18	69,699.03

NOTE 7

(₹ in Lacs)		
SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
Secured		
(a) Loans repayable on demand:		
Line of Credit from Banks	282,500.00	187,456.98
Security :		
Negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31 st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31 st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after 26 th Sept. 2001.		
Unsecured		
(a) Public Deposits	145,289.82	82,343.98
(b) Commercial Paper [Refer Note 7.1]	116,254.39	-
	544,044.21	269,800.96

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

Note - 7.1

Commercial Papers of the Company have a Maturity value of ₹ 117,500 Lacs (Previous Year ₹ Nil)

NOTE 8

	(₹ in Lacs)	
TRADE PAYABLES	As at March 31, 2016	As at March 31, 2015
(a) Micro Enterprises and Small Enterprises	-	-
(b) Others	3,694.25	2,667.76
	3,694.25	2,667.76

NOTE 9

	(₹ in Lacs)	
OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current maturities of Long-Term Debt (Refer Note 3)	1,483,259.17	1,331,530.99
(b) Current maturities of long term employee benefits	109.46	134.09
(c) Interest accrued but not due on loans and public deposits	335,549.91	301,486.17
(d) Premium payable on redemption of Debentures	8,018.79	4,880.66
(e) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	196.87	381.37
(f) Payable on account of Swap		
Floating interest rate payable on Swap	10,746.46	10,684.55
Fixed interest rate receivable on Swap	(9,905.04)	(9,914.68)
	841.42	769.87
(g) Unpaid Dividends	668.49	594.18
(h) Unpaid Deposits	513.05	908.94
(i) Statutory Dues Payable	1,371.97	688.16
(j) Payable to related parties [Refer Note 28(10)]	170.99	3,338.65
(k) Other Payables	12,091.83	11,402.22
(l) Temporary Book Overdraft	385,305.58	287,159.72
	2,228,097.53	1,943,275.02

NOTE 10

	(₹ in Lacs)	
SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
(a) Provision for Employee Benefits [Refer Note 28(8) & 28(18)]	4,305.36	2,624.58
(b) Others		
(i) Provision for Taxation	2,939.57	66.32
(ii) Proposed Dividend	27,756.47	25,233.15
(iii) Tax on Dividend	5,568.40	5,046.65
(iv) Provision for Housing Loans	5,635.76	4,457.37
(v) Provision for Contingencies [Refer Note 28(5)]	42.19	88.85
	46,247.75	37,516.92

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.) as at March 31, 2016

Note 11 - FIXED ASSET											(₹ in Lacs)
Particulars	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION				NET BLOCK		
	As at April 01, 2015	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2016	Upto March 31, 2015	For the Year	Depreciation adjusted to Retained Earnings	Deductions / Adjustments	As at March 31, 2016	As at March 31, 2015	
Tangible Assets											
Freehold Land	541.74	-	-	541.74	-	-	-	-	541.74	541.74	
	541.74	-	-	541.74	-	-	-	-	541.74	541.74	
Buildings	6,383.71	1,485.00	-	7,868.71	478.92	118.40	-	-	597.32	5,904.78	
	6,283.04	100.67	-	6,383.71	379.07	99.86	-	-	478.93	5,903.97	
Leasehold Improvements	1,298.12	83.90	35.54	1,346.48	1,055.62	77.56	-	35.53	1,097.65	242.50	
	1,322.20	51.32	75.40	1,298.12	1031.88	87.98	10.97	75.21	1,055.62	290.32	
Furniture & Fixtures	1,079.39	62.19	63.10	1,078.48	907.19	54.38	-	63.06	898.51	172.20	
	1,100.54	32.11	53.26	1079.39	775.20	81.82	98.30	48.13	907.19	325.34	
Vehicles	77.63	-	10.69	66.94	34.34	10.90	-	10.17	35.07	43.29	
	58.93	18.76	0.06	77.63	18.09	16.29	0.02	0.06	34.34	40.84	
Office Equipments	875.91	113.48	119.58	869.81	704.79	71.07	-	119.12	656.74	171.12	
	856.15	69.32	49.56	875.91	385.90	105.45	262.92	49.48	704.79	470.25	
Others											
Computers	3,985.95	377.45	290.24	4,073.16	2,662.71	453.04	-	289.99	2,825.76	1,323.24	
	2,807.46	1,229.03	50.54	3,985.95	2,176.95	409.44	126.92	50.60	2,662.71	630.51	
Total	14,242.45	2,122.02	519.15	15,845.32	5,843.57	785.35	-	517.87	6,111.05	8,398.87	
	12,970.06	1501.21	228.82	14,242.45	4,767.09	800.84	499.13	223.48	5,843.58	8,398.87	
Intangible Assets											
Software License	2,009.25	103.71	-	2,112.96	1,411.84	216.07	-	-	1,627.91	597.41	
	1,659.78	349.47	-	2,009.25	1,247.30	164.24	0.30	-	1,411.84	412.48	
Total	2,009.25	103.71	-	2,112.96	1,411.84	216.07	-	-	1,627.91	597.41	
	1,659.78	349.47	-	2,009.25	1,247.30	164.24	0.30	-	1,411.84	597.41	
Capital Work In Progress											
	24.54	-	-	24.54	-	-	-	-	-	24.54	
	24.54	-	-	24.54	-	-	-	-	-	24.54	
Total	24.54	-	-	24.54	-	-	-	-	-	24.54	
	24.54	-	-	24.54	-	-	-	-	-	24.54	
Grand Total	16,276.24	2,225.73	519.15	17,982.82	7255.41	1001.42	-	517.87	7,738.96	9,020.82	
Previous Year	14,654.38	1,850.68	228.82	16,276.24	6014.39	965.08	499.43	223.48	7,255.42	9,020.82	

