

Annual Report 2009-2010



LIC HOUSING FINANCE LTD.



With you, for your dream home.

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Corporate Information

BOARD OF DIRECTORS

T. S. Vijayan	: Chairman
D. K. Mehrotra	: Managing Director
Y. B. Desai	: Director
Dhananjay Mungale	: Director
S. Ravi	: Director
K. Narasimha Murthy	: Director
B. N. Shukla	: Director
A. S. Narayanamoorthy	: Director
R. R. Nair	: Director & Chief Executive

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

Shri V. Chandrasekaran	: General Manager
Smt. S. Renuka	: General Manager
Shri Surinder Mohan	: General Manager
Smt. Anjubala Purushottam	: General Manager
Shri T. Basu	: General Manager
Shri M.R. Ankolekar	: General Manager
Shri G. D. Joshi	: Associate Chief Manager

REGIONAL MANAGERS

R. Chaturvedi	Central Region
Mahendra Kumar	Northern Region
Sanjaya Rastogi	Western Region
P. R. Shankara Raju	Southern Region
P. B. Roy	Eastern Region
Vincent Saldanha	South Central Region

AUDITORS

Joint Statutory Auditors:

M/s. Chokshi & Chokshi

M/s. Shah Gupta & Co.

BANKERS

Andhra Bank

Axis Bank Ltd.

Corporation Bank

HDFC Bank Ltd.

State Bank of India

Union Bank of India

REGISTERED & CORPORATE OFFICE

Bombay Life Building, 2nd Floor,

45/47, Veer Nariman Road,

Mumbai - 400 001.

Phones : 2204 0006, 2204 9799 & 2204 9919

Fax : 2204 9839.

email : lichfl@bom2.vsnl.net.in

website: www.lichhousing.com.

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.

17/B, Dena Bank Building, 2nd Floor,

Horniman Circle,

Fort, Mumbai - 400 001.

Phones : 22702485, 22641376.

Fax : 22641349.

email: sd_india@rediffmail.com.



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

- ❖ Provides loans for homes, construction activities, corporate housing schemes.
- ❖ Around 89% of the loan portfolio derived from the retail segment and the rest from large corporate clients.
- ❖ Rated 'AAA' by CRISIL for the 9th consecutive time in 2009-10; maiden Fixed Deposit scheme received an FAAA/stable rating by CRISIL.
- ❖ Promoted by world's premier financial institution, LIC of India, incorporated as Company in June 1989.
- ❖ Registered & Corporate Office at Mumbai with 6 Regional Offices, 13 Back Offices, 158 Marketing Offices and 3 Customer Service Points.
- ❖ Apart from wide marketing network comprising Direct Selling Agents (DSAs), Home Loan Agents (HLAs) and Customer Relationship Associates (CRAs), a wholly owned subsidiary also started distributing the Company's product.
- ❖ Representative overseas presence in Dubai and Kuwait.
- ❖ Listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and was the first Indian housing finance company to be listed overseas i.e., on Luxembourg Stock Exchange.
- ❖ Has been a profit making and dividend paying Company since 1990 – its first year of operation.
- ❖ The concept of a life insurance linked mortgage product was first introduced in the country by LIC Housing Finance.
- ❖ LIC Housing Finance was a participant in the pilot issue of mortgage backed securities launched in August 2000 by National Housing Bank.
- ❖ As per the Global Financial Brand Index 2007, LIC Housing Finance is one of the top 500 financial companies in the world.
- ❖ In three consecutive years 2007, 2008 & 2009 LIC Housing Finance grew twice as fast as the industry.
- ❖ As at 16th September, 2009 the LIC Housing Finance stock was the second best performer on the 67-stock Bloomberg Asia Pacific Diverse Financial Services Index in the calendar year 2009.
- ❖ Was awarded the 'Second Best Home Loan Provider' award by Outlook Profit during the year 2009-10.
- ❖ The World's leading independent arbiter on branding 'Superbrands' has awarded the 'SUPERBRAND' status to LIC Housing Finance.
- ❖ 'Fix-O-Floaty' – the scheme which offers fixed interest rate for three years and floating thereafter has caught the attention of market and withstood the pricing competition unlist by other market players incorporating market sentiments and offering flexibility to the customer was a huge success.
- ❖ Competitive Advantage for LIC Housing Finance lies in
 - Strong parentage and Brand Recall,
 - Transparent systems and procedure &
 - Competitive Interest Rates
- ❖ More than 10 lakh satisfied customers across the country since inception.
- ❖ Reported 69.51 percent increase in disbursements in 2009-10.
- ❖ Reduced net NPA to a record low of 0.12 percent in 2009-10.
- ❖ Enhanced PAT 24.56 percent to Rs.662.18 crore in 2009-10.
- ❖ Recommended increased dividend over previous year i.e., from 130 percent to 150 percent.



Vision

To be the best housing finance company in the country.

Mission

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

Values

Transformation to a knowledge organisation

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

Sense of ownership

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

Quality and autonomy in Operations

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

Fair and transparent business practices

Ethics and transparency form the basis of the business of LIC Housing Finance. On the macro-level, the Company complies with all the laws of the lands in which it operates, on the micro-level the Company respects the dignity of every individual.



Message from the Chairman

My Dear Shareowners and Friends,

I take great pleasure in presenting before you the performance of LIC Housing Finance Limited for the year 2009-10. The year has been of excellent business growth and repeat of still better success story of charting road map of further reduction of NPA levels as compared to previous year.

Macroeconomic Perspective:

Global Economy:

The global economy continues to recover backed by ongoing policy support and improving financial market conditions. The recovery process is led by Emerging Market Economies (EMEs), especially those in Asia, as growth remains weak in advanced economies. The global economy continues to face several challenges such as high levels of unemployment, which are close to 10 percent in the US and the Euro area. Despite signs of renewed activity in manufacturing and initial improvement in retail sales, the prospects of economic recovery in Europe are clouded by the acute fiscal strains in some countries. Core measures of inflation in major advanced economies are still moderating as the output gap persists and unemployment remains high.

Domestic Economy:

The Reserve Bank of India had projected the real GDP growth for 2009-10 at 7.5 percent. The advanced estimates released by the Central Statistical Organisation (CSO) in early February, 2010 placed the real GDP growth during 2009-10 at 7.2 percent. The final real GDP growth for 2009-10 may settle between 7.2 and 7.5 percent.

The uptrend in industrial activity continues. The index of industrial production (IIP) recorded a growth of 17.6 percent in December 2009, 16.7 percent in January 2010 and 15.1 percent in February 2010. The recovery has also become more broad-based with 14 out of 17 industry groups recording accelerated growth during April 2009 – February 2010. The sharp pick-up in the growth of the capital goods sector, in double digits since September 2009, points to the revival of investment activity. After a continuous decline for eleven months, imports expanded by 2.6 percent in November 2009, 32.4 percent in December 2009, 35.5 percent in January 2010 and 66.4 percent in February 2010. The acceleration in non-oil imports since November 2009 further evidences recovery in domestic demand. After contracting for twelve straight months, exports have turned around since October 2009 reflecting revival of external demand.

Various lead indicators of service sector activity also suggest increased economic activity. On the whole, the economic recovery, which began around the second quarter of 2009-10, has since shown sustained improvement.

(source: RBI's monetary policy statement for the year 2010-11)

Indian Housing Finance scenario:

The decrease in property prices and uncertainty over growth in income levels, on the back of economic slowdown in the second half of the previous year led to some slackness in housing finance disbursements in the year 2008-09. However, with the gradual recovery in economic conditions, the demand for housing finance improved in 2009-10. Further, reduction in the interest rates during the second half of 2009-10 also pepped up demand for housing finance.

Over the last few years, the share of housing finance companies (HFC) has been increasing in the housing finance segment, mainly due to their cautious approach in credit underwriting, perception of better customer service, and increasing focus on urban centres which have higher average ticket size. The HFCs are expected to further raise their share in total disbursements, despite the introduction of teaser loan rates by banks. HFCs too have reduced interest rates to meet competitive pressures from banks. The launch of lower interest rate schemes on home loans by public sector banks has led other private banks and HFCs to follow suit. Hence, yields are estimated to have fallen by around 50 basis points in 2009-10. At the same time, cost of funds has also reduced because of abundant liquidity in the system. As a result, gross spreads and net margins across player groups are expected to fall by 15 – 20 basis points in the current financial year.

CRISIL Research has observed that the asset quality of banks in the housing finance segment has been deteriorating significantly in the past 2-3 years, as against HFCs, who have been able to maintain their asset quality. During 2003-04 to 2007-08, the banking sector, especially private sector banks, had aggressively increased home loan lending by adopting higher loan to value ratio and instalment to income ratio thereby allowing customers to borrow more than their repayment capacity based on their income level, which resulted in higher NPA in the said segment.

Due to the recent downturn, these weak loans began to show up in terms of poor asset quality as the borrowers were not able to pay their monthly instalments. In addition to the dilution of underwriting standards, seasoning of the portfolio after a period of rapid growth had played an important role in increasing the level of banks' NPAs. Hence, gross NPAs of banks in the housing loan segment increased significantly during 2007-08 and 2008-09.

Banks have already started tightening their credit standards, and their NPA levels are expected to witness moderation as the proportion of fresh loans generated with tighter underwriting standards gradually increases. On the other hand, HFCs have been cautious in their credit approach by adopting lower

loan to value ratio and instalment to income ratio, resulting in considerable lower NPA levels.

LIC Housing's stride in progress:

Performance:

Interest income from housing loans increased 19.47 percent from Rs.2,747.65 crore in 2008-09 to Rs.3,282.66 crore in 2009-10.

The net interest income grew by 21.33 percent from Rs.731.04 crore in 2008-09 to Rs.886.94 crore in 2009-10.

Profit after tax surged 24.56 percent from Rs.531.62 crore in 2008-09 to Rs.662.18 crore in 2009-10.

Operations:

Funds mobilized grew 51.98 percent from Rs.11,188.33 crore in 2008-09 to Rs.17,004.35 crore in 2009-10.

Sanctions (Ind.+Proj.) increased 65.55 percent from Rs.10,898.47 crore in 2008-09 to Rs.18,043.17 crore in 2009-10.

Disbursements (Ind.+Proj.) grew 69.51 percent from Rs.8,762.01 crore in 2008-09 to Rs.14,852.92 crore in 2009-10.

Loan portfolio grew 37.58 percent from Rs.27,679.28 crore in 2008-09 to Rs.38,081.38 crore in 2009-10.

Margins:

Net interest margin declined by 25 basis points from 2.95 percent in 2008-09 to 2.70 percent in 2009-10.

Return on equity reduced by 425 basis points from 23.80 percent in 2008-09 to 19.55 percent in 2009-10 on account of 65.95 percent growth in equity holders' fund due to increase in capital and retained profit for the year 2009-10.

Net profit margin improved by 77 basis points from 18.31 percent in 2008-09 to 19.08 percent in 2009-10.

Asset Quality:

Gross NPA declined by 38 basis points from 1.07 percent in 2008-09 to 0.69 percent in 2009-10.

Net NPA levels declined by 9 basis points from 0.21 percent in 2008-09 to 0.12 percent in 2009-10.

Shareholder Value:

Earning per share grew 17.36 percent from Rs.62.59 in 2008-09 to Rs.73.46 in 2009-10.

Book value strengthened from Rs.263.04 in 2008-09 to Rs.356.85 in 2009-10.

It is worth mentioning here that your company through untiring efforts and proactive action has not only ensured consolidation of the gains achieved in the past years, but also ensured further growth and increased profitability. The company would continue its efforts to reduce NPAs further. Your Company has surpassed all the expectations and managed to beat the industry growth rate. It is on trails for achieving still greater heights. It is commendable that even in difficult, competitive environment, all the employees have teamed up, performed well extraordinarily and lived upto their commitment for growth of the company.

LIC Housing Finance Limited has been playing a significant part in the economic and social life of the country, with its impeccable brand image and transparent policies and practices. The Company would like to remain focused on all areas that are likely to impact, favourably, the customers, the stakeholders, the employees and above all the society. The Company's vision, values and philosophy has brought us together this far making this journey extremely rewarding for each one of us. Our progress lies in our capabilities and commitment to stay on the course of a challenging strategic path. In this unfolding era of new opportunities, I look forward to your active support and good wishes to make the coming year, a year of still greater achievements and success.

Thank you,

T. S. Vijayan
Chairman

28th April, 2010



A company is as good as its core team and a good team is one which nurtures a vision that embodies its dreams and aspirations to take the company on the path of success. And this is demonstrated through the performance of the Company, where an excellent core team led by Mr. R. R. Nair is at the helm of affairs. It shared its vision for driving the Company to new heights, a force to reckon with. The employees and all the stakeholders are exultant in view of the fact, that Company has rare distinction of surpassing 10,000 crore plus disbursement of loans. For the year ended March 2010, pertaining to individual loan portfolio, the Company sanctioned Rs.18,043 crore and disbursed Rs.14,853 crore showing a growth of 66 percent and 70 percent respectively.

A team which is powered by innovative, creative thinking and passion to excel has primarily been the reason that has set LIC Housing apart from rest of other HFCs. It started with embarking on changes in the names and numbers of cadres in the Company, taking into account rationally, the future possibilities and to ensure that the employees get regular advancement in their career. This change was brought in with futuristic vision and to instill in a sense of oneness and belongingness amongst the employees in order to take the Company to the leadership position.

Innovative thinking gave birth to new ideas with a specific marketing objective in mind, which emanated from the top, trickled down the line like a stream of river stimulating the entire workforce to perform thereby culminating into stupendous growth.

True to its vision, the Company has managed to beat all the expectations. It has overwhelmed the industry growth rates in loan disbursements and is on trails for achieving still greater heights.

Director & Chief Executive on his perspective concerning Housing Sector and LIC Housing!

On Real Estate front.....

Once hailed as the growth engine of the real estate industry, commercial realty suddenly became a liability for developers during the recent economic slowdown. With a shortfall in demand and liquidity crunch, 'affordable housing' gained importance. Many of the upcoming commercial realty projects came to a standstill and instead, more affordable housing projects were launched. Premium or high cost properties are likely to be governed by investors. However, affordable housing will attract end users. A major chunk of home-buyers are interested in mid-income housing ranging from Rs.20 lakh to Rs.40 lakh. This trend has been witnessed in various property exhibition and residential market surveys conducted across some cities. The interest for affordable housing is on the rise because of the fact that premium housing is becoming beyond the reach of the large segments of the society

Recently, the Maharashtra Government took a significant step towards promoting affordable housing by signing a letter of intent with Maharashtra Chamber of Housing Industry (MCHI) in order to create five lakh houses in five years.

According to a Cushman and Wakefield report, the demand for affordable housing is expected to increase by approximately 4,00,000 units every year in the country. Mumbai has an immediate demand of approximately 1.4 million homes of which, 80 percent of the demand is expected to emanate from the Rs.3 lakh to Rs.5 lakh income group.

The increased availability of funding opportunities over the past 50 years has enhanced the growth opportunities for the Indian real estate sector manifold. It has also enabled the transformation of the sector from a largely unorganized one to a generally corporate one. This in turn, will translate into strong, resilient real estate sector, thereby paving way for the robust economic growth of India.

With increase in urbanization and improving affordability will ensure that demand for mortgage loans would continue to grow and it is estimated that the housing finance industry would be able to maintain a higher growth in new loans over next coming years.

On the Stupendous performance of the Company.....

It may be mentioned here that lot of factors have come into play. To begin with, my entire team of think tank after careful consideration took a strategic call to pass on to the customer the lower interest benefits promptly. We priced our loans to the benefit

of the customers and it turned out to be a sensible decision as the Company was able to retain its customers, apart from adding new ones to our fold even in tough market conditions. Customer service, trust, transparency and credibility also played its part. My entire workforce worked with an objective thereby resulting the inevitable. Even on the Dalal Street, our Company's stock has become an outperformer and continues to move upward. It has become a compelling 'buy' for avid investors.

On the likely effect of 'base rate' on the Company.....

The Reserve Bank of India has asked banks to switch over to the system of Base Rate from 1st July, 2010. It is expected that the base rate system will facilitate better pricing of loans, enhance transparency in lending rates and improve the assessment of transmission of monetary policy.

Now on the effect of 'base rate' on the Company, let me be emphatic that we may not have any issue as all our products i.e. loans schemes are for long term purpose and capable of catering itself to any changed environment including borrowing costs.

On the future plans.....

1. Company plans to disburse Rs.20,000 crore this fiscal and take its loan book above Rs.50,000 crore mark. 23 more offices planned for this current fiscal.
2. The wholly owned subsidiary LICHFL Financial Services Limited is expected to expand its presence in the country and increase its business significantly.
3. LICHFL Care Homes Limited, another fully owned subsidiary, is expected to commence constructive activities on its new project at Bhubaneswar.
4. Another subsidiary LICHFL Asset Management Company Private Limited is expected to commence its operations in real estate sector this fiscal.
5. The Company has launched a new line of business – 'Property Services Division' across the country in select centres. The functions of the property services division include all activities involved in enabling a prospective homebuyer select the property upto taking the possession of the same.
6. LIC Housing is very keen to make foray into the banking sector as Union Budget for FY 2010-11 has proposed banking licenses to private sector players including NBFCs and once the RBI guidelines are in place, necessary approvals would be obtained.

Management Discussion and Analysis Report

MACRO-ECONOMIC & MONETARY DEVELOPMENTS IN 2009-10.

GLOBAL ECONOMIC CONDITIONS

Recovery in the global economy picked up momentum in the fourth quarter of 2009. The speed of recovery, however, remains significantly divergent. The projections for global output for 2010 generally point to consolidating recovery, led by the Emerging Market Economies (EMEs). The World Trade Organisation projects world trade to stage a strong recovery in 2010. The risks to the overall global macroeconomic environment have, however, increased because of large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment rates, impaired financial systems and premature exit from the policy stimulus. Closer home, the improvement in global macroeconomic conditions is reflected in the turnaround in India's exports and the return of capital flows. With stronger recovery in EMEs driven largely by domestic demand, improving exports and return of capital flows, EMEs face the risk of inflation and asset price build up.

OUTPUT

Concerns about domestic output growth are now subdued as the recovery is getting more broad-based. This is the result of a rebound in industrial output, better prospects for the rabi crop and continuing resilience of the services sector. Survey data suggest increasing levels of capacity utilisation in recent months. Subject to normal monsoons, output growth during 2010-11 is expected to gain further momentum.

AGGREGATE DEMAND

Final consumption expenditure remained subdued during 2009-10, as growth in both private final consumption expenditure and government final consumption expenditure decelerated. Investment demand, particularly gross fixed capital formation, however showed a gradual recovery during the year. While the momentum in investment demand is expected to continue, pick-up in private consumption demand could drive the recovery in growth. The fiscal stimulus exit, as planned in Union Budget for 2010-11, would contribute to improving the overall medium-term growth outlook, even as going forward, greater emphasis on quality of fiscal adjustment would be necessary.

EXTERNAL SECTOR DEVELOPMENTS

India's external sector position improved ahead of the recovery in the global economy. After declining for 12 consecutive months, exports recovered in October 2009. Similarly, imports recovered in November 2009 following a phase of decline. Despite a lower trade deficit, the current account deficit widened during April-December 2009, as compared with the corresponding period of the previous year. This is attributable to a fall in invisibles, particularly on account of business services. During 2009-10, foreign exchange reserves increased by US\$27.1 billion, comprising mainly of increase

in gold holdings (US\$ 8.4 billion), SDRs* (US\$ 5.0 billion) and foreign currency assets (US\$ 13.3 billion). The bulk of the increase in foreign currency assets was on account of valuation. Net capital flows can be expected to increase further during the current year, reflecting the prospects of higher growth and larger interest rate differentials between India and the advanced economies. Like other EMEs, however, higher capital inflows could influence asset prices, domestic liquidity conditions and the exchange rate. This will have implications for monetary management.