Figures in bold represents current year numbers

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 12

		(₹ in Lacs)	
NON CURRENT INVESTMENTS		As at March 31, 2016	As at March 31, 2015
Other Non-trade Investments			
<i>(Long Term Investments)(At Cost)</i>			
(a) Investments in Equity instruments		110.16	110.16
(b) Investments in Government Securities		17,853.85	16,433.07
(c) Investment in Associate			
LIC Nomura Mutual Fund Asset Management Company Ltd.		220.00	220.00
Add: Adjustment for post-acquisition share of Profit		1,863.74	1,826.25
		2,083.74	2,046.25
(d) Other non-current investments			
(i) Real Estate Venture Fund		6,319.00	4,269.84
		26,366.75	22,859.32
Aggregate amount of quoted investments	Book Value	17,853.85	16,433.07
	At Market Value	18,435.62	16,783.56
Aggregate amount of unquoted investments	Book Value	8,512.90	6,426.25
Aggregate provision for diminution in value of investments (Refer Note 6)		912.88	902.07

NOTE 13

		(₹ in Lacs)	
DEFERRED TAX ASSETS (NET) [Refer Note 28(14)]		As at March 31, 2016	As at March 31, 2015
(a) Deferred tax assets		7.17	0.32
		7.17	0.32

NOTE 14

		(₹ in Lacs)	
LONG TERM LOANS AND ADVANCES		As at March 31, 2016	As at March 31, 2015
<i>Unsecured, considered good</i>			
(a) Capital Advance		137.91	233.11
(b) Security Deposits		797.28	711.09
(c) Loan against Public Deposit		58.17	12.47
(d) Advances to employees		349.16	344.41
(e) Advance tax and tax deducted at source (Net of provision for tax)		4,320.15	2,868.50
(f) Tax Paid under Protest		7,945.36	7,945.36
		13,608.03	12,114.94

NOTE 15

		(₹ in Lacs)	
OTHER NON CURRENT ASSETS		As at March 31, 2016	As at March 31, 2015
(a) Fixed Deposit with Bank		471.15	-
(b) Interest Accrued on Fixed Deposits with Banks		31.13	-
(c) Interest Accrued on Advance against Public Deposit		5.09	3.65
(d) Others		25.25	26.66
		532.62	30.31

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 16

LOANS (SECURED) [Refer Note 28(3)]	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
(a) Individuals	11,526,192.25	646,883.41	10,007,806.18	555,172.89
(b) Others	239,002.42	105,241.81	174,651.39	98,442.38
	11,765,194.67	752,125.22	10,182,457.57	653,615.27

NOTE 17

CURRENT INVESTMENTS	No. of Shares / Units		As at	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
At Lower of cost or market value				
(a) Investment in Equity instruments				
Aptech Limited (Face Value of ₹ 10 each)	4,134.00	4,134.00	2.39	2.38
(b) Investment in Mutual Funds - Highly liquid investments			250,959.90	191,646.32
Less: Considered as cash and cash equivalents (Refer Note 19)			(249,790.97)	(190,364.22)
(c) Investment in Government Securities *				
7.59% Government of India Stock 2016	500,000.00	-	500.00	-
			1,671.32	1,284.48
		Book Value	508.47	8.47
		At Market Value	502.59	22.35

NOTE 18

TRADE RECEIVABLES	As at	
	March 31, 2016	March 31, 2015
Secured considered good		
(a) For a period exceeding six months	-	-
(b) Others		
(i) Interest Accrued and Due on Housing Loans	8,539.06	6,961.91
(ii) Others	226.63	288.89
	8,765.69	7,250.80

NOTE 19

CASH AND BANK BALANCES	As at	
	March 31, 2016	March 31, 2015
(a) Cash and Cash Equivalents		
Balance with Banks*	113,055.35	71,600.45
Cheques, drafts on hand	10,804.27	13,501.36
Cash on hand	2,407.11	539.19
Mutual Fund - Highly Liquid Investments (Refer Note 17)	251,117.95	191,691.64
(b) Other Bank Balances		
Fixed Deposits with Banks**	13,268.41	21,958.41
Certificate of deposit with banks	8,059.55	-
	398,712.64	299,291.05

*Balance with Banks includes unclaimed dividend of ₹ 668.49 Lacs (Previous Year ₹ 594.18 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 8,190.20 Lacs (Previous Year ₹ 17,033.05 Lacs) and ₹ 599.88 Lacs (Previous Year ₹ 546.30 Lacs) created for excess sale proceeds recovered under SARFAESI Act, 2002.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (Contd.)

as at March 31, 2016

NOTE 20

(₹ in Lacs)		
SHORT-TERM LOAN AND ADVANCES	As at March 31, 2016	As at March 31, 2015
Others		
(i) Loans and advances to Employees	207.33	198.81
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,548.39	1,771.54
Doubtful	24.89	24.86
Less: Provision for Doubtful	(24.89)	(24.86)
	1,548.39	1,771.54
(iii) Loan against Public Deposit	3.75	2.40
(iv) Advance tax and tax deducted at source (Net of provision for tax)	12.52	1,451.45
	1,771.99	3,424.20

NOTE 21

(₹ in Lacs)		
OTHER CURRENTS ASSETS	As at March 31, 2016	As at March 31, 2015
(a) Interest Accrued but not due on		
(i) Housing loan	78,360.37	70,103.26
(ii) Investments	465.59	438.32
(iii) Fixed Deposits with Banks	518.07	750.77
(iv) Public deposit	1.11	-
(b) Others	360.43	361.56
(c) Preliminary Expenses	-	1.90
	79,705.57	71,655.81

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

NOTE 22

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
REVENUE FROM OPERATIONS		
(a) Interest Income:		
Interest on Loans [Tax deducted at source ₹ 4207.24 Lacs (Previous year ₹ 3446.42 Lacs)]	1,225,085.30	1,054,667.50
(b) Other Financial Services:		
(i) Processing Fees and other charges received	20,959.10	17,929.39
Less: Processing fees and other charges paid	(6,429.84)	(5,662.27)
	14,529.26	12,267.12
(ii) Other operating income	28.59	2,531.90
(iii) Fund Establishment & Management fees	1,391.11	-
	1,241,034.26	1,069,466.52

NOTE 23

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
OTHER INCOME		
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks [Tax deducted at source ₹ 188.46 Lacs (Previous Year at source ₹ 149.09 Lacs)]	1,848.82	1,592.29
(ii) Interest on Long Term Investments	1,380.99	1,735.99
	3,229.81	3,328.28
(b) Dividend	0.11	0.17
(c) Profit on sale of Investments (Net) *	4,786.84	8,410.33
(d) Others Non Operating Income		
(i) Miscellaneous Income [Tax deducted at source ₹ 1.21 Lacs (Previous year ₹ 13.64 Lacs)]	1,196.01	1,677.87
(ii) Interest received on mobilisation of advance	-	5.30
(e) Excess provision written back	10.86	-
	9,223.63	13,421.95
*Profit on sale of Investments		
Highly Liquid Investments	4,786.84	8,629.42
Long Term Investments	-	(219.09)
	4,786.84	8,410.33

NOTE 24

	(₹ in Lacs)	
	March 31, 2016	March 31, 2015
FINANCE COSTS		
(a) Interest Expense		
(i) On Terms Loan	166,818.00	219,308.61
(ii) On Commercial Papers	8,411.45	1,258.65
(iii) On Debentures / Bonds	724,443.11	590,069.27
(iv) On Public Deposits	27,782.79	17,423.84
(v) Interest payable from Swaps (Net)	2,100.42	1,881.03
(b) Other Borrowing costs		
(i) Other Finance Charges	1,108.50	1,080.21
	930,664.27	831,021.61

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS (Contd.) for the year ended March 31, 2016

NOTE 25

	(₹ in Lacs)	
EMPLOYEE BENEFITS EXPENSE	March 31, 2016	March 31, 2015
(a) Salaries and Bonus	13,416.62	10,818.04
(b) Contributions to Provident & Other Funds	1,539.09	1,679.64
(c) Staff Welfare Expenses	1,494.77	1,411.02
	16,450.48	13,908.70