[*Special Drawing Right (SDR) is the monetary unit of the reserve assets of the International Monetary Fund (IMF). This unit was created in 1969 in support of the Bretton Woods system of fixed exchange rates to alleviate the shortage of US dollar and gold reserves in the expansion of international trade.]

MONETARY AND CREDIT CONDITIONS

Reflecting the stronger recovery in economic activities, growth in broad money and flow of credit to the private sector exceeded the Reserve Bank's indicative projections for 2009-10. While the increase in Cash Reserve Ratio effected by the Reserve bank in its Third Quarter Policy Review of January 2010 led to some moderation in excess liquidity, overall liquidity conditions remain comfortable as reflected in the daily reverse repo operations. The banking system's credit to the Government was the prime driver of monetary expansion during the year. The flow of resources to commercial sector distinctly improved from both bank as well as non-bank sources. Going forward, the demand for money may increase with acceleration in recovery and the elevated level of inflation.

GLOBAL FINANCIAL MARKETS

Global financial markets exhibited significant stabilisation during 2009, despite the drag from the global financial crisis. However, volatility increased in the beginning of 2010 due to concerns about unsustainable fiscal positions, as reflected in sovereign risks. Episodes such as the Dubai World debt standstill and the sovereign debt problems in Greece and East European countries pose a major risk to the stability of financial markets going forward.

DOMESTIC FINANCIAL MARKETS

With market activity returning to the pre-global crisis level, volatility in the domestic financial markets was much lower during 2009-10 than in the year before, when the crisis erupted. Despite considerable stability and the commencement of exit, markets faced concerns emerging from large government borrowings and the increase in inflation. This affected yields in the government bond market. The transmission of lower policy rates to the credit markets improved, although, slowly. Asset prices increased at a relatively faster pace in the recent months. With the revival of capital inflows, nominal exchange rate appreciated. Given higher domestic inflation, the appreciation in real terms was even higher.

INFLATION SITUATION

Headline WPI inflation firmed up significantly during the fourth quarter of 2009-10. The initial inflationary pressure was predominantly conditioned by rising food and fuel prices, reflecting the impact of a deficient monsoon on agricultural output and the increase in international crude prices. In the second half of the year with persistent supply side pressures, inflation became increasingly generalised. This is evident from the acceleration of inflation in non-food manufactured products from -0.4 percent in November 2009 to 4.7 percent in March 2010. Inflation, as measured by consumer price indices (CPIs) also remained high, though there was some moderation in February 2010. These inflationary conditions, coupled with the stronger momentum seen in the pace of economic recovery, created the compelling ground for altering the Reserve Bank's balance of policy focus to anchoring inflation expectations.

GROWTH OUTLOOK

Output growth in 2010-11 is expected to be higher than in 2009-10, assuming a normal monsoon. Support for sustained momentum in growth can be expected from all three major components, viz., agriculture, industry and services. Nevertheless, apart from monsoon-related uncertainty, other downside risks to growth need to be recognised. First, private consumption demand needs to improve significantly to support the growth momentum. Second, global recovery, despite gaining strength, is expected to remain fragile, which may have adverse impact on exports. Third, the exit from fiscal stimulus and the growth-supportive monetary policy, unless calibrated carefully, may adversely impact the growth process. Finally, the domestic saving rate has exhibited some decline, led by significant decline in public sector savings. This has adverse implications for the potential growth of the economy.

INFLATION OUTLOOK

Inflation can be expected to moderate over the next few months, from the peak levels seen in recent months. There are, however, upside risks to inflation. First, international commodity prices, particularly oil, have started to increase again. In several commodities, the import option for India to contain domestic inflation is limited, because of higher international prices. Second, the revival in private consumption demand and the bridging of the output gap will add to inflationary pressures. Finally, it is important to guard against the risk of hardening of inflation expectations conditioned by near double digit headline Wholesale Price Indices (WPI) inflation.

OVERALL ASSESSMENT

With the improving growth outlook, monetary and fiscal exit measures have started. While recovery in private demand needs to be stronger to reinforce the growth momentum, the already elevated headline inflation suggests that the weight of policy balance may have to shift to containing inflation, since high inflation itself will dampen recovery in growth. In the emerging macroeconomic scenario, monetary policy management in 2010-11 will be dominated by the challenge of moderating inflation and anchoring inflation expectations, while remaining supportive of growth impulses.

(source RBI's recent statement on macroeconomic & monetary development – 19th April, 2010)

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

India's housing finance industry comprises of banks and housing finance companies. Disbursements have improved in the financial year 2009-10 as compared to lukewarm previous financial year. Given India's rapid population growth, increasing urbanisation and rising affordability the housing finance market will continue to grow. However, given increasing competition in the sector from banks, Housing Finance Companies which have access to low cost funds, better operational and credit cost control, and better service quality will find going a bit comfortable.

CRISIL Research estimates housing finance disbursements to have grown by 18 percent in 2009-10 to Rs.1,38,200 crore as compared with Rs.1,17,000 crore in 2008-09. The following factors have supported a healthy growth in 2009-10:

- Reduction in interest rates: Aggressive interest rate schemes launched by public sector banks led to intense competition in the industry and reduction in interest rates by 200-250 basis points, thereby benefiting the consumer;
- Increase in balance transfer cases: Lower interest rates also increased the incidence of balance transfer cases in 2009-10, thereby contributing significantly towards disbursement growth. The growth without balance transfer is estimated at 11.9 percent;
- Pent-up demand from 2008-09: Lower property prices in the first half of 2009-10 encouraged first-time buyers to purchase new homes, leading to consumption of the previous year's stock;
- Rise in average ticket size: The second half of 2009-10 saw property prices rise in major markets (mainly Mumbai and Delhi), alongwith new project launches with larger area by many builders. This led to an overall increase of 8 to 9 percent in average ticket size of loans and contributed towards value growth in 2009-10.

Housing constitutes over 70 percent of the real estate sector and is amongst the three basic necessities of life viz. food, clothing and shelter. However, it is largely ignored. The estimated shortage in dwelling units during the period 2007-12 is 5.57 crore approx.

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

Looking ahead:

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

affordability of the borrower i.e. ratio of average house price to average annual income mainly due to demand for affordable / nano housing projects.

Income tax exemption u/s 80IB(10) should be extended to include projects constructed after 31st March, 2008. While benefits are available under this section, these benefits do not percolate to the intended recipients. A lot more has to be done so as to benefit the middle class. Along with the restriction on the size of housing units a restriction on the value of the apartment and eligibility of buyers based on income will also serve. The scheme has to be redesigned in a manner that makes it user friendly and should be monitored so that it benefits house buyer rather than maximising wealth in the hands of the developer. Higher FSI of 4 should be provided so that high cost of land in cities can be offset.

Affordable housing and integrated township projects should be given infrastructure status. By providing this status these projects will have a better access to funds.

The Government should extend the scope of 36(1)(vii) of the Income tax Act, 1961 to include housing finance institutions.

Further, the Housing Finance Companies should be relieved from anomaly inherent in section 43D read with rule 6EB of the Income tax Rules wherein the housing finance companies are being taxed without booking the income and also not allowed to claim as deduction when provision is required to be made in respect of bad loans.

Housing Finance Companies should be allowed to access long term External Commercial Borrowing (ECB) market, since these companies require long term funding sources at the lowest cost possible, to pass on to the ultimate borrowers.

Competition:

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

The teaser home loan offer seems to be a dated concept now. As most bankers are speculating a possible rate hike in the coming months, they have pre-empted it by withdrawing teaser rates campaign effective 31st March, 2010. However, some Banks and HFCs have decided to continue the scheme with a few changes, inspite of the Central Bank hiking cash reserve ratio, repo and reserve repo rates. The LIC Housing Finance already has a special loan scheme which offers 8.9 percent for three years and has remained an attractive proposition for customers as is evident from good growth in new business, an improved retention rate, which is reflected in high growth of loan book.

Teaser loans refer to step-up loans where interest rate is a low fixed rate in the initial years, but is benchmarked to market rates after 2-3 years with a minimum floor. Such teaser rates are ideal for borrowers who intend to prepay their home loans within the initial years. Despite the marginal increase in this dual** rate product, it

is a good bet for such borrowers. However, a penalty of 2 percent is slapped on prepayment within 3 years of the loan tenure.

(** Rates vary depending on loan amount.)

It may be mentioned here that the teaser rates are a matter of regulatory concern. The RBI has already raised concerns over teaser loans being offered by banks. Borrowers with low financial means may get attracted to such loans on finding the initial low interest rates to be within their financial means, but may land themselves into a financial distress should interest rates start rising.

The government holds the view that the resulting delinquency of such loans would have adverse impact on the financial stability of the lending banks. The finance ministry has raised the concern at a time when some banks are either re-launching teaser rates or extending the period of previously-introduced rates.

From 1st July, 2010 as per the RBI guidelines, the banks will have to peg interest rates on various loans disbursed by them to their 'Base Rate' instead of BPLR. The base lending rate is an improvement over the PLR as it reflects the actual cost to banks that has to be covered through their lending operations. The guidelines announced by RBI on base rates of banks are interesting for several reasons. The definition provided by RBI has four components namely, cost of deposits, negative carry on Cash Reserve Ratio and Statutory Liquidity Ratio, overheads cost and returns on network. Most of the banks are yet to arrive at the new barometer (base rate) for pricing loans. Since the teaser rate scheme is for limited period, those opting for the loan would be doing so without any information on the kind of interest payable from the third year – a discouraging factor. Thus, the risk arising out of the uncertainty may not seem daunting for home loan borrowers intending to prepay their loans within say 5 years, but long term borrowers could be thrown off track once the base rate comes into effect.

Opportunities:

With the economy giving indications of a recovery, the question as to whether this is the right time to buy property has yet again surfaced. However, the answer as to whether this is the right time to buy, is not a simple yes or no, but depends on a number of factors like whether a buyer is looking for a first or second house, for living or investment and if it is an investment, whether it will be a long-term or short-term one, etc. If we consider two property hot spots in the country, Delhi – NCR and Mumbai, it has seen two booms and two slumps in the last decade. The ups and downs may continue, regardless of prevailing market sentiments, depending on the project, geographical locations and various other factors.

From a macro economic perspective these booms and slumps predominantly affect active investors and traders in property, who want to make money on every deal they make. The dilemma of whether it is right time to buy, is always there for those who are looking for their first home. Even when the market was worst hit by the recession, there were good deals in the market for those looking to invest in property. If the fundamentals are strong i.e., where the property has clear title, is in an area where growth is

expected and where prices have already corrected, then one may opt for buying.

Realty companies assert that the prices have reached the bottom and will only move northwards, hereafter. In a demand – supply mismatch scenario, the prices have to go up, unless there is a case of more land being released. Moreover, it is a myth that the buyers are staying away from the market, in FY 2008-09, one of the reputed developer managed to sell more than 8,000 flats as was reported in a recent media report.

Until a few years back, a house in Mumbai was a distant dream for in the residential segment, is in the price bracket of Rs.5 lakh to Rs.15 lakh, while 26 percent is in the range of Rs.15 lakh to Rs.25 lakh. On a national average, affordable housing is anything between Rs.5 lakh and Rs.15 lakh. However, in Mumbai, projects within the range of Rs.20 lakh to Rs.45 lakh can be called affordable. In certain areas in Mumbai, people would even find properties between Rs.50 lakh to Rs.1 crore affordable, especially areas close to the Central Business places.

Affordable housing projects acts as a means to empower lower and middle income groups with a house / flat and the middle and low income group families, due to the ever increasing price tags. However, now, the scenario has changed somewhat, with some players venturing into affordable / nano housing projects. In terms of advantages, besides putting a cap on rising property prices, these 'affordable housing' projects can also serve to bridge the shortage of dwelling units for middle and low-income bracket. Since most of the affordable housing projects target middle and low-income groups, the price is fixed in such a way as to woo them. The need to own a house is highest among the salaried, middle class, lower-middle class and newly married couples. In suburban Mumbai, developers / builders are targeting the middle and low-income groups, as the demand for affordable housing is highest in this segment. As several affordable housing projects are situated along peripheral areas of the city, there are several advantages, especially in terms of lower land costs and other incremental expenses, which enable a developer to offer better space, better amenities and better value to the customer. Nevertheless, other factors such as demographics offered by the location, employment opportunities for people, connectivity, accessibility, etc. also play a part in making the projects a success.

Threats (bottlenecks)

The budget proposals have thrown a spanner in the housing industry's growth wheel. Construction services have now been brought under the ambit of the service tax in an unexpected move that would raise cost of apartment that are still under construction. As per the budget proposal, the finance ministry has suggested that construction would be deemed to be a taxable service, if the building or complex is still under construction and approval from the concerned regulatory authority – which in most cases is the resident municipal authority – hasn't yet been granted. The levy would cover all construction of complex services or commercial or industrial construction services.

The service tax levy would be 10.3 percent and would also apply to additional services such as those offering preferential location for flats in multi-storey buildings where flats in each floor are priced

at a premium due to their location. This too has been described as a service and hence taxable, according to the proposal tabled by Finance Minister.

A major feature of the Maharashtra government's budget for 2010-11 presented on 25th March, 2010 has been the introduction of one percent value added tax which is payable on the purchase price of flats mentioned in the sale agreement. It has also increased the registration fee by lifting the ceiling of Rs.30,000/- and making it a uniform one percent. For a person belonging to lower / middle-income groups, who opts to buy a flat say for Rs.20 lakh, it will be a burden.

• Impact of legal charges and documentation fees

There are taxes / duties / fees payable to the state at the construction stage. There are two aspects of the cost namely: i) monetary cost and ii) cost in terms of time devoted in obtaining various permissions and clearances. The number of permissions and documentation required are quite large. Further, permissions have to be taken from different departments and that too sequentially. This delays the process of housing construction and occupation. The actual fees imposed by the government are not necessarily high but the time taken to obtain requisite permissions is very long, procedures cumbersome and sometimes involves extra payments for getting the transaction through. The delays highlight the sluggishness of the market by increasing the gap between change in demand and the market response to it.

• Impact of stamp duties

- i) High stamp duties propel the buyers to either under-record the value of transaction or not record it altogether. As a result, the government loses revenue. However, implication for the land / housing market is the incomplete knowledge about the state of the market.
- ii) Many sales take place on power of attorney basis. Power of attorney does not confer ownership right on the person holding power of attorney. This leads to deficiency in land records.

• Impact of property tax

Most local authorities still base their property tax on ratable value. The ratable value is calculated as a percentage of the cost of construction and the price of land at the commencement of construction. In a scenario of continuously rising land prices, newly constructed properties would pay a much higher property tax than the older properties – even when the market value of the two might be the same. Even in the unit area system of property taxation, older properties pay lower tax than the new properties, age being a variable in determining the tax. This would not only distort the market, but would also have a negative effect on investment in new housing.

Segment wise Reporting

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

Outlook

The buzzword for the real estate for the year gone by was 'affordable housing'. Looking at the demand for affordable housing, many developers cashed in on the opportunity and came up with several budget projects for the benefit of middle income buyers. The popularity of affordable housing is likely to continue for a long while.

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

Maharashtra Housing and Area Development Authority (MHADA), which constructs low cost homes, has decided to get into re-development projects in ecological sensitive coastal areas in the city. It was reported that MHADA would soon begin surveying the coastal localities immediately. If the plan works, MHADA will get additional area as incentive for re-developing old building, where it can build new homes, and many Mumbaitees will be able to buy flats on the island city.

It is not that affordable housing is in the news, but even luxurious flats are making headlines. Recently there was a report in the print media that DLF, the country's biggest realtor had sold three-fourth of its upscale flats in central Delhi at Rs.4 crore apiece within two days of launch in a sign that demand for such properties is alive and well despite the drift towards affordable housing. The rush for such luxurious flats shows that the Indian realty sector's recovery is real and gathering pace after the sharp spurt in demand for affordable houses in recent months. Analysts say with the economy in shipshape and the job market ticking again, consumers are regaining the confidence to invest in swank projects despite RBI's interest rate hike.

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

Risks and concerns

LIC Housing Finance is exposed to risks such as liquidity risk, interest rate risk, forex risk, credit risk and operational risk which

are inherent in the financial intermediation business. The risk management process of the Company will proactively manage the uncertainty and volatility in the net interest income of the Company by prescribing maximum exposure limits. The objective can be summarized as below:

- Reduce potential costs of financial distress by making LIC Housing less vulnerable to adverse movements in liquidity, interest rates, exchange rates (wherever applicable);
- Create a stable planning environment by ensuring that the business plan is not adversely affected during the financial year due to any adverse liquidity situations, interest rate and currency fluctuations by using various tools such as time-bucket analysis, liquidity statements, duration gap and forex exposure reports;
- Minimise the credit risk by adopting scientific techniques for credit evaluation, prescribing exposure limits, portfolio composition and periodic review of the portfolio;
- Minimise the operational risk by strengthening the internal control procedures and making systemic corrections to address the deficiencies reported by the Internal Auditors.

Internal Control Systems & their Adequacy

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

Discussion of Financial Performance with respect to Operational Performance

Financial / Fund Management

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

As derivative transactions are linked with risk, the status of each and every transaction is regularly monitored and the Company has unwound some of the transactions at the appropriate time to mitigate the risk associated with it. During the financial year 2009-

10, the Company has unwound 2 swaps and received an amount of Rs.13.35 crore as unwinding value.

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

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

The composition of outstanding borrowings as on 31st March, 2010 & the ratings assigned by rating agencies is as under;

Particulars	% to total Borrowing	Rating
Term loans from Scheduled Banks	33.55	"AAA/Stable"/ P1+ by CRISIL
Refinances from NHB	4.00	Not applicable
Term loans from LIC of India	3.00	Not applicable
Non Convertible Debentures	52.00	"AAA/Stable" by CRISIL / "CAREAAA" by CARE
Subordinated Bonds	3.00	"AAA/Stable" by CRISIL
Upper Tier II / Tier II Bonds	1.00	"AAA/Stable" by CRISIL & "CAREAAA" by CARE
Public Deposit	1.00	"FAAA/Stable" by CRISIL
Commercial Paper	2.00	P1+ by CRISIL
Others	0.45	Not applicable
Total	100.00	

Performance / Operation Highlights

During the year, the Company sanctioned Rs.18,043.17 crore and disbursed Rs.14,852.93 crore registering a growth of 65.56 percent and 69.52 percent respectively. For the year ended March 2010, the Company's total income from operations was Rs.3,456.24 crore as against Rs.2,880 crore during the same period last year. Net profit for year ended March 2010 zoomed to Rs.661.64 crore when compared to Rs.531.62 crore in the corresponding period last year, thereby achieving a growth of 24.45 percent. The outstanding mortgage portfolio as at March 2010 was Rs.38,081 crore as against Rs.27,679 crore on March 2009 thus registering a growth of 37.58 percent.

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 158 marketing offices as on 31st March, 2010 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 tool.

Recovery Management

The gross net performing assets (NPA) as on 31st March, 2010 stood at Rs.263 crore as against Rs.297 crore as on 31st March, 2009 registering a reduction of 11 percent. The gross NPA of the company stood at 0.69 percent as on 31st March, 2010 as against

1.07 percent as on 31st March, 2009. Net NPAs were 0.12 percent as against 0.21 percent for the corresponding dates. The provision cover on the NPAs stood at 82.4 percent as on 31st March, 2010. The net interest margin for the year stood at 2.70 percent.