NOTE 26

	(₹ in Lacs)	
ESTABLISHMENT AND OTHER EXPENSES	March 31, 2016	March 31, 2015
(a) Rent, rates and taxes	3,590.53	3,043.55
(b) Repairs and maintenance - building	86.83	43.87
(c) Repairs and maintenance - others	186.25	155.99
(d) Travelling and conveyance	881.48	803.81
(e) Directors sitting fees	31.54	20.16
(f) Advertisement & Publicity expenses	2,445.87	2,880.95
(g) Competition Prizes & Conference Expenses	703.42	543.45
(h) Printing and stationery	477.84	448.21
(i) Postage, telephones and telex	892.71	943.80
(j) Computer Expenses	603.55	473.59
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 28(6)]	66.48	63.47
(ii) Other Professional fees	118.77	174.04
(l) Electricity expenses	535.11	530.93
(m) Insurance	14.82	17.15
(n) (Profit) / Loss on sale of Fixed Assets (Net)	(6.18)	(2.87)
(o) Fixed Assets written off	0.05	4.96
(p) Service Charges for Safe Custody of Documents	546.82	493.53
(q) Listing Fees and Payment to Share Transfer Agents	42.06	33.99
(r) Commission and Brokerage	16,856.88	12,195.73
(s) Contribution towards CSR activities [Refer Note 28(17)]	1,445.82	415.12
(t) Recovery Expenses (Net)	(308.20)	(322.09)
(u) Construction / Project Expenses	20.35	480.02
(v) Preliminary Expenses written off	1.90	2.41
(w) Miscellaneous expenses	754.94	893.57
	29,989.64	24,337.34

NOTE 27

	(₹ in Lacs)	
PROVISIONS / WRITE OFFS (NET)	March 31, 2016	March 31, 2015
(a) Housing loans written off	3,457.95	2,968.45
(b) Provision for diminution in value of investments [Refer Note 28 (5)]	10.80	(327.15)
(c) Provision for Housing Loans	15,056.47	2,707.95
(d) Long term investment written off (Non Trade)	100.22	26.25
(e) Provisions for Contingency [Refer Note 28 (5)]	0.03	(999.77)
Less :		
(f) Housing loans written off recovered	(527.59)	(686.96)
(g) Provisions for Housing Loans written back	(3,451.52)	(2,963.69)
	14,646.36	725.08

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE: 28

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 relevant provision of the Companies Act, 2013 (the Act).
 - 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 relevant provision of the Act.
 - c) The difference between the cost of investment in the subsidiaries / associate and the share of net assets at the time of acquisition of shares in the subsidiaries / associate 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 a subsidiary, LICHFL Care Homes Limited 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, 2016. 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 relevant provision of the Act, 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 relevant provision of the Act.

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 Limited	Subsidiary	100.00%	100.00%	India
LICHFL Financial Services Limited	Subsidiary	100.00%	100.00%	India
LICHFL Asset Management Company Limited (Formerly known as LICHFL Asset Management Company Private Limited)	Subsidiary	94.62%	94.62%	India
LICHFL Trustee Company Private Limited	Subsidiary	100.00%	100.00%	India
LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Limited)	Associate	20.00 %	20.00 %	India

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.) for the year ended March 31, 2016

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 specified under Section 133 of the Companies Act, 2013 (the Act), read with the Rules 7 of the Companies (Accounting Standard) Rules, 2014, the relevant provisions of the Companies Act, 2013 (to the extent notified), 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.

b. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported balances 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 there exists reasonable certainty of its recovery.

- a) Income from services is recognized on completion of the works/contract.
- b) 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.
- c) 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

Tangible

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

Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

e. Depreciation and Amortisation

Depreciation in respect of assets is charged based on the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

Cost of leasehold improvements is amortized over the period of the lease.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.) for the year ended March 31, 2016

Depreciation on assets whose cost individually does not exceed upto ₹ 5,000/- is fully provided in the year of purchase.

Software is amortised on straight line basis over five years.

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. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – "Accounting for Investments" notified under the relevant provisions of the Act, current investments are carried at lower of cost & 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. The premium paid on acquisition of Investments is written off in the year of purchase.

h. Employee Benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

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.

Short-term employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

i. 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 reporting date, 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

j. 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.

k. Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

l. 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 in the Statement of Profit and Loss.

m. Taxes on Income

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – "Accounting for taxes on income", notified under the relevant provisions of the Act. 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.

n. 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.

o. 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. Operating 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 principle of surrender of control over the assets.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.) for the year ended March 31, 2016

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) are ₹ 2,178.25 Lacs (Previous Year ₹ 2,682.54 Lacs).
- b) Other Commitments: Uncalled liability of ₹ 663.50 Lacs (Previous Year ₹ 3,125 Lacs) in respect of commitment made for contribution to LICHFL Urban development fund by subscription of 50,000 units (previous year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 7,848.32/- (previous year ₹ 3,750/-) each.
2. **Contingent liabilities in respect of :**
 - a) Claims against the group not acknowledged as debts ₹ 130.19 Lacs (Previous Year ₹ 289.04 Lacs).
 - b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lacs (including interest of ₹ 20.39 Lacs) for A.Y. 2003-04, ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lacs, ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs) against which ₹ 1,951.62 Lacs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) against which the Company received refund of ₹ 137.47 Lacs for A.Y. 2006-07 and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) for A.Y. 2007-08. 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.