Human Resources Development

The Company has a dedicated team of 1013 hands who have been contributing to the progress and growth of the Company. The manpower requirement of the offices of the company is assessed and recruitment is conducted accordingly. Personal skills of the employees are fine tuned and knowledge is enhanced by providing them internal and external training keeping in views the market requirement from time to time. Outstanding performers are rewarded by way of elevation to the higher cadre. Apart from fixed salary and perquisites, the employees are paid performance linked incentives which motivates them to perform better.

Loan assets per employee as at 31st March, 2010 is Rs.33.51 crore and net profit per employee as at 31st March, 2010 is Rs.65.31 lakh.

Conclusion with Caution

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

Directors' Report

To the members of LIC Housing Finance Limited.

The Directors have great pleasure in presenting the Twenty First Annual Report together with the audited accounts for the year ended 31st March, 2010.

Financial results

The profit and loss account shows a profit before tax of Rs.911.26 crore after writing off bad loans of Rs.0.77 crore and considering the amount recovered of Rs.5.76 crore out of earlier write off and taking into account all expenses, including depreciation and prior period items, the profit before tax is Rs.911.26 crore. The provision for income tax, (net of deferred tax) is Rs.249.09 crore and the profit after tax for the year is Rs.662.18 crore.

Taking into account the balance of Rs.225.82 crore being brought forward from the previous year, the distributable profit is Rs.888.00 crore.

	(Rs. in crore)	
	For the year ended 31 st March, 2010	For the year ended 31 st March, 2009
Appropriations:		
Special reserve	160.00	128.00
General reserve	200.00	150.00
Proposed dividend	142.39	110.41
Tax on dividend	24.20	18.76
Balance carried forward to next year	361.41	225.83
	888.00	633.00

Dividend

Considering the good performance during the year 2009-10, your Directors have recommended a dividend of Rs.15 per equity share (150 percent), for the year ended under review, as against Rs.13 per equity share (130 percent) for the previous year 2008-09. The total dividend outgo for the current year would amount to Rs.166.59 crore including Dividend Distribution Tax of Rs.24.20 crore, as against Rs.129.17 crore including dividend distribution tax of Rs.18.76 crore, in the previous year.

Performance

Income and profit

Profit before tax and after tax stood at Rs.911.26 crore and Rs.662.18 crore as against Rs.726.42 crore and Rs.531.62 crore, respectively, for the previous year. Profit before tax and profit after

tax both increased by 25 percent as compared to that of previous year.

The Company earned a total income of Rs.3469.73 crore, registering an increase of 19.51 percent. The percentage of administrative expenses to the housing loans, which was 0.54 percent in the previous year, has decreased to 0.48 percent during the year 2009-10.

Lending operations

Individual loans:

The main thrust continues on individual loans with a disbursement growth of 69 percent as against 25 percent in the previous year. However, project loans were also given due weightage resulting in an overall disbursement growth of 70 percent over previous year. During the year, the Company sanctioned 1,01,828 individual loans for Rs.14,151.12 crore and disbursed 97,863 loans for Rs.12,447.73 crore during 2009-10. Housing Loan to Individual i.e., retail loans constitute 78.43 percent of the total sanctions and 83.81 percent of the total disbursements for the year 2009-10 compared to the last year's figure of 75.11 percent and 83.94 percent respectively. The retail loan portfolio grew by over 34 percent from Rs.25,252.87 crore as on 31st March, 2009 to Rs.33,948.87 crore as on 31st March, 2010.

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

Amount sanctioned: Rs.61,090 crore

Amount disbursed: Rs.55,445 crore

More than 10,00,000 customers have been serviced by the Company up to 31st March, 2010 since its inception.

Project loans:

Growth in profit has been attributed amongst other factors to the growing portfolio of project loans. The Company sanctioned/dispensed project loans to select builders/developers. The project loans sanctioned and disbursed by the Company during the year were Rs.3,892.05 crore and Rs.2,405.20 crore, respectively. These loans are generally for short durations, giving better yields as compared to individual loans.

Non-Performing Assets and provisions

The amount of gross Non-Performing Assets (NPA) as on 31st March, 2010 was Rs.263 crore, which is equivalent to 0.69 percent of the housing loan portfolio of the Company, as against Rs.297 crore i.e. 1.07 percent of the housing loan portfolio as on 31st March, 2009. The net NPA as on 31st March, 2010 is reduced to Rs.46.36 crore i.e. 0.12 percent of the housing loan portfolio vis-à-vis Rs.57 crore i.e. 0.21 percent of the housing loan portfolio as on 31st March, 2009. The total cumulative provision towards housing loan as on 31st March, 2010 is Rs.216.79 crore. During the year, the Company has written off Rs.0.77 crore of housing loan portfolio as against Rs.5.40 crore during the previous year.

Fund raising

The Company raised funds aggregating to Rs.17,004.35 crore through term loans from banks, Non-Convertible Debentures (NCD), upper tier II Bonds, commercial paper, NHB refinance and Public Deposit. The Company's NCD & Upper Tier II subordinate Bond issue and bank loans were rated 'AAA/Stable' and Public Deposit was rated as FAAA/STABLE by CRISIL. The Company mobilised Rs.658 crore by private placement of equity through Qualified Institutional Placement.

Qualified Institutional Placement

To meet the growing needs, the Company raised funds through a Qualified Institutional Placement (QIP) of 10 million equity shares amounting to Rs.658 crore (US\$ 137.10 million).

Auditors

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

The Board of Directors recommend appointment of M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai, as Joint Statutory Auditors of the Company for financial year 2010-11.

Directors

Shri B. N. Shukla, Director and Shri Y. B. Desai, Director retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

The Directors recommend their reappointment / appointment.

Corporate Governance

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

Your Company has been complying with the principles of good Corporate Governance over the years. The Board of Directors support the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Management Discussion and Analysis Report

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

Regulatory Compliance

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

Your Company has been maintaining capital adequacy as prescribed by the NHB from time to time. The capital adequacy was 14.89 percent (as against 12 percent prescribed by the NHB) as on 31st March, 2010 after considering the loan to value ratio for deciding risk weightage.

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

Depository system

The Company has signed an agreement with the Central Depository Services (India) Limited (CDSL) for transactions of its shares in dematerialised form, in addition to the National Securities Depository Limited (NSDL), to give a choice to shareholders in selecting depository participant. As on 31st March, 2010, 14,046 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Public deposits

During 2007-08, the Company started accepting deposits from the public. As on 31st March, 2010, the outstanding amount on account of public deposits was Rs.326,19,37,820/-. 25 deposits amounting to Rs.65,14,500/- which were due for repayment on or before 31st March, 2010 were not claimed by the depositors till that date. As on the date of this report, 9 deposits amounting to Rs.5,50,000/- thereof have been claimed and paid. The interest due on the public deposits has been paid on time.

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

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

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

Statutory information

The Company does not own any manufacturing facility. Hence the particulars relating to the conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not

applicable. The particulars of foreign currency expenditure and foreign currency earnings during 2009-10 are given at item No.16 and No.17 in the Notes to the Accounts. There are no employees covered by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Auditors' observations

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

The Company has internal audit system which is being conducted inhouse instead of outside agency. Efforts are being continued to further strengthen the internal audit system to make it commensurate with the size and the nature of the business.

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

Outlook for 2010-11

The initiatives taken by the Company during the year are expected to improve its operational and financial performance. Major initiatives taken by the Company include:

- Expanding its operations by establishing new business centres.
- Increasing its distribution by appointing new agents and activating more agents.
- Supplementing its distribution channel by operationalising a new company LICHFL Financial Services Limited.
- Incentivising and motivating the marketing intermediaries systematically for improving productivity.
- Raising funds through loans at attractive rate of interest and terms.
- Maintaining good relations with lenders for reducing overall cost of funds.
- Reviewing the existing lending rates at regular quarterly intervals in view of the change in interest rate scenario, thereby insulating the stakeholders of risk of interest fluctuation and passing on the benefits as applicable to the customer.
- Timely review of credit appraisal system to improve the loan asset quality.
- Initiating steps to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- Initiating brand building measures to generate general awareness and improve the image of the Company and also increase the overall market share.
- Swift, appropriate and competitive pricing of its existing loan schemes to attract new customers.

Following the government's policy to provide shelter to a large number of people, the government offers a number of incentives to boost housing and housing finance activities. Some of these are listed below:

1. The Union Budget 2010-11, continues with the tax concessions in respect of interest paid on loan raised for buying / construction of house property.
2. Rebate for repayment of housing loan under Section 80C of the Income-tax Act, 1961, of Rs.1,00,000/- is also continued for the year 2010-11.

Base for tax rates of 10 percent, 20 percent and 30 percent have been widened and the maximum marginal rate of 30 percent is now applicable above Rs.8 lakh which was applicable above Rs.5 lakh for AY 2010-11 resulting in increased disposable income.
3. No change in the corporate income tax and cess rates, however, the rate of surcharge on corporate has been reduced to 7.5 percent from existing rate of 10 percent.
4. In the definition of the taxable services 'Construction of Complex service' [(section 65 (105)(zzzh)] and 'Commercial or industrial construction service' [section 65(105)(zzq)], it is being provided that unless the entire consideration for the property is paid after the completion of construction (i.e. after issuance of completion certificate by the competent authority), the activity of construction would be deemed to be a taxable service provided by the builder / promoter / developer to the prospective buyer and the service tax would be charged accordingly.
5. Provisions of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (SARFAESI Act) continue which help housing finance companies to foreclose bad loans without the intervention of the court and thereby improve NPA position.

The management perspective about future of the Company

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive, and giving it due recognition in the last three Union budgets. The government said the country needs investment to the tune of Rs.3,61,000/- crore to meet the shortage of nearly 25 million housing units. There was approximately housing shortage of 24.7 million dwelling units at the beginning of the 11th five year plan. The investment requirements would be close to Rs.3,61,000/- crore for overcoming this massive housing shortage and, therefore, the management reasonably foresees good potential for growth in the business of the Company.

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

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Accounting policies were applied consistently. Reasonable and prudent judgment and estimates were made so as to

give true and fair view of the state of affairs of the Company as at the end of 31st March, 2010 and profit of the Company for the year ended on that date.

- Proper and sufficient care has been taken for maintenance of accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing/detecting fraud and other irregularities.
- The annual accounts are prepared on a going concern basis.

Human resources

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

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

Subsidiaries and group companies

The financial statements along with the Report of the Directors of the Company's wholly owned subsidiaries namely LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Trustee Company Private Limited and LICHFL Asset Management Company Private Limited for the year ended 31st March, 2010, are attached along with the statement pursuant to Section 212 of the Companies Act, 1956, with respect to the said subsidiaries. The review of performance of the subsidiaries are as under:

1. LICHFL Care Homes Limited :

LICHFL Care Homes Limited has pioneered the corporatised initiative in the sector of elder care in India by providing assisted community living centres to senior citizens. The Company launched its eco-friendly pilot project in Bangalore with cost-effective independent cottages and all other on-campus amenities, fully structured and self-contained to address every possible need of residents. It has library, community centre, home theatre, meditation

centre, and doctors on call and ambulance to take the ailing to the nearest city Medicare centre – all that would make the lives of senior citizens comfortable and satisfying. Apart from this project, the Company has already purchased land for its new project at Bhubaneshwar and Jaipur. In respect of project at Bhubaneshwar, necessary approval are being obtained for implementation of the project and construction activities for the same will be initiated very soon. In respect of Jaipur project, effective step to obtain the approval from the authority has been initiated.

2. LICHFL Financial Services Limited :

LICHFL Financial Services Limited was incorporated on 31st October, 2007 for undertaking non fund based activities like marketing of housing loans, insurance products, credit card, mutual fund, personal loan etc. It has become operational in March 2009 and has already opened 33 offices across the country upto March 2010. The Company earned profit after tax Rs.78.19 lakh and declared first dividend @ 5 percent for F.Y. 2009-10. The Company plans to open more offices in a phased manner.

3. LICHFL Trustee Company Private Limited :

LICHFL Trustee Company Private Limited was incorporated on 5th March, 2008 for undertaking the business of trustees of venture capital trust, funds – in India and offshore fund. The Company plans to launch its first real estate venture fund by September 2010.

4. LICHFL Asset Management Company Private Limited:

LICHFL Asset Management Company Private Limited was incorporated on 14th February, 2008 for undertaking the business of managing, advising, administering venture funds, unit trust, investment trust in India as well as abroad. The Company has selected Chief Executive Officer and would launch its operations very soon.

Acknowledgments

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

For and on behalf of the Board

Chairman

Mumbai

Date : 28th April, 2010

Report of Directors on Corporate Governance

Corporate Governance is the adoption of best management policies, adherence to ethical standards and compliance of law while achieving the Company's objective i.e., enhancing shareholder value and discharge of social responsibility. At LIC Housing Finance, the Corporate Governance structure assigns responsibilities and entrusts authority amongst different participants namely, board of directors, senior management and employees. It also involves building and maintaining relationships with lenders, borrowers, agents, depositors, shareholders and other stakeholders through higher levels of accountability, transparency, responsibility and fairness across all operations. The Company has been following Corporate Governance and disclosure practices before these were made compulsory by the legislation.

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

Board of Directors

Composition

The Board of Directors as on 31st March, 2010 comprised nine members — seven Non-Executive and two Executive Directors. Shri D.K. Mehrotra and Shri R. R. Nair were Executive Directors. The Executive and Non-Executive Directors are competent and reputed personalities in their respective fields. All the Non-Executive Directors except the Chairman were Independent Directors.

The Independent Directors took part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They received sitting fees for attending the meetings and did not have any other material or pecuniary relationship or transaction with the Company, its promoters, its directors, management, subsidiaries or associates. In 2009-10, the composition of the Board was in conformity with clause 49 of the Listing Agreement. Details of number of Board meetings attended by Directors, attendance at last Annual General Meeting, number of other Directorships/ Committee membership (viz. Audit Committee and Investors' Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2009-10 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 20 th AGM	Attendance at the Board meeting (No. of meetings held – 7)	No. of Directorships	No. of Committees (as per Clause 49) Membership (other than LIC Housing Finance Ltd.)	
						Member	Chairperson
1.	Shri T.S. Vijayan	Non- Executive	Present	7	10	-	-
2.	Shri D. K. Mehrotra	Executive	Present	7	8	-	-
3.	Shri Y.B. Desai	Independent and Non- Executive	Present	7	3	2	1
4.	Shri Dhananjay Mungale	Independent and Non- Executive	Present	5	14	5	4
5.	Shri K. Narasimha Murthy	Independent and Non- Executive	Present	6	6	2	1
6.	Shri S. Ravi	Independent and Non- Executive	Present	6	9	4	3
7.	Shri B.N. Shukla	Independent and Non- Executive	Present	6	-	-	-
8.	Shri A. S. Narayanamoorthy	Independent and Non- Executive	Not Applicable	6	3	1	1
9.	Shri R. R. Nair	Executive	Present	7	6	1	-

Tenure

Two-third members of the Board are liable to retire by rotation. Accordingly, Shri B. N. Shukla and Shri Y. B. Desai retire by rotation, and being eligible, offer themselves for re-appointment. There is no relationship between directors of the Company inter-se.

Brief profiles

Shri B. N. Shukla is a gold medallist in MA with a PhD from Patna University on A Study of Industrial Relations in Ports and Docks in India with a reference to the Calcutta Port. He has done three research projects in the Department of Economics and Industrial Relations while working with Shri Ram Centre for Industrial Relations, New Delhi. He was a lecturer at the Post-Graduate Department of Labour and Social Welfare, University of Patna. He was also a professor and Director at the L.N. Mishra Institute of Economic Development and Social Change, Patna, from October 1985 to September 1990. He joined the Board of the Company on 24th January, 2006.

Shri B. N. Shukla is not a Director/committee member of any other company/firm as per disclosure received from him.

Shri Y. B. Desai is a Graduate in Economics and certified Associate of Indian Institute of Bankers (CAIIB). He was Managing Director of EXIM Bank and has vast experience in banking, finance, treasury operations and International Banking. He joined the Board of the Company on 24th May, 2002. He is a Member of Audit Committee of Directors.

The details of other Directorships/committee memberships of Shri Y. B. Desai are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Dishman Pharmaceuticals & Chemicals Limited	Director	Chairman of Audit Committee
Deutsche Trustee Services (India) Pvt. Limited	Trustee	Member of Audit Committee
Kabra Extrusion Technik Limited	Director	Member of Audit Committee

Responsibilities

The Board of Directors provides direction / guidance to the management, reviews performance and ensures ongoing compliances to protect long-term interest of the shareholders. Apart from its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the Management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz., to provide secured housing finance at an affordable cost, maximizing shareholders' value with higher

customer sensitivity, is accomplished. The Board members ensure that their other engagements and preoccupations do not affect their responsibilities as Directors of the Company.

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

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

The Independent Directors take part in important deliberations of the Board to take informed decisions, offering unbiased, experienced and diverse perspectives to the Board. The Company benefits from their expertise in respective fields.

All the members of the Audit Committee and Investors' Grievance Committee, except Shri R. R. Nair, Director & Chief Executive are Independent Directors. The roles / functions of the committees are well defined and the minutes of the committee meetings are circulated and noted at the Board meetings.

Board meetings

The meetings of the Board of Directors are scheduled in advance for which notice is issued to each Director in writing. The Company Secretary prepares the agenda for the meetings in consultation with the Chairman, Managing Director and Director & Chief Executive. The folder containing the agenda and other relevant notes are circulated to the Directors well in advance. The other Directors can recommend any matter for inclusion in the agenda and can access any information and records of the Company. On invitation, members of the senior management team also attend

the meetings to provide necessary information and clarify agenda items. During 2009-10, seven Board meetings took place and they are listed below:

Details of Board Meetings held during the financial year and the number of directors present:

Sr No.	Dates on which the Board meetings were held	Total strength of the Board	No. of Directors present
1	23 rd April, 2009	9	9
2	1 st June, 2009	9	8
3	21 st July, 2009	9	9
4	19 th September, 2009	9	8
5	29 th October, 2009	9	8
6	25 th January, 2010	9	8
7	9 th March, 2010	9	7

No Director, except Shri R. R. Nair, Director and Chief Executive, was paid any commission or remuneration. A sitting fee was paid to the Directors (other than Shri T.S. Vijayan, Chairman, Shri D. K. Mehrotra, Managing Director and Shri R. R. Nair, Director & Chief Executive) for every Board and committee meetings they attended. The sitting fee for attending the Board Meeting has been revised during the year from Rs.10,000/- to Rs.15,000/-. Shri R. R. Nair, Director & Chief Executive was paid the remuneration as applicable to an officer in the cadre of Executive Director of Life Insurance Corporation of India. Irrespective of their attending the Board or its committee meetings no fee or remuneration was paid to Shri T. S. Vijayan, Chairman and Shri D. K. Mehrotra, Managing Director.

Membership of committees

As per the disclosure made to the Company by Directors, none of them were members in more than 10 committees under clause 49 of the Listing Agreement, nor did they act as Chairman of more than five committees under clause 49 of the Listing Agreement across all companies in which they were Directors. The Directors intimated the Company about the committee positions they occupied in other companies and also notified changes as and when they took place.

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

Board committees

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

Audit Committee

An Audit Committee was formed on 9th March, 2000 in accordance with the provisions of the Listing Agreement and the Companies Act, 1956. The Committee comprises three Non-Executive,

Independent, professional Directors and one Executive Director with expertise in finance, accounts, treasury and law. During the year, seven Audit Committee meetings were held. The composition of Audit Committee and the dates on which the Audit Committee were held and the attendance of the members at the said meetings are as under:

Composition

• Shri S. Ravi	Chairman	Independent Director
• Shri Y. B. Desai	Member	Independent Director
• Shri Dhananjay Mungale	Member	Independent Director
• Shri R. R. Nair	Member	Executive Director

Sr No.	Dates on which Audit Committee meetings were held	Attendance record of the Audit Committee Members			
		S. Ravi	Y. B. Desai	Dhananjay Mungale	R. R. Nair
1	23.04.2009	Attended	Attended	Attended	Attended
2	01.06.2009	Attended	Attended	Leave of Absence	Attended
3	21.07.2009	Attended	Attended	Attended	Attended
4	19.09.2009	Attended	Attended	Attended	Attended
5	29.10.2009	Attended	Attended	Attended	Attended
6	25.01.2010	Leave of Absence	Attended	Attended	Attended
7	09.03.2010	Attended	Attended	Leave of Absence	Attended

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

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

Role and powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

- Review with the management, statutory and internal auditor, the adequacy of internal control systems and audit procedures.
- Overview of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommend the appointment and removal of the statutory auditor, fixation of the audit fee and also approval for payment of any other services.

- Review with the management the annual financial statements before submission to the Board.
- Review the adequacy of the internal audit function, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors any significant findings and follow-up thereon.
- Review the findings of any internal investigations by the Internal Auditors into matters where there is a suspected irregularity or failure of internal control systems of a material nature and report the matter to the Board.
- Discussion with statutory auditors before the audit commences regarding the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review the Company's financial and risk management policies.
- To look into the reasons for substantial defaults if any, in the payment to debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Review performance of internal and statutory auditors of the Company.
- Review of Auditors' Reports and actions taken by the management with respect to observations and qualifications of the auditors.

Powers

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

The Audit Committee mandatorily reviewed the following:

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

Meetings were scheduled well in advance. The Audit Committee considered and recommended the financial results for approval by the Board. The statutory auditors were invited to attend the meeting. The head of the internal audit function attended the Audit Committee meetings; the Committee also invited senior executives to be present.

Executive Committee

The Executive Committee formed by the Board was empowered to approve project loans to developers, corporates, housing boards and even individual borrowers beyond a certain limit for

the construction of residential premises. The Committee has been empowered for the following:

- Borrow money up to Rs.5,000 crore (w.e.f. 22nd October, 2008) during the intervening period of two Board meetings for the business of the Company.
- Take over the portfolio of housing loans up to Rs.100 crore
- Approve any new housing loan scheme.
- Revise interest rates; modify schemes for individual housing loans and avail of NHB refinance.
- To sanction any loan i.e. housing loan to individuals under any scheme, project loan to builders and Rental Securitisation Loan beyond the power given to Director & Chief Executive.
- To waive Interest and additional Interest above Rs.7 lakh in respect of One Time Settlement and to waive full Principal amount.
- To waive Principal amount irrespective of the waiver amount involved in respect of One Time Settlement.

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

The composition of the Executive Committee was as follows:

- Shri D. K. Mehrotra Chairman Executive Director
- Shri K. Narasimha Murthy Member Independent Director
- Shri R. R. Nair Member Executive Director

Sr. No.	Dates on which Executive Committee meetings were held	Attendance record of the members		
		D. K. Mehrotra	K. Narasimha Murthy	R. R. Nair
1	09.04.2009	Attended	Leave of absence	Attended
2	23.04.2009	Attended	Attended	Attended
3	13.05.2009	Attended	Leave of absence	Attended
4	01.06.2009	Attended	Attended	Attended
5	11.06.2009	Attended	Leave of absence	Attended
6	23.06.2009	Attended	Leave of absence	Attended
7	28.06.2009	Leave of absence	Attended	Attended
8	03.08.2009	At-tended	Attended	Attended
9	29.08.2009	Attended	Attended	Attended

Sr. No.	Dates on which Executive Committee meetings were held	Attendance record of the members		
		D. K. Mehrotra	K. Narasimha Murthy	R. R. Nair
10	01.09.2009	Attended	Leave of absence	Attended
11	19.09.2009	Attended	Leave of absence	Attended
12	30.09.2009	Attended	Leave of absence	Attended
13	29.10.2009	Attended	Attended	Attended
14	06.11.2009	Attended	Leave of absence	Attended
15	25.11.2009	Attended	Attended	Attended
16	17.12.2009	Attended	Attended	Attended
17	30.12.2009	Leave of absence	Attended	Attended
18	08.01.2010	Attended	Attended	Leave of absence
19	25.01.2010	Attended	Attended	Attended
20	28.01.2010	Attended	Leave of absence	Attended
21	23.02.2010	Attended	Attended	Attended
22	26.02.2010	Attended	Leave of absence	Attended
23	09.03.2010	Attended	Attended	Attended
24	12.03.2010	Attended	Leave of absence	Attended
25	22.03.2010	Attended	Leave of absence	Attended
26	25.03.2010	Attended	Attended	Attended
27	31.03.2010	Attended	Attended	Attended

Investors' Grievance Committee

An Investors' Grievance Committee was formed on 22nd March, 2001 to look into issues related to shareholders, like transfer / transmission of shares, issue of duplicate shares, non receipt of dividend, annual report and other related matters. The Committee also advises on matters enabling better investor services and relations. Further, to expedite share transfer in physical form, the Board has delegated power for approving the share transfer to the Committee of Officers of the Company. During the year, one Investors' Grievance Committee meeting was held on 9th March, 2010.

Composition

- Shri Y. B. Desai Chairman Independent Director
- Shri S. Ravi Member Independent Director
- Shri R. R. Nair Member Executive Director

Attendance at Investors' Grievance Committee meeting	
Total one meeting held	
Name of the Director	No. of meeting/s attended
Shri Y. B. Desai	1
Shri S. Ravi	1
Shri R. R. Nair	1

The Board has delegated power for issue of duplicate share certificate/s to the Committee of Directors consisting of Shri Y. B. Desai, Shri Dhananjay Mungale and Shri R. R. Nair so to expedite the process of issuing Duplicate Share Certificate from time to time to the shareholders in case original share certificate is lost, upon receipt of necessary documents required for the purpose.

Other Committees

In addition to above, during the year under review, the Board constituted two committees namely QIP Issue Committee and Committee for Venture Capital Fund.

The Members of QIP Issue Committee namely Shri D. K. Mehrotra, Shri Y. B. Desai and Shri R. R. Nair met five times. All Members were present at the meetings and a sitting fee of Rs.10,000/- per meeting was paid to Independent Director namely Shri Y. B. Desai. The Committee was dissolved after completing the specified assignment i.e. allotment of 1,00,00,000 Equity shares of Rs.10/- each to Qualified Institutional Buyers.

During the year, seven meetings of the Committee for Venture Capital Fund were held. The Members of the Committee were Shri D. K. Mehrotra, Shri K. Narasimha Murthy and Shri A. S. Narayanamoorthy. The Committee was formed to take steps to activate Venture Capital Fund including recruitment of CEO / Fund Manager and finalizing the terms of his appointment etc. A sitting fee of Rs.10,000/- was paid to Independent Directors namely Shri K. Narasimha Murthy and Shri A. S. Narayanamoorthy.

Subsidiary companies

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

The Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20 percent of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

LIC Housing Finance Limited did not have a 'material non-listed Indian subsidiary' within the meaning of the above definition. During the year, the Audit Committee once reviewed the financial statements of its unlisted subsidiaries, in particular the investment made by it.

The minutes of the Board meeting of LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Asset Management Company Private Limited and LICHFL Trustee Company Private Limited 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, if any.

Compliance Officer

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

Details of shareholders' complaints

During 2009-10, 531 complaints/request for revalidation were received from investors and the same were replied/resolved to their satisfaction. As on 31st March, 2010, no complaints were pending unattended.

During the year, 1,297 dematerialisation requests for 1,42,901 shares and 355 requests for transfer involving 37,200 shares were received. The requests for dematerialisation and transfer were promptly attended and there were no request pending for approval as on 31st March, 2010. As on that date, 9,34,13,410 equity shares, representing 98.40 percent of the Company's share capital were dematerialised.

Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors, except Shri T. S. Vijayan, Chairman, were entitled to sitting fees for attending Board / Committee meetings, as the case may be.

The details of sitting fees paid to the Directors during the period from 1st April, 2009 to 31st March, 2010 were as follows:

Names of Non-Executive Directors	Sitting fees (in Rs.)
Shri Y. B. Desai	2,20,000/-
Shri Dhananjay Mungale	1,15,000/-
Shri K. Narasimha Murthy	2,95,000/-
Shri S. Ravi	1,45,000/-
Shri B. N. Shukla	75,000/-
Shri A. S. Narayanamoorthy	1,00,000/-
Total	7,90,000/-

Shri D. K. Mehrotra, Managing Director and Shri R. R. Nair, Director & Chief Executive are the Executive Directors. The Managing Director is not entitled for any remuneration or sitting fee. However, during the year under review, Shri R. R. Nair, Director and Chief Executive, was paid remuneration (from April 2009 to March 2010) as under:

Particulars	Rupees
Gross Salary including Food coupons and Productivity Linked Incentive* (PLI)	9,80,198/-
Contribution to pension and gratuity funds	84,430/-
Perquisites in cash or in kind	49,894/-
Total	11,14,522/-

* It may be mentioned here that Performance linked incentive for financial year 2008-09 was paid during the F.Y. 2009-10 calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

Number of shares and convertible instruments held by Directors:

The details of equity share holdings of the Director in the Company are as follows:

Shri T. S. Vijayan, Chairman, holds 100 shares

Shri A. S. Narayanamoorthy, Director holds 1,400 shares

Shri R. R. Nair, Director & Chief Executive holds 100 shares jointly with spouse.

None of the Directors are holding any convertible instruments.

General body meetings

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

Year	Location	Date	Time
2006-07	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001.	17 th July, 2007	3.00 pm
2007-08	M.C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001.	1 st July, 2008	3.00 p.m.
2008-09	"Babasaheb Dahanukar Hall", Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12, Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	21 st July, 2009	3.00 p.m.

Special resolutions passed at the three previous Annual General Meetings

2007: (a) Appointment of Statutory Auditors and Branch Auditors u/s 224A of the Companies Act, 1956.

(b) Amendment in existing Article 3 of Articles of Association of the Company.

2008: Appointment of Statutory Auditors and Branch Auditors u/s 224A of the Companies Act, 1956.

2009 : (a) Appointment of Statutory Auditors and Branch Auditors u/s 224A of the Companies Act, 1956.

(b) Issue of shares through Qualified Institutional Placement.

Special resolution by postal ballot

No special resolution was passed by postal ballot in the last Annual General Meeting and no resolution requiring the approval of shareholders by way of a postal ballot is proposed to be passed in the ensuing Annual General Meeting.

Financial calendar for 2010-11 (provisional)

a.	Result for the first quarter ending 30 th June, 2010	In the month of July, 2010
b.	Result for the second quarter ending 30 th September, 2010	In the month of October, 2010
c.	Result for the third quarter ending 31 st December, 2010	In the month of January, 2011
d.	Result (Audited) for the financial year ending 31 st March, 2011	In the month of April, 2011
e.	Annual General Meeting for the year ending March, 2011	In the month of July, 2011

Means of communication

The channel of communication included in Annual Report covering the Directors' Report, report of the Board of Directors on Corporate Governance, Management's Discussion and Analysis and the audited financial results.

The Company has a 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 were posted on the Company's website for the benefit of its shareholders.

The audited financial results were published in leading newspapers namely, Economic Times (all editions), Business Standard (all editions), Business Line (all editions), Financial Express (all editions) and Maharashtra Times, Mumbai.

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 posted on the Company's website. All material information about the Company, including quarterly and yearly financial results, limited review reports, shareholding pattern are promptly sent

through facsimile to the stock exchanges where the Company's shares are listed. Besides, the Company disseminated information through press and investors' meet.

The Company has uploaded full version of the Annual Report, quarterly results and shareholding pattern through the Electronic Data Information Filing and Retrieval System (EDIFAR) on the website maintained by the National Informatics Centre (NIC) as stipulated by SEBI, till the same was applicable.

General shareholder information

a) Annual General Meeting :

Date and time: 15th July, 2010 at 3.00 pm.

Venue: "M. C. Ghia Hall", Bhogilal Hargovindas Building, 2nd Floor, 18 / 20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001.

b) Financial year: 1st April, 2009 to 31st March, 2010c) Book closure : From 1st July, 2010 to 15th July, 2010 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the members.d) Dividend payment date (if any): On or after 16th July, 2010

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:

Trading symbol

BSE 500253

NSE LICHSGFIN EQ

g) ISIN Number of NSDL / CDSL: INE115A01018

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 (Rs.)		Volume of shares (Nos.)			Company's share price (Rs.)		Volume of shares (Nos.)
	High	Low			High	Low	High	
April 2009	371.85	226.00	70,91,872	11492.10	9546.29	373.00	225.00	197,64,761
May 2009	539.70	358.30	74,25,525	14930.54	11621.30	539.90	332.35	2,20,03,683
June 2009	655.00	491.30	1,19,29,277	15600.30	14016.95	656.70	489.10	3,53,59,563
July 2009	681.70	558.00	1,02,52,210	15732.81	13219.99	681.90	518.85	2,89,34,206
August 2009	680.00	580.10	54,27,015	16002.46	14684.45	681.00	580.00	1,86,76,635
September 2009	835.00	626.10	91,49,282	17142.52	15356.72	836.00	621.25	2,77,39,478
October 2009	876.50	728.00	68,25,569	17493.17	15805.20	877.40	718.00	2,64,24,401
November 2009	915.40	687.00	85,04,008	17290.48	15330.56	912.00	688.00	3,10,23,377
December 2009	884.70	763.25	39,03,074	17530.94	16577.78	884.50	764.00	1,55,48,954
January 2010	855.70	707.10	29,55,210	17790.33	15982.08	854.95	704.40	1,22,22,592
February 2010	799.90	710.00	18,01,449	16669.25	15651.99	798.15	712.80	83,89,697
March 2010	901.75	752.10	46,12,698	17793.01	16438.45	902.00	720.00	1,85,14,149

Shareholders holding more than 1 percent of the share capital of the Company as at 31st March, 2010:

Sr. No.	Name of the shareholders	No. of shares held	% to share capital
1.	Life Insurance Corporation of India	3,46,88,499	36.540
2.	Morgan Stanley Mauritius Company Limited	43,98,089	4.633
3.	Taib Securities Mauritius Limited	26,99,200	2.843
4.	FID Funds (Mauritius) Limited	24,11,864	2.541
5.	HDFC Trustee Company Limited-HDFC Top 200 Fund	22,39,999	2.360
6.	HSBC Global Invest Funds A/C HSBC Global Inv. Funds Mauritius Ltd.	22,00,000	2.317
7.	The New India Assurance Company Limited	19,69,232	2.074
8.	HDFC Trustee Company Limited-HDFC Equity Fund	18,00,000	1.896
9.	Deutsche Securities Mauritius Limited	16,12,426	1.698
10.	M and G Investment Management Limited	14,47,399	1.525
11.	Copthall Mauritius Investment Limited	12,54,200	1.321
12.	Pru India Equity Open Limited	11,45,902	1.207
13.	General Insurance Corporation of India	995221	1.048

Distribution of shareholding as on 31st March, 2010

No. of equity shares held	Folio / Shareholders		Shares	
	Number	Percentage	Number	Percentage
Up to 500	70,814	97.05	56,47,700	5.95
501-1000	1,095	1.50	8,72,908	0.92
1001-2000	4,14	0.57	6,22,665	0.66
2001-3000	135	0.19	3,39,670	0.36
3001-4000	65	0.09	2,35,736	0.25
4001-5000	72	0.10	3,39,613	0.36
5001-10000	111	0.15	8,30,179	0.87
Above 10001	255	0.35	8,60,44,129	90.63
Total	72,961	100	9,49,32,600	100

Shareholding Pattern as at 31st March, 2010Quarter Ended : 31st March, 2010

Category of Shareholder		Number of Holders	Total no Shares	No. of Share in Dmt form	Total Shareholding as a (%) of total number of share		Shares Pledged or otherwise encumbered	
					as a % of A+B	as a % of A+B+C	Number of Share	As a(%)
A	Promoter & its Group							
	1 Indian							
	a Individual HUF	0	0	0	0	0	0	0
	b Central / Sate Government	0	0	0	0	0	0	0
	c Bodies Corporates	0	0	0	0	0	0	0
	d Fins / Banks	1	34688499	34688499	36.541	36.540	0	0
	e Any Other specify	0	0	0	0	0	0	0
	Sub Total A (1)	1	34688499	34688499	36.541	36.540	0	0
	2 Foreign							
	a Individual NRI / For Individual	0	0	0	0	0	0	0

Category of Shareholder				Number of Holders	Total no Shares	No. of Share in Dmt form	Total Shareholding as a (%) of total number of share		Shares Pledged or otherwise encumbered	
							as a % of A+B	as a % of A+B+C	Number of Share	As a(%)
	b	Bodies Corporates		0	0	0	0	0	0	0
	c	Institutions		0	0	0	0	0	0	0
	d	Any Other specify		0	0	0	0	0	0	0
		Sub Total A (2)		0	0	0	0	0	0	0
		Total Shareholding Promoter & Group								
		Total (A) = A (1) + A (2)		1	34688499	34688499	36.541	36.540	0	0
B	Public Share Holding									
	1	Institutions								
	a	Mutual Funds		74	12363965	12361065	13.024	13.024	0	0
	b	Fins / Banks		6	498596	496296	0.525	0.525	0	0
	c	Cental / State Government		4	33875	32375	0.036	0.036	0	0
	d	Venture Cap Fund		3	51137	51137	0.054	0.054	0	0
	e	Insurance Comp (s)		5	3557294	3557294	3.747	3.747	0	0
	f	Foreign Institutional Investor		181	32104652	32099352	33.819	33.818	0	0
	g	Foreign Ven Cap In		0	0	0	0	0	0	0
	h	Any Other Specify		0	0	0	0	0	0	0
		Sub Total B (1)		273	48609519	48597519	51.205	51.204	0	0
	2	Non-Institutions								
	a	Bodies Corporates		1266	2045411	2023011	2.155	2.155	0	0
	b	Individual Holding								
		i) upto Rs. 1-Lac		70193	7591880	6107590	7.997	7.997	0	0
		ii) above Rs. 1-Lac		32	1522131	1522131	1.603	1.603	0	0
	c	Any Other - Clearing Members		282	237272	237272	0.25	0.25	0	0
		OCB		1	3575	3575	0.004	0.004	0	0
		NRI		912	232863	232363	0.245	0.245	0	0
		Sub Total B (2)		72686	11633132	10125942	12.254	12.254	0	0
		Total (B) = B (1) + B (2)		72959	60242651	58723461	63.459	63.458	0	0
		Total (A+B)		72960	94931150	93411960		99.998	0	0
C	Held by Custodian against Dep-Receipt			1	1450	1450		0.002	0	0
	Grand Total (A+B+C)			72961	94932600	93413410		100.000	0	0

h) Global Depository Shares (GDS):

Of the total 5,000,000 GDS issued by the Company, 1,450 GDSs were outstanding as on 31st March, 2010.

i) Plant location: Not applicable

j) Address for correspondence:

Investors and shareholders can correspond with

A) the Company at following address:

The Company Secretary
LIC Housing Finance Limited
Bombay Life Building, 2nd Floor, 45 /47, Veer Nariman
Road, Mumbai - 400 001
Phones: (91-22) 22837229, Fax: (91-22) 22049839. And /
Or

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

Sharex Dynamic (India) Pvt. Limited
17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort,
Mumbai – 400 001
Phones : (91-22) 22702485 / 22641376, Fax : (91-22)
22641349.

k) Share transfer system:

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

l) 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, 2010, 9,34,13,410 equity shares representing 98.40 percent of the Company's share capital were dematerialised.