During the year LICHFL Financial Services Ltd. has received a demand of Interest of ₹ 33.70 Lacs (Previous Year Nil) for the AY 2013-14. The company is in process to file a rectification letter for the same.
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 ₹ 4,198.16 Lacs (Previous year ₹ 3,643.06 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 ₹ 5,897.10 Lacs (Previous year ₹ 3,427.77 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2016.
5. Movement in Provision for contingencies and diminution in the value of investments are as under:
 - a. Provision includes:
 - i. 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, and
 - ii. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

b. The movement in provisions is as below:

(₹ In Lacs)		
Particulars	Provision for untapped corporate undertaking & Doubtful advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	220.54 (1,166.75)	88.85 (88.85)
Add: Top up of Corporate Undertaking / additional provisional for doubtful advances	5.78 (90.78)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	45.51 (36.99)	46.66 (-)
Less: Reversal of provision for corporate undertaking	- (1,000)	- (-)
Closing balance	180.80 (220.54)	42.19 (88.85)

Figures in bracket are in respect of the previous year.

c) Provision for diminution in the value of investments:

(₹ In Lacs)	
Particulars	Provision for diminution in the value of long term investments
Opening Balance	902.07 (1,229.93)
Add : Provision made during the year	11.15 (165.03)
Less : Write back of provision during the year	0.34 (492.89)
Closing Balance	912.88 (902.07)

Figures in bracket are in respect of the previous year.

6. Auditor's Remuneration:

(₹ In Lacs)		
Particulars	Current Year	Previous Year
As auditor including Nil (Previous Year ₹5.00 Lacs) to Back Office Auditors	38.74	36.26
As advisor or in any other capacity in respect of tax audit	6.35	6.22
For Quarterly Limited Reviews	16.50	16.50
In any other manner (Certification work)	4.63	3.17
For Reimbursements of expenses to Auditors	0.26	1.32
Total	66.48	63.47

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.) for the year ended March 31, 2016

7. Derivative Instruments:

- Interest Rate Swaps for hedging underlying liability aggregate to ₹ 119,600.00 Lacs (Previous year ₹ 119,600.00 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, 2016 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 184,600.00 Lacs (Previous year ₹ 184,600.00 Lacs). The Mark to Market value of all such Swaps as at March 31, 2016 was negative to the extent of ₹ 3,345.39 Lacs (Previous Year ₹ 5,292.11 Lacs).
- Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2016 amount to ₹ 2.83 Lacs (Previous year ₹ 1.16 Lacs).

8. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on Employee Benefits (AS-15), the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Company has recognized ₹ 911.51 Lacs (Previous Year ₹ 782.33 Lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 111.09 Lacs (previous year ₹ 25.95 Lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Gratuity Liability	(₹ In Lacs)	
Changes in the Benefit Obligation:	2015-16	2014-15
Liability at the Beginning of the year	4,086.26	3,086.33
Interest Cost	325.65	287.66
Current Service Cost	241.62	217.36
Past Service Cost	-	-
Benefit Paid	(54.67)	(21.68)
Actuarial Loss on obligations	61.64	539.35
Liability at the end of the year	4,660.50	4,086.26
Fair Value of the Plan Assets:	2015-16	2014-15
Fair Value of Plan Asset at the beginning of the year	3,155.46	2,710.14
Expected Return on Plan Assets	251.27	235.86
Contributions	12.93	158.72
Benefit paid	(54.67)	(21.68)
Actuarial Gain / (Loss) on Plan Assets	4.41	72.42
Fair value of Plan Assets at the end of the year	3,369.41	3,155.46
Total Actuarial Loss to be Recognized	57.23	449.03
Actual Return on Plan Assets:	2015-16	2014-15
Expected Return on Plan Assets	251.27	235.86
Actuarial Gain / (Loss) on Plan Assets	4.41	72.42
Actual Return on Plan Assets	255.69	308.29

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Amount Recognized in the Balance Sheet:	2015-16	2014-15
Liability at the end of the year	(4,660.50)	(4,086.26)
Fair Value of Plan Assets at the end of the year	3,369.41	3,155.46
Amount recognized in the Balance Sheet	(1,291.09)	(930.80)

Expense Recognized in the Statement of Profit and Loss :	2015-16	2014-15
Current Service Cost	241.62	217.36
Interest Cost	75.36	52.31
Expected Return on Plan Assets	(0.98)	(0.52)
Net Actuarial Loss to be recognized	57.23	444.17
Past Service Cost	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	373.23	713.31