Other useful information for shareholders

1. Considering the advantages of scrip-less trading, shareholders are requested to consider dematerialisation of their shareholding to avoid inconvenience. The Company's shares have been selected for trading in a dematerialised form. The Company's shares can be dematerialised through NSDL and CDSL.
2. As per the amendment to the Companies Act, 1956, a nomination facility is available to shareholders for which Form 2B duly filled is required to be sent to the Company. The form can be downloaded from the website of the Company or alternatively can be received by post from the Company, on request.
3. In terms of Section 205A of the Companies Act, 1956, unclaimed dividends for the financial year(s) up to 2001-02 were transferred to the Investors' Education and Protection Fund maintained by the Central Government.
4. Share transfer request is acted upon within 15-20 days from the date of its receipt at the Registered Office/Registrar and Transfer Agent's Office. In case no response is received from the Company within 20 days of lodgement of transfer

request, the lodger may write to the Company with full details so that necessary action could be taken to safeguard interest of the concerned shareholder against any possible loss/interception during postal transit.

5. Dematerialisation requests duly complete in all respects are normally processed within 3-5 days from the date of their receipt at the Registered Office.
6. Members/beneficial owners are requested to quote their Folio No. / DP and Client ID Numbers, as the case may be, in all their correspondence with the Company.
7. Members holding shares in a physical form are requested to notify promptly any change in address/pin code and bank account details. Beneficial owners of shares in dematerialised form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney, etc. directly to their DP as the same are maintained by the DPs.
8. To prevent the fraudulent encashment of dividend warrants, members are requested to provide their bank account details (if not provided earlier) to the Company (if shares are held in a physical form) or to the depository participant (if the shares are held in a dematerialised form), as the case may be, for printing of the same on their dividend warrants.
9. Non-resident members are requested to immediately notify:
 - Change in residential status on return to India for permanent settlement.
 - Particulars of Non-Resident External Account, if not furnished earlier.
10. In the case of loss/misplacement of shares, investors should immediately lodge a First Information Report (FIR)/ complaint with the police and inform the Company along with original or certified copy of the FIR/acknowledgement copy of complaint.
11. For the expeditious transfer of shares, shareholders should fill complete and correct particulars in the transfer deed. Wherever applicable, the registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.
12. Members are requested to keep a record of their specimen signature before the lodgement of these shares with the Company to obviate the possibility of a difference in signatures at a later date.
13. Member(s) of the Company who have multiple accounts in identical name(s) or hold more than one share certificate in the same name under different ledger folio(s) are requested to apply for the consolidation of such folio(s) and send the relevant share certificates to the Company.
14. Members are requested to quote their e-mail IDs. / telephone numbers / fax numbers for prompt reply to their communication.

Disclosures

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

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

The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the Clause 49 of the Listing Agreement, were placed before the Audit Committee on quarterly basis during 2009-10.

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

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

- (c) Disclosure of risk management:

The Company has laid down the procedures to inform Board members about the risk assessment and minimization procedures and every quarter there is review of risk.

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

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

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

Director and Chief Executive hereby confirm that : As provided under Clause 49 of the Listing Agreement with stock exchanges, all Board and senior management personnel affirmed compliance with LIC Housing Finance Limited — Code of Conduct for Board of Directors and senior management for the year ended 31st March, 2010.

- (f) Whistleblower policy: The Company has whistleblower policy – a mechanism for employees to report to the management any concerns about unethical behaviour, actual or suspected fraud or violation of the rules and regulations. The Board confirms that no personnel were denied access to the Audit Committee.
- (g) Employee Stock Option Scheme: The Company does not have Employee Stock Option Scheme.

- (h) Accounting Standards: In the preparation of financial statements no treatment materially different from that prescribed in the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 has been followed.

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

CEO / CFO certification

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

Auditors' Certificate on Corporate Governance:

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

Mandatory / Non-Mandatory requirements

During 2009-10, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.

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

1. Chairman of the Board:
Chairman of our Board is non-executive Chairman and is also the Chairman of LIC of India. The term of office of Non-Executive Director will not exceed nine years in three terms of three year each, running continuously.
2. Remuneration Committee:
The Company has not formed the Remuneration Committee under clause 49 of the Listing Agreement. The Company is not paying any remuneration to the Non-executive Directors other than sitting fees. Among the Executive Directors, remuneration is paid only to the Director & Chief Executive.
3. Shareholder Rights:
Half-yearly financial results including summary of significant events are presently not being sent to the shareholders. However, the results are well published in the newspaper.
4. Audit Qualification:
There is no qualification on any of the financial statements of the Company.
5. Training of Board Members:
During the year under review, the Company has not undertaken any training for the Directors in the business model of the company.
6. Mechanism of evaluating Non-executive Board Members:
There is no performance evaluation of Non-executive Directors of the company.
7. Whistle Blower Policy:
The Company has whistleblower policy and adheres to norms relating to the same.

Auditors' Certificate on Corporate Governance

To the members of LIC Housing Finance Limited

We have examined the compliance of the conditions of Corporate Governance by LIC Housing Finance Limited ('the Company'), for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreements of the Company with relevant stock exchanges.

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

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

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

For **SHAH GUPTA & CO.**
Chartered Accountants

For **CHOKSHI & CHOKSHI**
Chartered Accountants

Vipul K Choksi
Partner
M No. 37606

Vineet Saxena
Partner
M No. 100770

Place: Mumbai

Date: 28th April, 2010

The Board of Directors
 LIC Housing Finance Limited
 Bombay Life Building, 2nd Floor,
 45/47 Veer Nariman Road,
 Mumbai - 400 001.

Date: 28th April, 2010

ANNUAL CERTIFICATION

We the undersigned R. R. Nair, Director & Chief Executive and Surinder Mohan, Chief Financial Officer hereby certify that for the financial year ended 31st March, 2010, 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 Schedule 16 (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.

Director & Chief Executive

Chief Financial Officer

Auditors' Report

To the members of LIC Housing Finance Limited

1. We have audited the attached Balance Sheet of LIC Housing Finance Limited (the 'Company') as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto (in which are incorporated the accounts of 5 branches, known as back offices audited by other auditors). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. The comparative figures in the financial statements for the year ended March 31, 2009, were audited by the then auditors of the Company.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The branch auditors' reports have been forwarded to us and have been appropriately dealt with;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, in so far as they apply to the Housing Finance Company;
 - (e) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash-flow statement, of the cash-flows for the year ended on that date.

For SHAH GUPTA & CO.

Chartered Accountants

Firm Registration No. 109574W

Vipul K Choksi

Partner

M No. 37606

For CHOKSHI & CHOKSHI

Chartered Accountants

Firm Registration No. 101872W

Vineet Saxena

Partner

M No. 100770

Place: Mumbai

Date: 28th April, 2010

Annexure to the Auditors' Report

Annexure to the Auditors' Report referred to in paragraph 4 of our Report of even date to the Members of LIC Housing Finance Limited on the accounts for the year ended March 31, 2010.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) As the Company does not have inventory, the Clauses (ii) (a) to (ii)(c) of Para 4 of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. The nature of the Company's business is such that it does not involve purchase and sale of goods. During the course of our audit, we have not observed any major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there have been no contracts or arrangements referred to in section 301 of the Companies Act, 1956 during the year to be entered in the register required to be maintained under that section. Accordingly, sub-clause (b) is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA of the Companies Act, 1956, to the extent applicable to the Housing Finance Company and the Housing Finance Companies (NHB) Directions, 2001 with regard to the deposits accepted from the public. We are informed that no Order has been passed by the Company Law Board or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the internal audit functions carried out during the year by the Company's internal audit department and by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and nature of its business.
- (viii) As the Company is not a manufacturing concern, the clause (viii) of Para 4 of the Order regarding maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, cess and any other material statutory dues where applicable, with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and based on the records of the Company examined by us, the following are the particulars of disputed dues on account of income tax, wealth-tax, service tax, custom duty and cess which have not been deposited by the Company as at March 31, 2010:

No.	Name of the Statute	Nature of the Dues	Amount (Rupees)	Amount Paid/ adjusted (Rupees)	Net Balance (Amount in Rupees)	Period to which the amount relates (FY)	Forum where the dispute is pending
1.	Income Tax Act, 1961	Income Tax	31,396,993	31,396,993	-	2001-02	CIT (Appeals)
2.	Income Tax Act, 1961	Income Tax	119,077,050	119,077,050	-	2002-03	CIT (Appeals)
3.	Income Tax Act, 1961	Income Tax	233,801,201	233,801,201	-	2006-07	CIT (Appeals)
4.	Income Tax Act, 1961	Income Tax	331,050,489	331,050,489	-	2007-08	CIT (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) The Company has maintained adequate documents and records for the loans and advances granted by it on the basis of security by way of residential houses and properties and other securities. The Company has not granted loans and advances by way of pledge of shares and debentures during the year.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of para 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealt/traded in shares, debentures and investments other than mutual fund. The Company has maintained proper records of the transactions and contracts in respect of investments in mutual funds and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on the basis of review of Asset Liability Management

report prepared for submission to the Board of Directors of the Company, giving utilisation of funds on overall basis, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, in respect of debentures issued by the Company during the period covered by our report, security / charge have been created on two of the immovable properties of the Company and are further supplemented by a negative lien on all other assets of the company.
- (xx) The Company has not raised any money by public issue during the year. However the Company has raised money by way of 'Qualified Institutional Placement' (QIP) on a private placement basis.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursement of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.31,866,997/-. However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.

For SHAH GUPTA & CO.

Chartered Accountants

Firm Registration No. 109574W

Vipul K Choksi

Partner

M No. 37606

For CHOKSHI & CHOKSHI

Chartered Accountants

Firm Registration No. 101872W

Vineet Saxena

Partner

M No. 100770

Place: Mumbai

Date: 28th April, 2010

Auditors' Report to the Board of Director of LIC Housing Finance Limited on the compliance of Directors / Regulations of National Housing Bank for the year ended 31st March, 2010 under the Housing Finance Companies (NHB), Directions, 2001.

To,
The Board of Directors,
LIC Housing Finance Limited

As required by Chapter IV of the Housing Finance Companies (NHB) Directions, 2001 ('the Directions') we give below, a statement on the matters specified in paragraphs 30 and 31 of the said Directions, to the extent applicable to LIC Housing Finance Limited ('the Company').

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

Non-compliance of circular issued by National Housing Bank vide NHB(ND)/DRS/Pol-No.06/2004-05 dated 31st January, 2005 clarifying that even though the branches of the housing finance company only collect and forward the deposit applications to their Head Office where the details / accounts are maintained on centralized computer data base and that the Head Office issues the deposit receipts and makes payments in respect of matured, prematurely closed deposits and sanctions loans against deposits, the Company should send the authenticated particulars of public deposits to the respective branches, updating the information on quarterly basis i.e. as on 31st March, 30th June, 30th September and 31st December, every year, so that the intimation reaches the branches before 10th of succeeding quarter, irrespective of the fact that the branches do not open deposit accounts. During the year, the Company has sent the aforesaid particulars to its branches for the quarters ended on 30th June, 2009 and 31st March, 2010 on 15th July, 2009 and 6th May, 2010 respectively.

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 these 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 45I 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 4th March, 2010 is in force. There are no limits of public deposit specified by the rating agency.
- e. The Company has not defaulted in paying to its depositors the interest after such interest became due. There are no principal amounts of deposits, which have become due during the year.
- f. During the year, the Company has not opened / closed any branch / office for acceptance of public deposits.

For **SHAH GUPTA & CO.**
Chartered Accountants
Firm Registration No. 109574W

Vipul K Choksi
Partner
M No. 37606

For **CHOKSHI & CHOKSHI**
Chartered Accountants
Firm Registration No. 101872W

Vineet Saxena
Partner
M No. 100770

Place: Mumbai
Date: 28th April, 2010

Balance Sheet as at March 31, 2010

	Schedule	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	949,963,475		849,963,475
Reserves & Surplus	2	32,926,760,119		21,490,995,243
			33,876,723,594	22,340,958,718
Loan Funds				
Secured Loans	3	310,149,822,039		235,239,502,364
Unsecured Loans	4	37,431,745,717		18,977,080,566
			347,581,567,756	254,216,582,930
			381,458,291,350	276,557,541,648
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		663,356,777		596,303,176
Less: Depreciation and Amortisation		328,263,247		273,025,725
Net Block		335,093,530		323,277,451
Capital Advances		21,144,120		21,885,448
			356,237,650	345,162,899
Housing Loans	6		380,813,837,015	276,792,822,404
Investments	7		13,886,983,411	11,293,497,404
Deferred Tax Asset (Net)			890,534,663	947,535,903
Current Assets, Loans & Advances	8			
Cash and Bank Balances		2,669,998,955		1,352,861,931
Other Current Assets		2,408,726,240		2,042,743,884
Loans and Advances		1,392,455,756		1,050,371,698
		6,471,180,951		4,445,977,513
Less: Current Liabilities & Provisions	9			
Liabilities		16,882,679,083		13,360,012,419
Provisions		4,077,803,257		3,907,442,056
		20,960,482,340		17,267,454,475
Net Current Assets			(14,489,301,389)	(12,821,476,962)
			381,458,291,350	276,557,541,648
Significant Accounting Policies & Notes to Accounts	16			

The Schedules referred to above form an integral part of the Balance Sheet
As per our attached Report of even date.

For Shah Gupta & Co.
Chartered Accountants

Vipul K. Choksi
Partner

For & on behalf of the Board of Directors

For Chokshi & Chokshi
Chartered Accountants

Vineet Saxena
Partner

T. S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S.Ravi
Director

R.R. Nair
*Director &
Chief Executive*

Place: Mumbai
Date : 28th April, 2010

Nitin K. Jage
*General Manager &
Company Secretary*

Surinder Mohan
*CFO &
General Manager*

Tapas Basu
General Manager

Profit and Loss Account for the year ended March 31, 2010

	Schedule	March 31, 2010 Rupees	March 31, 2009 Rupees
Income			
Operating income	10	34,562,412,853	28,801,714,816
Other income	11	134,891,700	231,707,874
Total		34,697,304,553	29,033,422,690
Expenditure and Other Charges			
Interest on Loans and other charges (net)	12	23,957,265,100	20,166,108,707
Employees' Emoluments and Benefits	13	484,870,496	448,594,539
Establishment and other Expenses	14	1,371,781,301	1,042,844,646
Provisions / Write offs	15	(283,439,445)	53,652,187
Depreciation and Amortisation		63,695,225	49,894,795
Total		25,594,172,677	21,761,094,874
Profit Before Tax and Prior Period items		9,103,131,876	7,272,327,816
Prior Period items (Refer Note 12 of Schedule 16)		9,530,171	(8,130,710)
Profit Before Tax		9,112,662,047	7,264,197,106
Provision for Tax:			
- Current Tax		2,433,900,000	1,931,700,000
- Deferred Tax		57,001,240	(18,975,833)
- Fringe Benefit Tax		-	6,528,837
- In respect of earlier years		-	28,741,869
Profit after Tax		6,621,760,807	5,316,202,233
Add: Balance Brought Forward from Last Year		2,258,245,542	1,013,812,949
Profit Available for Appropriation		8,880,006,349	6,330,015,182
APPROPRIATIONS			
Special Reserve -II		1,600,000,000	1,280,000,000
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987)			
General Reserve		2,000,000,000	1,500,000,000
Proposed Dividend		1,423,989,000	1,104,123,800
Tax on Dividend		242,006,931	187,645,840
Balance Carried to Balance Sheet		3,614,010,418	2,258,245,542
Total		8,880,006,349	6,330,015,182
Earnings Per Share: Basic and Diluted (Face Value of Rs.10/-) (Refer Note 25 of Schedule 16)		73.46	62.59
Significant Accounting Policies & Notes to Accounts	16		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached Report of even date.

For Shah Gupta & Co.

Chartered Accountants

Vipul K. Choksi

Partner

For & on behalf of the Board of Directors

For Chokshi & Chokshi

Chartered Accountants

Vineet Saxena

Partner

T. S. Vijayan

Chairman

D.K. Mehrotra

Managing Director

S.Ravi

Director

R.R. Nair

Director &
Chief Executive

Place: Mumbai

Date : 28th April, 2010

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO &
General Manager

Tapas Basu
General Manager

Cash Flow Statement for the year ended March 31, 2010

	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
A. Cash Flow from Operating Activities				
Net profit before tax		9,112,662,047		7,264,197,106
Add / (Less) : Adjustment for				
Depreciation and Amortisation	63,695,225		49,894,795	
Provisions/ Write offs	(285,392,800)		52,549,734	
Long term investment written off (Non Trade)	1,440,000		-	
Loss on sale of assets (Net)	1,808,629		484,351	
Loss on account of write off	64,316		182,296	
Profit on sale of investments-current	(448,489,446)		(559,965,467)	
Profit on sale of investments-long term	(250,224)		-	
Provision for diminution in value of long term Investments written back (Non-trade)	(600,000)		(107,612,889)	
QIP Issue Expenses	96,007,603		-	
Old and unclaimed amounts written back	(6,365,491)		(6,157,884)	
Provision for diminution in value of current Investments written back	(347,461)		-	
Provision for diminution in value of current & Long Term investment	-		1,102,453	
		(578,429,649)		(569,522,611)
Operating profit before working capital changes		8,534,232,398		6,694,674,495
Adjustment for:				
(Increase) in Housing Loans	(103,970,975,855)		(57,400,003,813)	
(Increase) in Other Current Assets	(365,982,356)		(544,526,545)	
(Increase) in Loans and Advances	(22,502,337)		(34,345,689)	
Increase in Liabilities and Provisions	3,557,134,600		5,149,163,733	
		(100,802,325,948)		(52,829,712,314)
Cash used in Operations		(92,268,093,550)		(46,135,037,819)
Direct taxes Paid		(2,752,771,531)		(2,956,593,972)
Net Cash used in Operating Activities (A)		(95,020,865,081)		(49,091,631,791)
B. Cash Flow from Investing activities				
Sale of Investments		471,948,447,915		169,317,534,141
Purchase of Investments		(474,094,286,788)		(172,196,944,647)
Purchase of Fixed Assets (including capital advances)		(77,028,320)		(96,055,019)
Sale of Fixed Assets		385,396		376,104
Net Cash used in Investing Activities (B)		(2,222,481,797)		(2,975,089,421)
C. Cash Flow from Financing activities				
QIP Issue proceeds		6,580,000,000		-
QIP Issue Expenses		(96,007,603)		-
Proceeds from Secured Loans (Net)		74,910,319,675		44,105,547,153
Proceeds from Unsecured Loans (Net)		18,454,665,151		6,666,781,242

Cash Flow Statement for the year ended March 31, 2010

	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
Dividend Paid		(1,097,433,967)		(844,151,894)
Investor Protection Fund		(3,413,514)		(3,228,884)
Dividend Tax Paid		(187,645,840)		(144,342,954)
Net Cash generated from Financing Activities (C)		98,560,483,902		49,780,604,663
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)		1,317,137,024		(2,286,116,549)
Cash and cash equivalents at the beginning of the year		1,352,861,931		3,638,978,480
Cash and cash equivalents at the end of the year		2,669,998,955		1,352,861,931
Notes:				
1. Cash and cash equivalents include:				
Cash and cheques on Hand		539,426,004		323,304,836
Bank balances		2,130,572,951		1,029,557,095
Total cash and cash equivalents		2,669,998,955		1,352,861,931

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Rules 2006
- Fixed Deposit with Banks includes Rs.12,099,208 (Previous Year Rs.11,979,661) kept with designated banks for repayment to public deposit holders. The Company has the complete beneficial interest on the income earned from these deposits.

As per our attached Report of even date.