Reconciliation of the Liability recognized in the Balance Sheet:	2015-16	2014-15
Opening Net Liability	930.80	376.19
Expense recognized	373.20	713.31
Contribution by the Company	(12.93)	(158.72)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,291.10	930.79

Assumptions:	2015-16	2014-15
Discount Rate	8.08% / 7.85%	7.96% / 8.05%
Rate of Return on Plan Assets	8.08% / 8.00%	7.96% / 8.00%
Salary Escalation	8.00% / 7.00%	7.00% / 7.00%
Attrition Rate	2.00%	2.00%

Experience Adjustments:	2015-16	2014-15	2013-14	2012-13	2011-12
On Plan liability (Gains)/Losses	118.35	(14.59)	235.65	285.88	124.29
On Plan Assets (Losses)/Gains	4.91	72.42	15.18	25.23	17.84
Plan Assets					
Insurer Managed Funds*	3,349.41	3,155.46	2,710.14	2,138.61	1,686.87
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

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, 2016 is ₹ 634.80 Lacs (Previous Year ₹ 549.07 Lacs).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Leave Encashment		(₹ In Lacs)				
Changes in the Benefit Obligation:		2015-16		2014-15		
Liability at the Beginning of the year		2,253.79		1,642.57		
Interest Cost		179.40		152.92		
Current Service Cost		107.53		70.52		
Benefit Paid		(58.86)		(5.00)		
Actuarial (Gain) / Loss on obligations		160.02		392.78		
Liability at the end of the year		2,641.88		2,253.79		
Amount Recognized in the Balance Sheet:		2015-16		2014-15		
Liability at the end of the year		2,641.88		2,253.79		
Fair Value of Plan Assets at the end of the year		-		-		
Amount recognized in the Balance Sheet*		(2,641.88)		(2,253.79)		
Expense Recognized in the Statement of Profit and Loss:		2015-16		2014-15		
Current Service Cost		107.53		70.52		
Interest Cost		179.40		152.92		
Expected Return on Plan Assets		-		-		
Net Actuarial (Gain) / Loss to be recognized		160.02		392.78		
Expense recognized in the Statement of Profit and Loss under staff expenses		446.95		616.23		
Reconciliation of the Liability recognized in the Balance Sheet:		2015-16		2014-15		
Opening Net Liability		2,253.79		1,642.57		
Expense recognized		446.95		616.23		
Contribution/Benefit Paid by the Company		(58.86)		(5.00)		
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”		2,641.88		2,253.79		
Assumptions:		2015-16		2014-15		
Retirement Age		58 Years		58 Years		
Discount Rate		8.08%		7.96%		
Salary Escalation		8.00%		8.00%		
Attrition Rate		2.00%		2.00%		
Experience Adjustments:		2015-16	2014-15	2013-14	2012-13	2011-12
On Plan Liability (Gains)/Losses		199.52	42.89	(454.61)	155.57	49.80
On Plan Assets (Losses)/Gains		-	-	-	-	-

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.

*Exclusive of Amount ₹ 28.34 Lacs (Previous Year ₹ 22.14 Lacs) towards additional provision made for LIC employees.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Sick Leave

The Company has recognized ₹ 161.00 Lacs (Previous Year ₹ 458.00 Lacs) in the Statement of Profit and Loss towards sick leave in respect of company employees.

9. 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) Rules, 2006, and hence, segment information for business and geographical segments has not been disclosed.

10. Related Party Disclosure:

a) Details of related parties:

(i) Enterprise having significant influence

Life Insurance Corporation of India

(ii) Entity over which control exists

LICHFL Urban Development Fund

(iii) Associate

LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)

(iv) Key Management Personnel

Ms. Sunita Sharma, MD and Chief Executive Officer

b) Details of transactions with related parties:

Related Party	Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India:			
	Issue of non-convertible debentures	575,000.00	200,000.00
	Repayment of non convertible debentures	131,000.00	25,000.00
	Repayment of Secured loan	6,525.00	9,024.87
	Interest expenses on Secured and Unsecured loans	132,624.86	109,739.84
	Dividend Payment	10,182.01	9,154.91
	Advertisement Income received	-	1.22
	Rent Expenses	490.19	454.48
	Reimbursement of Municipal Taxes, etc.	5.00	10.84
	Reimbursement of Electricity Expenses	5.80	29.44
	Payment for Staff training, Conference, etc.	15.74	20.19
	Payments towards Renovation & Repairs	31.03	8.41

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

Reimbursement of Expenses	9.92	4.15
Reimbursement of Gratuity for staff on deputation from LIC	42.36	26.83
Year-end Balance (Credit)	1,766,897.72	1,373,022.14
LICHFL Urban Development Fund		
Investment	2,461.50	440.00
Redemption of Investment	412.34	-
Trusteeship Fees	5.00	5.00
Income from investment	218.36	617.28
Reimbursement of expenses	0.78	-
Investment as at the year-end (Debit)	3,924.16	1,880.29
Ms. Sunita Sharma		
Managerial remuneration*	55.11	31.59

*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. However payment made during the year is included in the above figures.

11. Operating Leases:

The Company has taken various offices and residential premises on cancelable operating lease basis for periods which range from 11 to 180 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 ₹ 2,530.86 Lacs (Previous year ₹ 2,000.87 Lacs).

In respect of the Non-cancellable leases, the future minimum lease payments are as follows:

	(₹ In Lacs)	
	March 31, 2016	March 31, 2015
Not later than one year	98.88	186.72
Later than one year but not later than five years	145.50	291.60
Later than five years	57.60	64.51
Total	301.98	542.83

12. Earnings per share:

Earnings per share is calculated by dividing the profit attributable to the equity shareholders 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)	166,769.60	139,560.93
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per equity share	₹	33.05	27.65
Face value per equity share	₹	2/-	2/-

13. 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 THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

for the year ended March 31, 2016

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

(₹ In Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing & Non Housing loans	28,389.07	23,931.09
Provisions for Contingencies	8.62	8.45
Provision for Tapping Corporate Undertaking	53.96	66.51
Unamortized One Time Gain	177.63	304.09
Provision for Employee Benefits	1,600.78	1,247.45
Provision for diminution in value of long term investment	315.93	306.61
Related to Fixed Assets	9.63	1.37
(A)	30,555.62	25,865.57
Deferred Tax Liabilities:		
Related to Fixed Assets	365.02	160.86
Related to Special Reserve	111,273.53	92,605.42
(B)	111,638.55	92,766.28
Net Deferred Tax Assets / (Liability)	[(A)-(B)]	(66,900.71)

15. Proposed Dividend

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principle rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) (Amendment) Rules, 2016 is effective from March 30, 2016. According to the amended rules, the proposed dividend as mentioned in Note 2 need not be recorded as a liability as at March 31, 2016. (Refer Para 8.5 of AS-4 – Contingencies and Events occurring after Balance Sheet date). The Company believes that the Rule 3(2) of the principle rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Amendment Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Therefore the Company has recorded ₹ 33,324.87 Lacs as liability for proposed dividends (including corporate dividend tax) as at March 31, 2016.

However the Subsidiary Companies LICHFL Asset Management Company Ltd. and LICHFL Financial Services Ltd. have not recorded any liability for proposed dividend as per the said amended Rules.

16. Additional information, as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate.

Name of the Entity	Net Assets		Share in Profit or Loss	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
Parent				
LIC Housing Finance Ltd.	98.99%	912,138.38	100.30%	167,267.37
Indian Subsidiary				
LICHFL Financial Services Ltd.	0.17%	1,555.06	(0.64%)	(1,068.61)
LICHFL Asset Management Company Ltd. (Formerly Known as LICHFL Asset Management Company Pvt. Ltd.)	0.33%	3,028.91	0.33%	544.37
LICHFL Trustee Company Pvt. Ltd.	0.00%	16.37	0.00%	2.98
LICHFL Care Homes Ltd.	0.30%	2,777.30	0.01%	15.29
Goodwill on Consolidation	0.00%	20.52	-	-
Minority Interest in all subsidiaries	(0.02%)	(162.96)	(0.02%)	(29.29)
Associate				
LIC Nomura Mutual Fund Asset Management Co. Ltd. (Formerly known as LIC Mutual Fund Asset Management Co. Ltd.)	0.23%	2,083.74	0.02%	37.49
Total	100.00%	921,457.32	100.00%	166,769.60

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.) for the year ended March 31, 2016

17. Corporate Social Responsibility

Establishment and Other expenses includes ₹ 1,445.82 Lacs for the year ended March 31, 2016 (Previous Year ₹ 415.12 Lacs) contribution towards Corporate Social Responsibility(CSR) in accordance with Companies Act, 2013.

Details of CSR spent during the financial year

- Gross amount required to be spent by the company during the year is ₹ 3,540.00 Lacs
- Amount spent during the year on:

(₹ In Lacs)			
Sl. No	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	171.37	174.75	346.12
(ii) On purposes other than (i) above	930.69	169.01	1,099.70

- Details of related party transactions as per Accounting Standard (AS-18), Related Party Disclosures - Nil
- An amount of ₹ 343.76 Lacs had been provided for by the company suo-motu as on March 31, 2016 which relates to the projects sanctioned during 2015-2016 and the disbursement would be done subject to the receipt of a satisfactory field visit report.