For Shah Gupta & Co.
Chartered Accountants

Vipul K. Choksi
Partner

For & on behalf of the Board of Directors

For Chokshi & Chokshi
Chartered Accountants

Vineet Saxena
Partner

T. S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S.Ravi
Director

R.R. Nair
Director &
Chief Executive

Place: Mumbai
Date : 28th April, 2010

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO &
General Manager

Tapas Basu
General Manager

Schedules Forming Part of Balance Sheet as at March 31, 2010

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
150,000,000 Equity Shares of Rs. 10/- each		1,500,000,000	1,500,000,000
Issued, Subscribed and Paid Up:			
94,932,600 Equity Shares (Previous Year 84,932,600) of Rs.10/- each fully paid up		949,326,000	849,326,000
Add: Amount received on forfeited shares		637,475	637,475
		949,963,475	849,963,475

SCHEDULE 2

RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet		4,793,333	4,793,333
Securities Premium			
As per last Balance Sheet	2,532,854,875		2,532,854,875
Received during the year	6,480,000,000		-
(Refer Note 31 of Schedule 16)		9,012,854,875	2,532,854,875
Special Reserve - I			
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987) (Upto financial year 1996-97)			
As per last Balance Sheet		389,800,000	389,800,000
Special Reserve - II			
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987) (From financial year 1997-98)			
As per last Balance Sheet	10,324,901,385		9,044,901,385
Add: Transfer from Profit and Loss Account	1,600,000,000		1,280,000,000
		11,924,901,385	10,324,901,385
General Reserve			
As per last Balance Sheet	5,980,400,108		4,480,400,108
Add: Transfer from Profit and Loss Account	2,000,000,000		1,500,000,000
		7,980,400,108	5,980,400,108
Surplus in Profit and Loss Account		3,614,010,418	2,258,245,542
		32,926,760,119	21,490,995,243

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 3			
SECURED LOANS			
Non-Convertible Debentures (refer note below)		168,615,000,000	125,967,500,000
Zero Coupon Debentures *****	2,000,000,000		-
Less : Discount not written off	(80,969,473)		-
		1,919,030,527	-
Loans and advances from banks:			
Term Loans from scheduled banks		116,515,995,391	81,119,080,035
Other loans and advances:			
From National Housing Bank (Refinance)		12,914,131,121	14,752,382,329
From Life Insurance Corporation of India		10,185,665,000	13,400,540,000
Security :			
Loans and advances from banks and other loans and advances are secured by a negative lien on all assets of the Company and an irrevocable Power of attorney given by the Company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.			
		310,149,822,039	235,239,502,364

Note :

The Debentures are redeemable at par. The Debentures are secured by way of a pari passu mortgage and charge in favour of the Debenture Trustees on the Company's immovable property to the extent of Rs.2,429,600/- and are further supplemented by a negative lien on all other assets.

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

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
17 NCD's of Rs.5,000,000 each*	1-Nov-11		85,000,000	127,500,000
75 NCD's of Rs 2,000,000 each	18-Feb-10	-	-	150,000,000
75 NCD's of Rs.2,000,000 each	18-Feb-11	-	150,000,000	150,000,000
75 NCD's of Rs.2,000,000 each	18-Feb-12	-	150,000,000	150,000,000
240 NCD's of Rs.10,000,000 each	11-Apr-12	-	2,400,000,000	2,400,000,000
25 NCD's of Rs.10,000,000 each	27-Aug-09	-	-	250,000,000
50 NCD's of Rs.10,000,000 each	11-Sep-12	-	500,000,000	500,000,000
50 NCD's of Rs.10,000,000 each	11-Sep-09	-	-	500,000,000
80 NCD's of Rs.10,000,000 each	2-Nov-09	-	-	200,000,000
105 NCD's of Rs.10,000,000 each	2-Nov-09	-	-	1,050,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-09	-	-	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-10	-	110,000,000	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-11	-	110,000,000	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-12	-	110,000,000	110,000,000
100 NCD's of Rs.10,000,000 each	25-Nov-17	-	1,000,000,000	1,000,000,000
25 NCD's of Rs.10,000,000 each	12-Mar-10	-	-	250,000,000

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 3 SECURED LOANS (contd.)

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
285 NCD's of Rs.10,000,000 each	27-Jun-18	-	2,850,000,000	2,850,000,000
1650 NCD's of Rs.1,000,000 each	17-Mar-11	-	1,650,000,000	1,650,000,000
3250 NCD's of Rs.1,000,000 each #	27-Sep-11	27-Sep-09	-	3,250,000,000
1800 NCD's of Rs.1,000,000 each #	27-Sep-11	27-Sep-09	-	1,800,000,000
3450 NCD's of Rs.1,000,000 each	13-Jan-10	-	-	3,450,000,000
6000 NCD's of Rs.1,000,000 each	11-Aug-12	11-Aug-10	6,000,000,000	6,000,000,000
5000 NCD's of Rs.1,000,000 each	9-Mar-16	-	5,000,000,000	5,000,000,000
2200 NCD's of Rs.1,000,000 each	9-Jun-09	-	-	2,200,000,000
600 NCD's of Rs.1,000,000 each	9-Jun-11	-	600,000,000	600,000,000
1500 NCD's of Rs.1,000,000 each	20-Oct-09	-	-	1,500,000,000
2500 NCD's of Rs.1,000,000 each	20-Oct-11	-	2,500,000,000	2,500,000,000
2650 NCD's of Rs.1,000,000 each	15-Jan-17	-	2,650,000,000	2,650,000,000
5000 NCD's of Rs.1,000,000 each	23-Feb-17	-	5,000,000,000	5,000,000,000
7500 NCD's of Rs.1,000,000 each**	13-Mar-16	-	7,500,000,000	7,500,000,000
2000 NCD's of Rs.1,000,000 each	14-May-17	-	2,000,000,000	2,000,000,000
3000 NCD's of Rs.1,000,000 each	27-Aug-17	-	3,000,000,000	3,000,000,000
2000 NCD's of Rs.1,000,000 each	22-Oct-10	-	2,000,000,000	2,000,000,000
5000 NCD's of Rs.1,000,000 each	22-Oct-17	-	5,000,000,000	5,000,000,000
3000 NCD's of Rs.1,000,000 each	23-Nov-14	23-Nov-12	3,000,000,000	3,000,000,000
3000 NCD's of Rs.1,000,000 each	16-Jan-11	-	3,000,000,000	3,000,000,000
2000 NCD's of Rs.1,000,000 each	16-Jan-18	-	2,000,000,000	2,000,000,000
1500 NCD's of Rs.1,000,000 each	24-Mar-18	-	1,500,000,000	1,500,000,000
1500 NCD's of Rs.1,000,000 each	24-Sep-09	-	-	1,500,000,000
750 NCD's of Rs.1,000,000 each	24-Sep-09	-	-	750,000,000
750 NCD's of Rs.1,000,000 each	24-Apr-10	-	750,000,000	750,000,000
2000 NCD's of Rs.1,000,000 each	30-Sep-09	-	-	2,000,000,000
2500 NCD's of Rs.1,000,000 each	07-Apr-13	-	2,500,000,000	2,500,000,000
1000 NCD's of Rs.1,000,000 each	25-Apr-13	-	1,000,000,000	1,000,000,000
5000 NCD's of Rs.1,000,000 each	21-Jul-13	-	5,000,000,000	5,000,000,000
3000 NCD's of Rs.1,000,000 each	13-Aug-18	-	3,000,000,000	3,000,000,000
5000 NCD's of Rs.1,000,000 each	25-Aug-18	-	5,000,000,000	5,000,000,000
5000 NCD's of Rs.1,000,000 each***	05-Sep-18	-	5,000,000,000	5,000,000,000
4000 NCD's of Rs.1,000,000 each	27-Sep-10	-	4,000,000,000	4,000,000,000
5000 NCD's of Rs.1,000,000 each****	27-Sep-18	-	5,000,000,000	5,000,000,000
5000 NCD's of Rs.1,000,000 each	21-Oct-18	-	5,000,000,000	5,000,000,000
4000 NCD's of Rs.1,000,000 each	19-Nov-10	-	4,000,000,000	4,000,000,000
2000 NCD's of Rs.1,000,000 each	24-Jun-10	-	2,000,000,000	2,000,000,000
2750 NCD's of Rs.1,000,000 each	01-Jan-12	-	2,750,000,000	2,750,000,000
2100 NCD's of Rs.1,000,000 each	15-Apr-10	-	2,100,000,000	2,100,000,000
2000 NCD's of Rs.1,000,000 each	09-Oct-10	-	2,000,000,000	-
3000 NCD's of Rs.1,000,000 each	23-Apr-12	-	3,000,000,000	-

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 3 SECURED LOANS (contd.)

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
3300 NCD's of Rs.1,000,000 each	23-Apr-11	-	3,300,000,000	-
2000 NCD's of Rs.1,000,000 each	13-May-11	-	2,000,000,000	-
11000 NCD's of Rs.1,000,000 each	21-Jul-12	-	11,000,000,000	-
3000 NCD's of Rs.1,000,000 each	14-Jan-11	-	3,000,000,000	-
5000 NCD's of Rs.1,000,000 each	06-Nov-12	-	5,000,000,000	-
4150 NCD's of Rs.1,000,000 each	08-Jan-12	-	4,150,000,000	-
5000 NCD's of Rs.1,000,000 each	28-Sep-11	-	5,000,000,000	-
4000 NCD's of Rs.1,000,000 each	26-Aug-11	-	4,000,000,000	-
5000 NCD's of Rs.1,000,000 each	26-Feb-12	-	5,000,000,000	-
7200 NCD's of Rs.1,000,000 each	09-Jun-11	-	7,200,000,000	-
2000 NCD's of Rs.1,000,000 each	28-Jun-12	-	2,000,000,000	-
5000 NCD's of Rs.1,000,000 each	12-Mar-13	-	5,000,000,000	-
			168,615,000,000	125,967,500,000

*Rs. 25,00,000 each redeemable on 01.11.2010 and 01.11.2011

** Rs 3,33,333/- each redeemable on 13.03.14, 13.03.15 and Rs 3,33,334/- each redeemable on 13.03.16

***Rs 250,000/- each redeemable on 05.09.15, 05.09.16, 05.09.17 and 05.09.18

****Rs 250,000/- each redeemable on 27.09.15, 27.09.16, 27.09.17 and 27.09.18

Put option exercised by investors hence full amount redeemed

The details of Zero Coupon Debentures are as under:

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
2000 NCD's of Rs.1,000,000 each*****	01-Dec-10	-	1,848,680,000	-
			1,848,680,000	-
***** Discounted Value of Rs 9,24,340/- per Debenture				

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 4			
UNSECURED LOANS			
Public Deposits (See Note 1 below)		3,261,937,820	1,617,788,000
Short -term loans and advances :			
Commercial Paper	8,300,000,000		6,500,000,000
Less : Discount not written off	(148,242,642)		(434,871,708)
[Maximum outstanding during the year Rs.14,800,000,000 (Previous Year Rs. 6,500,000,000)]		8,151,757,358	6,065,128,292
Other loans and advances:			
From Others:			
Subordinated Bonds (See Note 2 below)		10,000,000,000	10,000,000,000
Upper Tier II Bonds (See Note 3 Below)		5,000,000,000	-
Life Insurance Corporation of India		1,568,050,539	1,294,164,274

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 4 UNSECURED LOANS (contd.)

		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Non-Convertible Debentures*		9,450,000,000	-
		37,431,745,717	18,977,080,566

Note (1) : The company has created a floating charge on the statutory liquid assets in favour of the Trustee for Depositors - The company has designated the following liquid assets amounting to Rs. 414,634,208 (Previous Year Rs. 54,651,661) for this purpose

Government Secutities		402,535,000	42,672,000
Fixed Deposits Placed with Bank		12,099,208	11,979,661
		414,634,208	54,651,661

Note:(2) : Subordinated bonds are repayable at par after ten years from the deemed date of allotment

Note:(3) : Upper Tier II Bonds are redeemable at the end of 15 years from the deemed date of allotment (with call option exercisable after 10 years) with prior approval of National Housing Bank.

* Includes short term loans due and payable within one year Rs. 4,450,000,000.

SCHEDULE 5

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Additions/ Adjustments	Deductions / Adjust- ments	As at 31st March 2010	Upto 31st March 2009	For the Year	Deductions / Adjustments	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009
Tangible Assets										
Land	431,770	-	-	431,770	-	-	-	-	431,770	431,770
Building	71,644,285	10,762,280	-	82,406,565	8,465,914	1,180,910	-	9,646,824	72,759,741	63,178,371
Lease Hold Improvements	80,100,890	19,158,895	563,803	98,695,982	42,447,062	14,430,130	548,122	56,329,070	42,366,912	37,653,828
Furniture fittings & other equipments	157,147,634	11,157,096	5,997,340	162,307,390	76,407,053	10,590,852	4,009,946	82,987,959	79,319,431	80,740,581
Computers	190,445,524	29,408,790	3,572,758	216,281,556	121,934,842	20,096,455	3,563,197	138,468,100	77,813,456	68,510,682
Vehicles	3,244,985	1,047,323	582,143	3,710,165	1,082,063	316,487	336,438	1,062,112	2,648,053	2,162,922
Intangible Assets										
Software	93,288,088	6,235,261		99,523,349	22,688,791	17,080,391		39,769,182	59,754,167	70,599,297
Total	596,303,176	77,769,645	10,716,044	663,356,777	273,025,725	63,695,225	8,457,703	328,263,247	335,093,530	323,277,451
Previous Year	464,122,064	144,321,043	12,139,931	596,303,176	234,228,110	49,894,795	11,097,180	273,025,725		
Capital Advances									21,144,120	21,885,448
									356,237,650	345,162,899

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 6			
HOUSING LOANS (Secured, unless otherwise stated)			
[Refer Note 3(i) of Schedule 16]			
Individuals		339,491,433,339	252,528,694,322
* [Unsecured Rs. 101,989,932 (Previous Year Rs.434,938,713) (Refer Note 5 of Schedule 16)]			
Corporate bodies		130,998,135	142,846,531
Builders and Co-operative societies		41,191,405,541	24,121,281,551
		380,813,837,015	276,792,822,404
[Includes principal amount due from borrowers Rs. 1,352,865,442; (Previous Year Rs.898,815,998)]			
	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 7			
INVESTMENTS- (NON-TRADE)			
Long Term Investments- (Details appended)			
Government Securities	402,535,000		42,672,000
Debentures	1,380,063		1,380,063
Bonds	-		-
Equity Shares	160,036,000		145,036,000
Real Estate Venture Fund	540,031,426		578,964,586
Preference Shares	-		105,000,000
Mortgage Backed Pass Through Certificate (PTC) Class B	7,424,563		13,120,280
		1,111,407,052	886,172,929
Current Investments- (Details appended)			
Equity Shares	691,824		344,363
Units of Mutual Funds	12,774,884,535		10,406,980,112
		12,775,576,359	10,407,324,475
		13,886,983,411	11,293,497,404
Note:		Cost	Market Value
		(Rupees)	(Rupees)
Aggregate of Quoted Investments		403,226,824	397,441,424
		(43,016,363)	(48,703,222)
Aggregate of Unquoted Investments		13,483,756,587	-
		(11,250,481,041)	-
Total		13,886,983,411	397,441,424
Figures in brackets are for the previous year		(11,293,497,404)	(48,703,222)

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

Units of Mutual Fund			(Amount in Rupees)	
	March 31, 2010		March 31, 2009	
SCHEME NAME	Units	Cost	Units	Cost
AIG India Liquid Fund - Super IP - Gr	251,925	290,000,000	134,650	150,000,000
AIG India Treasury Plus Fund - Super IP - Gr	25,059,485	290,040,139	13,426,663	150,030,111
Axis Liquid Fund - Gr	199,414	200,000,000	-	-
Axis Treasury Advantage Fund - IP - Gr	199,290	200,018,058	-	-
Bharti AXA Liquid Fund - IP - Gr	-	-	79,446	80,000,000
Birla SL Cash Plus Instl Premium - Gr	1,398,060,366	20,219,459,778	584,261,769	7,912,965,501
Birla Sun Life Savings Fund Instl. - Gr	457,729,227	7,794,914,661	122,312,141	1,985,499,877
Birla Sun Life Short Term Fund - IP - Gr	70,772,524	765,377,754	-	-
Birla SunLife Cash Manager - IP - Gr	153,812,472	2,337,300,000	-	-
Baroda Pioneer Liquid Fund - IP - Growth	659,193,511	6,880,100,000	-	-
Baroda Pioneer Treasury Advantage Fund - IP - Gr	533,475,291	5,494,192,571	-	-
Canara Robeco FRF - ST - Gr	-	-	3,589,690	45,000,000
Canara Robeco Liquid Institutional Plan - Gr	-	-	40,203,013	600,900,000
Canara Robeco Liquid Super - IP - Gr	338,525,783	3,716,400,000	409,391,667	4,214,200,000
Canara Robeco Treasury Advantage SI Gr (previously known as Canara Robeco Liquid Plus - SI - Gr)	149,134,653	2,020,274,489	62,429,407	780,392,521
Canara Robeco Liquid Plus - IP - Gr	-	-	20,048,024	270,062,606
DSP Black Rock Liquidity Fund- Instl. - Gr	-	-	209,270	249,999,999
DSP Black Rock Money Manager Fund - IP - Gr	3,684,511	4,705,200,000	1,038,365	1,159,499,999
DSP Black Rock Liquid Plus Fund - IP - Gr	504,662	625,284,941	855,078	1,042,147,133
DSP Black Rock Strategic Bond Fund - IP - Gr	413,020	440,048,090	-	-
DSP Black Rock Floating Rate Fund - IP - Gr	1,834,574	2,420,214,085	-	-
DWS Insta Cash Plus Fund Instl Gr	-	-	7,298,151	100,000,000
DWS Insta Cash Plus Fund - Super IP - Gr	292,451,159	3,419,400,000	491,539,575	5,427,246,870
DWS Money Plus Fund - IP - Gr	28,878,374	292,338,921	12,796,124	150,024,231
DWS Liquid Plus Regular - Growth	-	-	5,946,877	80,019,389
DWS Ultra Short Term Fund - IP - Growth	103,707,371	1,100,252,572	57,820,030	585,039,202
DWS Treasury Fund Cash - IP - Gr	4,905,285	50,005,458	-	-
Fidelity Cash Fund Super - IP - Gr	98,096,850	1,198,500,000	47,432,219	570,000,000
Fidelity Ultra Short Term Debt Fund - Super IP - Gr	104,005,134	1,198,627,974	32,718,530	369,849,758
FORTIS Money Plus IP Fund - Gr	1,231,444,198	16,684,985,200	235,213,185	2,989,709,158
FORTIS Overnight Fund - Instl Plus Gr	1,404,949,832	15,733,500,000	330,307,967	3,506,900,000
HDFC Cash Mgmt Fund - Savings Plan - Gr	491,155,472	9,341,000,000	68,549,070	1,230,800,000
HDFC CMF Treasury Adv. WI Gr	244,003,653	4,797,224,739	38,461,488	714,057,692
HDFC FRIF - STF - WP - Gr	360,860,837	5,537,904,466	145,351,598	2,097,809,440
HDFC Liquid Fund - Premium - Gr	18,989,643	350,000,000	44,048,724	764,100,000
HDFC Liquid Fund - Premium Plus Plan - Gr	954,106,964	17,284,600,000	420,489,078	7,341,418,162
HSBC Liquid Plus - Instl. Plus - Gr.	-	-	19,355,582	220,053,596
HSBC Floating Rate Long Term Institutional - GR	-	-	8,781,251	120,016,493
HSBC Cash Fund - Institutional Plus - Gr	-	-	28,464,236	373,500,000

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

Units of Mutual Fund			(Amount in Rupees)	
	March 31, 2010		March 31, 2009	
SCHEME NAME	Units	Cost	Units	Cost
ICICI Prudential Flexible Income Plan - Premium - Gr	240,203,599	7,463,800,708	202,728,661	3,153,669,658
ICICI Prudential FRF - Plan D - Gr	-	-	68,162,799	834,200,000
ICICI Prudential Liquid - Super IP - Gr	978,698,201	25,118,384,549	1,231,180,568	15,235,100,000
IDFC Cash Fund - Super Institutional Plan C Gr.	566,878,700	6,268,654,146	131,679,764	1,384,300,000
IDFC Liquidity Manager Fund Plus - Gr	-	-	413,932	480,332,039
IDFC Liquid Plus Fund - Treasury Plan B Gr.	-	-	13,053,636	177,800,000
IDFC Money Manager - Treasury Plan - Plan C - Gr (Previously known as IDFC Liquid Plus Fund - Treasury Plan C Gr)	354,151,629	3,792,613,426	48,335,956	499,990,553
IDFC F R F - IP - LTP - Plan B - Growth	-	-	31,719,591	399,581,271
ING Liquid Fund - Super IP - Gr	-	-	184,934,770	2,328,000,000
ING Treasury Advantage Institutional - Gr	-	-	70,191,431	793,128,650
JM High Liquidity Super - IP - Gr	376,759,185	5,370,000,000	136,086,864	1,821,500,000
JM High Liquidity - IP - Gr	-	-	42,900,365	591,000,000
JM Money Manager Fund - Super Plus Plan - Gr	418,593,356	5,370,572,281	94,465,194	1,111,616,531
JP Morgan India Liquid Fund - Gr	-	-	112,392,087	1,257,700,000
JP Morgan India Liquid Fund - Super IP - Gr	599,097,219	7,014,400,000	-	-
JP MORGAN India Treasury Fund - Super IP - Gr (Previously known as JPMORGAN INDIA Liquid Plus Fund - Gr)	508,860,606	5,985,011,077	57,175,123	637,998,099
Kotak Flexi Debt Fund - Gr	-	-	39,580,353	505,117,178
Kotak Flexi Debt Fund Institutional Plan - Gr	935,884,847	10,388,434,297	102,847,340	1,095,910,238
Kotak Floater LT Gr	503,531,568	7,204,001,867	-	-
Kotak Floater Short Term - Gr	2,006,737	28,000,000	40,909,975	552,500,000
Kotak Liquid (Institutional Premium) - Gr.	1,294,507,776	23,769,200,000	338,222,270	5,831,144,425
L&T F I - S T F - IP - Gr (Previously known as DBS Chola Freedom Income STP - Inst.-Cum-Org)	41,194,979	605,107,242	3,541,653	49,921,073
L & T Liquid Fund - Super IP - Gr (previously Known as DBS Chola Liq. Super Instl. Plan - Cum)	49,522,367	621,800,000	16,672,870	200,000,000
L & T Liquid - IP - Cumulative	9,951,624	184,400,000	-	-
LIC Liquid Fund Growth Plan	3,927,184,897	65,015,599,198	1,301,173,159	20,208,319,866
LIC MF Floating Rate Fund - ST - Growth	201,367,147	2,920,600,000	462,823,648	6,256,275,989
LIC MF Income Plus Fund - Gr	1,091,929,860	13,177,554,991	420,765,703	4,675,958,235
LIC MF Savings Plus Fund - Gr	1,827,912,720	26,272,847,194	-	-
Religare Liquid Fund Super Institutional - Gr	410,496,664	5,083,700,000	228,468,015	2,719,800,000
Religare Ultra Short Term Fund Institutional - Gr	330,268,859	4,072,215,242	130,763,757	1,549,740,494
Mirae Asset Liquid Plus Fund - Super IP - Gr	-	-	545,635	560,344,122
Mirae Asset Liquid Fund - Super IP - Gr	-	-	1,650,415	1,690,300,000
PRINCIPAL CMF LO Inst Prem. Plan - Gr	95,414,308	1,353,800,000	221,735,608	2,929,200,000
PRINCIPAL Floating Rate Fund - FMP - IP - Gr	37,890,221	540,065,132	46,471,937	620,127,716
PRINCIPAL Floating Rate Fund - SMP - IP - Gr	-	-	3,923,692	50,000,000
PRINCIPAL Liquid Plus Fund - Regular Plan - Gr	-	-	9,566,262	100,021,964
Reliance FRF - Gr	510,450,279	7,298,000,000	30,307,084	400,000,000

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

Units of Mutual Fund			(Amount in Rupees)	
	March 31, 2010		March 31, 2009	
SCHEME NAME	Units	Cost	Units	Cost
Relaince Money Manager Fund - IP - Gr	7,863,437	9,562,798,721	2,051,552	2,344,060,100
Reliance Medium Term Fund - Gr	162,955,807	3,018,321,835	4,446,337	80,016,689
Reliance Liquidity Fund - Gr	663,887,769	9,071,900,000	755,879,654	9,755,000,000
Reliance Liquid Fund - TP - IP - Gr	613,667,602	13,434,499,999	97,799,004	2,061,600,000
SBI Magnum Insta Cash - Cash Plan	4,979,906	100,000,000	36,664,299	702,700,000
SBI Premier Liquid Fund - Super IP - Gr	27,702,816	400,000,000	57,393,287	740,000,000
SBI - SHF - Ultra Short Term Fund - IP - Gr	8,519,903	100,007,470	28,400,216	300,000,000
Sundaram BNP Paribas Ultra ST Fund SI - Gr	142,996,951	2,054,720,083	50,920,581	596,699,985
Sundaram BNP Paribas Money Fund - Super IP - Gr	99,167,651	2,204,500,000	87,657,915	1,603,400,000
Shinsei Liquid Fund - IP - Gr	19,617	20,000,000	-	-
Shinsei Treasury Advantage Fund - Gr	19,811	20,002,326	-	-
Tata Floater Fund - Gr. (Long Term)	146,303,683	2,031,350,968	112,034,669	1,380,188,230
Tata FRF - ST - IP - Gr	-	-	77,336,018	992,600,000
Tata Liquid Fund - SHIP - Gr	2,622,192	4,392,800,005	3,291,566	5,138,800,001
Tata Treasury Manager Fund - SHIP - Gr	828,679	861,153,344	-	-
Taurus Liquid Fund - Super IP - Gr	271,396,732	3,823,800,000	-	-
Taurus Ultra Short Term Bond Fund - Super IP - Gr	255,294,075	3,908,687,620	-	-
Templeton FRIF - Long Term - Super IP - Gr	-	-	24,053,361	260,000,000
Templeton FRIF - Short Term - IP - Gr	57,457,783	764,300,000	46,845,984	579,697,613
Templeton India TMA - Super IP - Gr	4,257,082	5,639,899,999	4,106,374	5,102,499,998
Templeton India Ultra Short Bond Fund - Super IP - Gr	263,988,908	3,020,237,887	136,523,626	1,458,069,209
UTI FR ST - Gr	3,416,851	3,819,845,981	-	-
UTI Liquid Fund - Cash Plan - IP - Gr	3,699,982	5,459,200,001	526,230	716,560,723
UTI Money Market - Gr	174,379,920	4,330,000,000	58,936,888	1,411,700,000
UTI Money Market - IP - Gr	7,081,655	7,254,599,999	-	-
UTI Treasury Advantage Fund - IP - Gr (previously known as UTI Liquid Plus Fund - IP - Gr)	4,432,539	5,354,996,256	448,157	500,047,020

LONG TERM INVESTMENTS (At Cost)

(Amount in Rupees)					
Particulars	March 31, 2010 Number	March 31, 2009 Number	Face Value	As at March 31, 2010	As at March 31, 2009
Government Securities (Quoted)					
7.37 % Government of India Stock 2014 *	20,000	20,000	100	2,000,000	2,000,000
8.33 % Government of India Stock 2036 *	30,000	30,000	100	3,000,000	3,000,000
8.28 % Government of India Stock 2032 *	678,000	308,000	100	64,035,000	27,072,000
8.07 % Government of India Stock 2017 *	100,000	100,000	100	10,000,000	10,600,000
7.35% Government of India Stock 2024 *	1600000	-	100	159,250,000	-
7.59% Government of India Stock 2016 *	500000	-	100	50,000,000	-
8.14% Maharashtra SDL 2019 *	150000	-	100	15,000,000	-
8.24% Government of India Stock 2027 *	1000000	-	100	99,250,000	-
				402,535,000	42,672,000

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

(Amount in Rupees)					
Particulars	March 31, 2010 Number	March 31, 2009 Number	Face Value	As at March 31, 2010	As at March 31, 2009
Less Provision				-	600,000
				402,535,000	42,072,000
* Kept with designated bank for repayment to depositors.					
Debentures (Unquoted, fully paid up)					
17% Ganesh Benzoplast Limited	42,000	42,000	58	1,380,062	1,380,062
17% Real Value Appliances Limited	200,000	200,000	100	1	1
				1,380,063	1,380,063
Less : Provision				1,380,063	1,380,063
				-	-
Equity Shares (Fully paid up)					
Investment in shares of Subsidiary Companies (unquoted)					
LICHFL Care Homes Limited	8,550,000	8,550,000	10	85,500,000	85,500,000
LICHFL Financial Services Ltd.	3,500,000	2,000,000	10	35,000,000	20,000,000
LICHFL Trustee Company Private Ltd.	10,000	10,000	10	100,000	100,000
LICHFL Asset Management Company Private Ltd.	10,000	10,000	10	100,000	100,000
Investment in shares of Associate Companies & Companies under the same Management. (unquoted)					
LIC Mutual Fund Asset Management Company Ltd.	3,930	3,930	10,000	39,300,000	39,300,000
LIC Mutual Fund Trustee Company Pvt Ltd.	3,600	3,600	10	36,000	36,000
				160,036,000	145,036,000
Real Estate Venture Fund					
Kotak India Real Estate Fund -1	4,400.31426	4,789.64586	100,000	440,031,426	478,964,586
CIG Reality Fund - 1	10,000,000	10,000,000	10	100,000,000	100,000,000
				540,031,426	578,964,586
These are close ended schemes subject to lock in till the closure of the Scheme					
PREFERENCE SHARES (Unquoted, fully paid up)					
10.75% Industrial Finance Corporation of India Limited	-	6,000,000	5*	-	30,000,000
11 % Industrial Investment Bank of India Limited	-	5,000,000	5**	-	25,000,000
10.90% Industrial Finance Corporation of India Limited	-	10,000,000	5*	-	50,000,000
				-	105,000,000
* Face Value has been changed from Rs.10 as at March 31, 2008 to Rs.5 as at March 31, 2009.					

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

(Amount in Rupees)					
Particulars	March 31, 2010 Number	March 31, 2009 Number	Face Value	As at March 31, 2010	As at March 31, 2009
** Face Value has been changed from Rs.100 as at March 31, 2008 to Rs.5 as at March 31, 2009.					
Mortgage Backed Pass Through Certificate (PTC) class B (Unquoted)					
India MBS 2003 Series III Trust	1	1	98,175,045	7,424,563	13,120,280
				7,424,563	13,120,280
CURRENT INVESTMENTS (At lower of Cost & Fair value)					
Equity Shares (Quoted,fully paid up)					
Aptech Limited	4,134	4,134	10	691,824	344,363
				691,824	344,363
Units of Mutual Funds (Unquoted, fully paid up)					
Birla SL Cash Plus Instl Premium - Gr	84,890,611	84,369,352	10.0000	1,250,268,919	1,186,773,051
Birla Sun Life Savings Fund Instl. - Gr	54,352,290	27,001,933	10.0000	950,116,079	449,142,055
Baroda Pioneer Treasury Advantage Fund IP Gr.	47,970,783	-	10.0000	497,596,130	-
Canara Robeco Liquid SI - Gr	-	42,099,627	10.0000	-	450,322,865
Canara Robeco Treasury Advantage Fund SI Gr	25,194,428	-	10.0000	350,154,679	-
FORTIS Money Plus IP Fund - Gr	-	39,462,867	10.0000	-	520,108,754
FORTIS Overnight Fund - Instl Plus Gr	-	18,334,158	10.0000	-	200,044,002
DSP Black Rock Liquid Plus Fund- Instl. - Gr	-	95,382	1000.0000	-	117,665,821
DSP Black Rock FLOATING RATE Fund IP - Gr	150,901	-	1000.0000	200,085,769	-
DWS Insta Cash Plus Fund - Super IP - Gr	16,751,401	76,288,964	10.0000	200,030,153	871,128,427
DWS Treasury Fund - Cash - IP - Gr	4,892,449	-	10.0000	50,020,891	-
Fidelity Ultra Short Term Super Instl.- Gr	-	17,671,328	10.0000	-	200,544,832
HDFC Cash Mgmt Fund - Savings Plan - Gr	25,980,909	-	10.0000	500,067,550	-
HDFC CMF Treasury Adv.- WI - Gr	14,941,063	3,123,292	10.0000	301,613,746	60,013,430
HDFC FRIF - STF - WP - Gr	6,393,334	-	10.0000	100,278,802	-
HDFC Liquid Fund - Premium Plus Plan - Gr	-	2,866,857	10.0000	-	50,640,728
ICICI Prudential Flexible Income Plan - Premium - Gr	4,454,561	21,517,068	100.0000	762,918,848	350,665,805
IDFC Cash Fund - Plan C - Super IP - Gr	26,802,945	-	10.0000	300,037,524	-
IDFC Money Manager - Treasury Plan - Plan C - Gr (Previously known as IDFC Liquid Plus Fund - Treasury Plan C Gr)	62,013,190	18,866,763	10.0000	677,084,816	196,131,320
JM Money Manager Fund - Super Plus Plan - Gr	-	38,104,494	10.0000	-	470,906,763
JP MORGAN India Treasury Fund - Super IP - Gr (Previously known as JPMORGAN INDIA Liquid Plus Fund - Gr)	54,182,715	32,693,852	10.0000	650,203,420	373,128,390
Kotak Flexi Debt Fund Institutional Plan - Gr	19,314,592	21,466,952	10.0000	218,776,381	231,070,270
Kotak Liquid (Institutional Premium) - Gr.	-	22,461,656	10.0000	-	400,509,300
L&T F I - S T F - IP - Gr (Previously known as DBS Chola Freedom Income STP - Inst.-Cum-Org)	13,577,796	7,101,865	10.0000	201,350,572	100,281,889
LIC MF Liquid Fund - Gr	74,873,588	134,450,380	10.0000	1,262,728,087	2,161,585,642

Schedules Forming Part of Balance Sheet as at March 31, 2010

SCHEDULE 7 INVESTMENTS- (NON-TRADE) (contd.)

(Amount in Rupees)					
Particulars	March 31, 2010 Number	March 31, 2009 Number	Face Value	As at March 31, 2010	As at March 31, 2009
LIC MF Floating Rate Fund - ST - Growth	-	39,598,412	10.0000	-	567,465,048
LIC MF Savings Plus Fund - Gr	131,115,787	-	10.0000	1,919,154,887	-
Religare Ultra Short Term Fund Instl. - Gr	-	10,851,156	10.0000	-	130,796,577
PRINCIPAL Floating Rate Fund - FMP - IP - Gr	10,296,137	-	10.0000	150,065,160	-
Reliance FRF - Gr	8,971,581	5,795,212	10.0000	130,018,840	80,018,545
Relaince Money Manager Instl - Gr	-	120,698	1000.0000	-	144,053,669
Reliance Medium Term Fund - Gr	15,729,316	-	10.0000	300,148,378	-
SBI Magnum Insta Cash - Cash Plan	-	7,636,347	10.0000	-	150,033,600
SBI - SHF - Ultra Short Term Fund - IP - Gr	8,340,590	-	10.0000	100,045,383	-
Sundaram BNP Paribas Ultra ST Fund SI - Gr	12,085,734	25,197,448	10.0000	150,073,394	297,939,668
Tata Floater Fund - Gr	25,493,852	-	10.0000	350,109,624	-
Tata Liquid Fund - SHIP - Gr	217,860	-	1000.0000	370,051,524	-
Tata Treasury Manager Fund - SHIP - Gr	96,306	-	1000.0000	100,825,530	-
Taurus Ultra Short Term Bond Fund - Super IP - Gr	340,315	-	1000.0000	366,864,633	-
Templeton FRIF - Short Term - IP - Gr	-	8,663,859	10.0000	-	113,980,858
Templeton India Ultra Short Bond Fund - Super IP - Gr	8,453,815	2,829,083	10.0000	100,157,414	31,852,642
UTI FR ST - Gr	-	35,030	1000.0000	-	50,081,104
UTI Money Market - Gr	-	18,280,347	10.0000	-	450,095,057
UTI Treasury Advantage Fund - IP - Gr	213,469	-	1000.0000	264,037,402	-
				12,774,884,535	10,406,980,112

	As at March 31, 2010 Cost	Market Value	As at March 31, 2009 Cost	Market Value
Quoted Investments				
Equity Shares	846,816	691,824	846,816	344,363
G Securities	402,535,000	396,749,600	42,672,000	48,358,860
Total	403,381,816	397,441,424	43,518,816	48,703,223

	As at March 31, 2010	As at March 31, 2009
Unquoted Investments		
Debenture	1,380,063	1,380,063
Equity Shares of Subsidiary & associate	160,036,000	145,036,000
Units	12,774,884,535	10,406,980,112
Real Estate Venture Fund	540,031,426	578,964,586
Preference Shares	-	105,000,000
Mortgage Backed Pass Through Certificate (PTC) Class B	7,424,563	13,120,280
Total	13,483,756,587	11,250,481,041

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 8			
CURRENT ASSETS, LOANS AND ADVANCES			
Cash and Bank Balances			
Cash on Hand		34,175,042	37,563,362
Cheques on Hand		505,250,962	285,741,474
Balances with Scheduled Banks:			
In Current Accounts	2,087,275,966		988,346,901
In Deposit Accounts (Refer Note 10 of Schedule 16)	42,880,267		40,391,785
		2,130,156,233	1,028,738,686
Balances with others:			
In current account with National Bank of Dubai		416,718	818,409
[Maximum balance outstanding during the year Rs.1,515,645 (Previous Year, Rs.1,933,381)]			
		2,669,998,955	1,352,861,931
Other Current Assets			
Interest accrued on:			
- Housing loans (including due Rs.247,794,169 Previous Year Rs. 288,293,860)		2,375,071,425	2,034,956,919
- Investments		16,663,647	6,591,571
- Fixed deposit with banks		1,309,945	1,195,394
Certificate of Deposit with bank		-	904,978
Fixed interest rate receivable on swap	587,857,945		-
Floating interest rate payable on swap	(572,176,722)		-
		15,681,223	-
		2,408,726,240	2,042,743,884
Loans and Advances			
(Unsecured, considered good unless otherwise stated)			
Advance to Subsidiaries		11,654,125	6,258,758
Advances against security of public deposit		240,000	
Loans and Advances to Employees *		33,363,715	27,120,035
Considered good	113,043,360		101,709,880
Considered doubtful	3,106,656		3,816,846
		116,150,016	105,526,726
Advance tax and tax deducted at source (Net of provision for tax)		1,234,154,556	915,283,025
		1,395,562,412	1,054,188,544
Less : Provisions		3,106,656	3,816,846
		1,392,455,756	1,050,371,698
* Includes Loans and advances to employees secured by lien over Provident Fund balances and / or hypothecation of vehicles.			