18. In accordance with the Payment of Bonus (Amendment) Act, 2015, due to increase in the eligibility and ceiling limit, provision of ₹ 60.95 Lacs has been provided for the year ended March 31, 2016. Further provision of ₹ 4.07 Lacs has been provided in respect of FY 2014-15 as per the said amendment.

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

Signatures to Notes 1 to 28

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

Surya Kumar Roy
Chairman
DIN - 02503135

Debabrata Sarkar
Director
DIN - 02502618

Sunita Sharma
Managing Director &
Chief Executive Officer
DIN - 02949529

Place: Mumbai
Date: April 18, 2016

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Ajith Kumar L
General Manager
(Accounts, CRM & Legal)

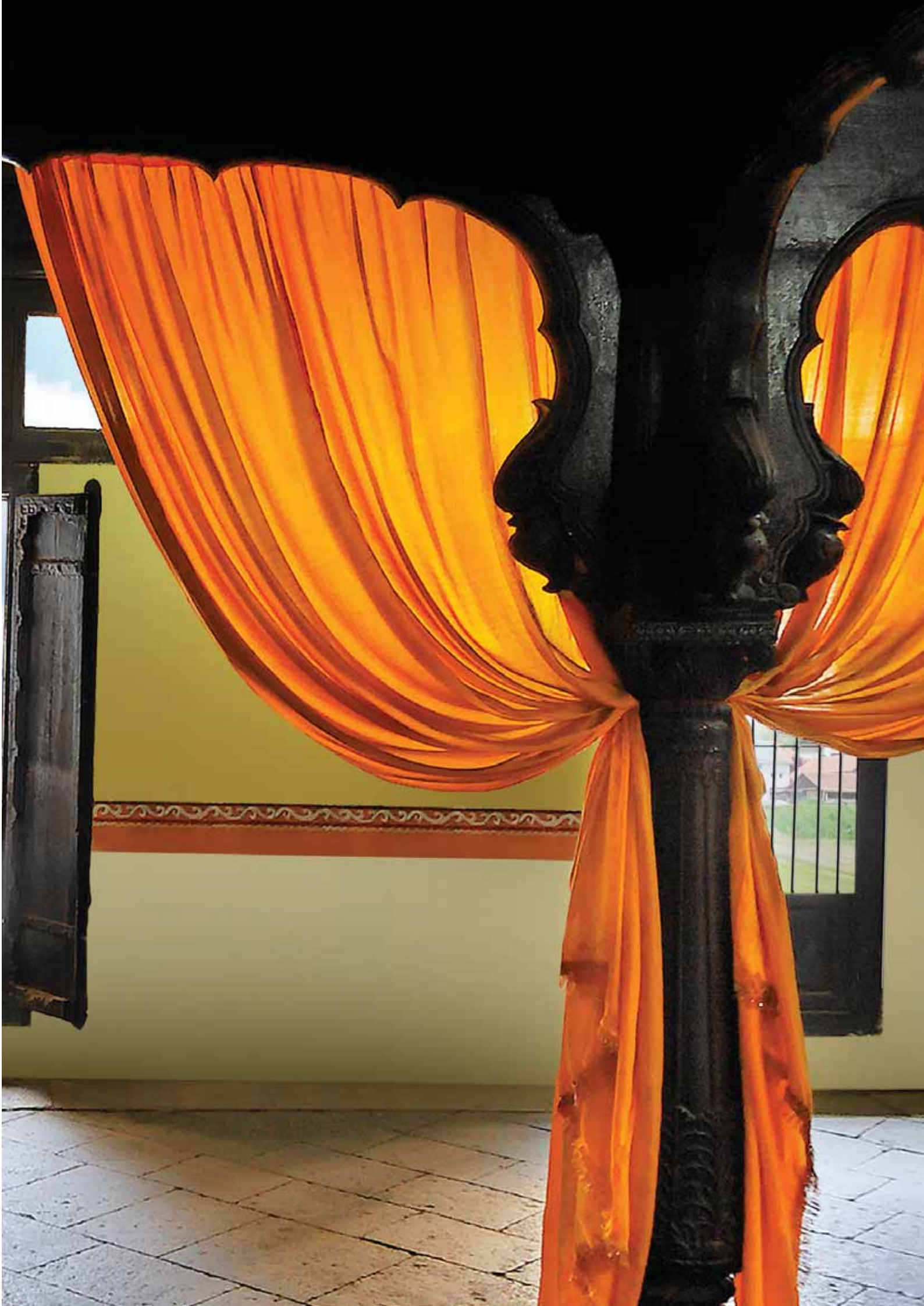
P. Narayanan
CFO

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CORPORATE OFFICE

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Mumbai – 400 005.

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