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 9			
CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES			
Total Outstanding dues of Creditors other than micro enterprises and small enterprises (Refer Note 19 of Schedule 16)*		886,853,634	856,139,211
Interest accrued but not due on loans / public deposits		7,209,725,581	5,390,734,311
Temporary book overdraft (Refer Note 13 of Schedule 16)		8,660,552,460	6,977,890,200
Interest received in advance		37,832,884	45,967,762
Other liabilities		58,373,027	54,458,504
Floating interest rate payable on swap			635,954,513
Fixed interest rate receivable on swap	-		(627,197,260)
	-	-	8,757,253
Unclaimed dividend		29,341,497	26,065,178
		16,882,679,083	13,360,012,419
* [Includes due to subsidiary Rs. 2,471,669 (Previous year Rs 7,510)]			
Note : There is no amount due and outstanding payable to Investor Education and Protection Fund.			
PROVISIONS			
- For contingencies		129,172,638	141,604,219
- For Investment Diminution		1,380,063	1,980,063
- For gratuity		27,605,081	8,480,498
- For leave encashment		85,744,402	61,058,641
- For housing loan *		2,167,905,142	2,402,548,995
- For Proposed Dividend		1,423,989,000	1,104,123,800
- For Tax on Dividend		242,006,931	187,645,840
		4,077,803,257	3,907,442,056
* (Refer Note 28 of Schedule 16)			

SCHEDULE 10			
OPERATING INCOME			
Interest on Housing Loans (Tax deducted at source		32,826,656,394	27,476,467,835
Rs.592,688,786 Previous year Rs 431,381,739)			
Processing fees and other charges received	1,515,487,023		827,542,100
Less : Processing fees and other charges paid	(241,754,847)		(146,000,455)
		1,273,732,176	681,541,645
Profit on Sale of Mutual fund (units)- current investments		448,489,446	559,965,467
Interest received on Bank Deposit / Certificate of Deposit		4,855,282	67,950,283
(Tax deducted at source Rs.1,786,866 Previous Year Rs.11,952,678)			
Residual Income on PTC B		8,679,555	15,789,586
		34,562,412,853	28,801,714,816

Schedules Forming Part of Profit and Loss Account for the year ended March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 11			
OTHER INCOME			
Income from Investments (Refer Note 8 of Schedule 16)		42,774,243	23,082,102
(Tax deducted at source Rs.NIL Previous year Rs.515, 000)			
Miscellaneous Income (Refer Note 11 of Schedule 16)		91,169,996	101,012,883
(Tax deducted at source Rs 48,278 Previous year Rs 73,502)			
Provision for diminution in value of long term Investments			
written back (Non Trade)		600,000	107,612,889
Provision for diminution in value of current Investments			
written back (Non Trade)		347,461	-
		134,891,700	231,707,874
SCHEDULE 12			
INTEREST ON LOANS AND OTHER CHARGES (NET)			
On Term Loans		10,645,364,729	10,109,306,463
On Debentures		13,061,878,306	9,897,878,838
On Public Deposit		242,712,733	43,557,306
On Others		1,191,781	28,483,563
Other Finance Charges		64,576,759	94,398,324
		24,015,724,308	20,173,624,494
Less:			
Fixed interest rate received on swap	1,252,832,202		1,138,457,994
Floating interest rate paid on swap	(1,194,372,994)		(1,130,942,207)
		58,459,208	7,515,787
		23,957,265,100	20,166,108,707
SCHEDULE 13			
EMPLOYEES EMOLUMENTS AND BENEFITS			
Salaries and bonus		356,376,868	360,709,856
Contribution to provident and other funds		68,182,270	40,285,147
Staff training and welfare expenses		60,311,358	47,599,536
		484,870,496	448,594,539

Schedules Forming Part of Profit and Loss Account for the year ended March 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 14		
ESTABLISHMENT AND OTHER EXPENSES		
Rent, rates and taxes	119,434,878	96,530,606
Repairs and maintenance - building	1,974,049	1,199,822
Repairs and maintenance - others	9,518,230	8,655,237
Travelling and conveyance	37,908,114	35,316,608
Directors sitting fees	965,971	740,000
Advertisement & Publicity expenses	172,392,101	280,062,472
Competition Prizes & Conference Expenses	23,656,644	23,246,424
Printing and stationery	27,360,752	21,494,935
Postage, telephones and telex	63,380,962	58,239,948
Computer Expenses	21,130,830	13,859,179
Legal and professional fees	15,627,031	18,638,185
Electricity expenses	32,591,010	26,085,259
Insurance	550,201	655,764
Loss on sale of assets (Net)	1,808,629	484,351
Loss on account of write Off of Fixed Assets	64,316	182,296
Miscellaneous expenses	50,810,689	59,633,236
Service Charges for Safe Custody of Documents	11,898,381	10,684,334
Listing Fees and Payment to Share Transfer Agents	1,490,422	1,219,113
Commission and Brokerage	671,152,100	370,383,339
Share issue Expenses (QIP issue)	96,007,603	-
Recovery Expenses	12,058,388	15,533,538
	1,371,781,301	1,042,844,646

SCHEDULE 15		
PROVISIONS/WRITE OFFS		
Housing loans written off	7,659,344	54,002,388
Long term investment written off (Non Trade)	1,440,000	-
Provision for diminution in value of long term Investments (Non Trade)	-	600,000
Provision for diminution in value Of current investment	-	502,453
Provision for Housing Loans	-	82,330,487
	9,099,344	137,435,328
Less :		
Provisions for Housing Loans written back	234,643,853	-
Housing loans written off recovered	57,698,101	82,656,355
Provisions for Contingency written back	196,835	1,126,786
	(283,439,445)	53,652,187

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies, (NHB) Directions, 2001 as amended from time to time.

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

c. Revenue recognition

Interest on housing loans

Repayment of Housing Loan 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 Investment

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

Other Income

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

d. Fixed assets

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

e. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Cost of leasehold improvements is amortized over the period of the lease.

Depreciation on assets whose cost individually does not exceed up to Rs.5,000/- is fully provided in the year of purchase.

f. Impairment loss

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

g. Intangible assets

Intangible assets are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less amortization over estimated useful life. Software is amortized on straight line basis over five years. However old Software booked on which amortization was done on the basis of three years will continue to be amortized at same old rate.

h. Investments

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

i. Employee benefits

Provident Fund

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

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

Gratuity

- Gratuity liability is 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 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 by way of premium paid to LIC of India is charged to Profit/Loss Account. Actuarial gain or losses are immediately recognized in the Profit and Loss Account.
- 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 to LIC is charged to the Profit and Loss Account and is a defined contribution obligation.

Leave Benefits

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

j. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected.

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

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

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

k. Derivative Transactions

Derivative transactions are considered off balance sheet items and the outstanding swap trades are disclosed at the fair value on the reporting date. The carry (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 revenue in the same year.

l. Borrowing costs

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

m. Zero Coupon Instrument

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

n. Income Taxes

Income taxes are accounted for in accordance with Accounting Standard (AS)-22 – “Accounting for taxes on income”, notified under the Companies (Accounting Standards) Rules 2006. 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.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

o. Provision for non-performing assets (NPA)

All loans and other credit exposures, where the installments are overdue for ninety days & above are classified as NPA. Provision is made in respect of NPA in accordance with the stipulations of Prudential Norms prescribed by the National Housing Bank (NHB). Additional provisions (over and above the NHB Guidelines) if required is made as per the Guidelines approved by the Board of Directors from time to time.

p. Provisions and Contingencies

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

q. Leases

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are retained by the lessors are

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

classified as operating leases. Lease rentals are charged to the Profit and loss account on accrual basis.

r. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included under Investments in Pass Through Certificates in Schedule 7.

NOTES TO ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) are Rs.13,601,880 (Previous year Rs.12,005,308).
2. **Contingent liabilities in respect of :**
 - a. Corporate Undertaking of Rs.143,500,000 (Previous year Rs.143,500,000) for Securitization transactions.
 - b. Claims against the Company not acknowledged as debts Rs.620,367 (Previous year Rs.755,367).
 - c. The Company has received a demand of Rs.31,396,993 towards interest payable, Rs.119,077,050 (including interest of Rs.66,761,297), Rs.233,801,201 (including interest of Rs.13,871,157) and Rs.331,050,489 (including interest of Rs.71,936,658) on completion of income tax assessment for the assessment year 2001-02, 2002-03, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid under protest to the credit of the Central Government.
3. (i) Housing loans are secured, wholly or partly, 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. The Company adopts an approach to provisioning that is based on the past experience, realization of security and other related factors. Additional provisions (over and above the stipulations of the National Housing Bank) in respect of Non-performing Assets (NPA) are made as per the Guidelines prescribed by the Board of Directors. In respect of Standard Assets, the provision on Housing Loans categorized under Retail Loans & Project Loans though not required by National Housing Bank Directions 2001, has been reduced for the current year @ 0.1 percent as against 0.2 percent for Retail Loans and @ 0.5 percent as against 1 percent for Project Loans for the year ended March 31, 2009. Had this practice been followed for the year ended March 31, 2009, the profit before tax would have been Rs.7,635,008,802.
5. Housing Loans include loans amounting to Rs.95,116,460 (Previous year Rs.116,551,212) 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. Of this, fair value of the assets possessed, against the loans of Rs.16,794,754 (Previous year Rs.13,605,241), is not available as at March 31, 2010. The balance loans amounting to Rs.78,321,705 (Previous year Rs.102,945,971), have fair value of Rs.75,010,517 (Previous year Rs.99,234,850), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2010.
6. Details with regard to securitization deals of the Company. The trustees to the deals have issued Pass through Certificates (PTC) to the investors:

(Amount in Rupees)

Year of deal	Particulars	Amount securitized	Trustee	Balance of PTC as at 31 st March, 2010
2003-2004	Individual Housing Loans - India MBS 2003 Series III	1,963,493,255	ILF&S Trustee Company	141,000,346 (262,400,297)

Figures in brackets are in respect of the previous year.

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

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

The movement in provisions is as below:

(Amounts in Rupees)

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	121,604,219 (125,907,630)	20,000,000 (20,000,000)
Provision made during the year	- (-)	- (-)
Amounts utilized during the year	1,316,652 (4,303,411)	11,114,929 (-)
Closing balance	120,287,567 (121,604,219)	8,885,071 (20,000,000)

Figures in brackets are in respect of the previous year.

8. Income from Investments (non-trade)

Particulars	Current Year Rupees	Previous year Rupees
Long Term:		
Interest	22,859,619	6,031,302
Dividend	19,664,400	17,050,800
Profit on sale of Investments (net)	250,224	-
Total	42,774,243	23,082,102

9. The Company has entered into agreement dated July 11, 2009 with Nomura Asset Management Strategic Investment Pte. Ltd. for sale of 1730 equity shares of Rs.10/- each of LIC Mutual Fund Asset Management Company Limited and 2000 equity shares of Rs.10/- each of LIC Mutual Fund Trustee Company Private Limited at a total consideration of Rs.138.40 crores approx. Pending approvals from SEBI and RBI, the effect of the aforementioned transaction is not given in the accounts.
10. Fixed Deposits with Banks include Rs.12,099,208 (Previous Year Rs.11,979,661) kept with designated banks for repayment to Public Deposit Holders . The Company has beneficial interest on the income earned from these deposits.
11. Miscellaneous income includes Rs.5,000,000 (Previous Year Rs.5,000,000) being refund of management fee from Kotak India Real Estate Venture Fund, Rs.203,288 (Previous Year Rs.198,479) being interest income on staff loans/advances, Rs.66,205,419 (Previous Year Rs.58,929,518) being gain on unwinding of Interest rate swap, Rs.6,365,491 (Previous Year Rs.6,157,884) being old outstanding and unclaimed amounts written back, Rs.NIL (Previous Year Rs.22,019,540) being Interest on Income Tax Refund.
12. **Prior period items include:**

Particulars	Current Year Rupees	Previous year Rupees
Income		
Interest Income on Housing Loan	1,966,445	3,949,369
Interest Income on Bank Deposit	29,569	-
Service Tax paid utilized	9,309,705	-
Processing Fees	-	6,365
Courier Charges	-	19,000
Rent	-	15,071
Expenditure:		
Interest & Other Expenses on Public Deposit	434,336	-
Miscellaneous Expenses	16,424	21,904
AMC of Software	114,726	-
Commission to Agents	10,000	7,102,622
Fees to Valuer / Advocate / F.I. Agencies	38,620	241,929
Provision for Leave Encashment	-	4,746,060
Competition Prize	1,079,850	8,000
SARFAESI Expenses	81,592	-
Total Net Income / (Expenses)	9,530,171	(8,130,710)

13. Temporary Book Overdraft of Rs.8,660,552,460 (Previous Year Rs.6,977,890,200) represents cheques issued towards disbursements to borrowers for Rs.8,495,884,847 (Previous Year Rs.6,871,060,778) and cheques issued for payment of expenses of Rs.164,667,613 (Previous Year Rs.106,829,422), but not encashed as at March 31, 2010.

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

14. Managerial remuneration under section 198 of the Companies Act, 1956:

To the Director and Chief Executive (on deputation from LIC of India):

Particulars	Current Year Rupees	Previous Year* Rupees
Salary	688,911**	927,791
Contribution to Provident and other funds***	84,430	71,312
Perquisites in cash or in kind	82,654	66,394
Total	855,995**	1,065,497

* It includes for one Director for the period May 20, 2008 to March 31, 2009 and for another Director for the period April 1, 2008 to April 25, 2008.

**As the Performance Linked Incentive (PLI) is accrued for the Company as a whole and not decided individually, hence not included.

*** It includes an amount equal to five percent of the aggregate of Basic salary and Dearness Allowance paid to LIC of India towards Gratuity Contribution.

15. Auditors' Remuneration (excluding service tax):

Particulars	Current Year Rupees	Previous Year Rupees
a) As Auditors including Rs.310,000 (Previous Year Rs.370,000) to Back Office Auditors	2,510,000	2,445,000
b) As Advisors or in any other capacity in respect of Tax Audit	350,000	350,000
c) For Quarterly Limited Review	950,000*	750,000
d) In any other manner (Certification work, etc.)	1,232,500**	630,000
e) As expenses (includes all back offices)	27,918	42,446
Total	5,070,418*	4,217,446

* Includes Fee of Rs.250,000/- paid to previous Auditors.

** Includes Fee of Rs.1,000,000/- in respect of QIP issue.

16. Expenditure in foreign currency (Cash basis) :

Particulars	Current Year Rupees	Previous Year Rupees
Traveling Expenses	162,236	72,219
Conference Expenses	-	25,449
Professional Fees	-	232,313
Fees for filing returns and Trade License fees	991,413	212,800
Salary to Overseas Staff	2,159,670	2,286,222
Rent for Overseas Staff Residence	868,062	963,750
Luxemburg Stock Exchange Fee	171,300	-
Expenses related to QIP Issue	12,997,730	-
Interest on External Commercial Borrowings	-	31,226,278
Commission	5,776,836	3,615,626

17. Earnings in foreign currency (Cash basis):

Particulars	Current Year Rupees	Previous Year Rupees
Processing fees	5,776,836	3,615,626

18. Remittance in Foreign Currencies on Account of Dividend

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

	Current Year	Previous Year
No. of Non-Resident Shareholders *	2	2
No. of equity Shares held	228,340	431,040
Amount of Dividend Paid (Rs.)	2,968,420	4,310,400
Year to which dividend relates	2008-09	2007-08

* Includes 35200 equity shares (previous year 202300 equity shares) held by the custodian, which is the registered shareholder for all the owners of Company's GDR.

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

19. The Company has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosures, if any, relating to unpaid amount as at the year end together with interest paid / payable as required under the said Act have not been given.

20. **Derivative instruments:**

- Interest Rate Swaps for hedging underlying liability aggregate to Rs.6,000,000,000 (Previous year Rs.8,000,000,000).
- For underlying liability of Rs.6,500,000,000 (Previous year Rs.6,500,000,000), 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, 2010 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to Rs.12,500,000,000 (Previous year Rs.14,500,000,000). The fair value of all such Swaps as at March 31, 2010 was unfavourable to the extent of Rs.1,606,912,869 (Previous year Rs.1,999,785,721).

21. **Disclosure in respect of Gratuity Liability and Leave Encashment:-**

Gratuity Liability

(Amount in Rupees)

Changes in the Benefit Obligation	2009-10	2008-09	2007-08	2006-07
Liability at the Beginning of the year	65,566,221	50,749,802	42,262,463	44,143,583
Interest Cost	5,467,526	4,328,541	3,527,512	3,669,786
Current Service Cost	5,610,558	4,704,747	3,544,780	3,375,228
Benefit Paid	(1,256,110)	(2,695,577)	(3,426,693)	(3,292,960)
Actuarial Loss on obligations	16,194,578	8,478,708	4,841,740	(5,633,174)
Liability at the end of the year	91,582,773	65,566,221	50,749,802	42,262,463

Fair Value of the Plan Asset	2009-10	2008-09	2007-08	2006-07
Fair Value of Plan Asset at the beginning of the year	57,085,723	46,365,466	37,203,468	19,275,678
Expected Return on Plan Asset	4,745,096	4,335,593	3,581,693	2,925,007
Contributions	2,856,030	9,177,241	9,281,042	18,933,395
Benefit paid	(1,256,110)	(2,695,577)	(3,426,698)	(3,292,960)
Actuarial Gain / (Loss) on Plan Assets	5,46,953	(97,000)	(274,044)	(637,652)
Fair value of Plan Assets at the end of the year	63,977,692	57,085,723	46,365,466	37,203,468
Total Actuarial Loss to be Recognized	(15,647,625)	(8,575,708)	(5,115,784)	4,995,522

Actual Return on Plan Assets:	2009-10	2008-09	2007-08	2006-07
Expected Return on Plan Assets	4,745,096	4,335,593	3,581,693	2,925,007
Actuarial Gain / (Loss) on Plan Assets	5,46,953	(97,000)	(274,044)	(637,652)
Actual Return on Plan Assets	5,292,049	4,238,593	3,307,649	2,287,355
Amount Recognized in the Balance Sheet:	2009-10	2008-09	2007-08	2006-07
Liability at the end of the year	91,582,773	65,566,221	50,749,802	42,262,463
Fair Value of Plan Assets at the end of the year	63,977,692	57,085,723	46,365,466	37,203,468
Amount recognized in the Balance Sheet	(27,605,081)	(8,480,498)	(4,384,336)	(5,058,995)

Expense Recognized in the Profit and Loss Account:	2009-2010	2008-09	2007-08	2006-07
Current Service Cost	5,610,558	4,704,747	3,544,780	3,375,228
Interest Cost	5,467,526	4,328,541	3,527,512	3,669,786
Expected Return on Plan Assets	(4,745,096)	(4,335,593)	(3,581,693)	(2,925,007)
Net Actuarial Loss to be recognized	15,647,625	8,575,708	5,115,784	(4,995,522)
Expense recognized in the Profit and Loss Account under staff expenses	21,980,613	13,273,403	8,606,383	(875,515)

Reconciliation of the Liability recognized in the Balance Sheet:	2009-10	2008-09	2007-08	2006-07
Opening Net Liability	8,480,498	4,384,336	5,058,995	24,867,905
Expense recognized	21,980,613	13,273,403	8,606,383	(875,515)
Contribution by the Company	2,856,030	9,177,241	9,281,042	18,933,395
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	27,605,081	8,480,498	4,384,336	5,058,995

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

Assumptions	2009-10	2008-09	2007-08	2006-07
Discount Rate	8.00%	7.75%	8.00%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

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, 2010 is Rs.9,605,156 (Previous Year Rs.9,533,000).

In the absence of detailed information regarding Plan Assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the total fair value of plan assets has not been disclosed.

The details of experience adjustments arising on account of plan assets and plan liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation statement received from LIC of India and hence, are not furnished.

Leave Encashment

(Amount in Rupees)

Changes in the Benefit Obligation	2009-10	2008-09	2007-08
Liability at the Beginning of the year	54,846,558	54,316,739	46,678,209
Interest Cost	4,556,578	7,503,738	3,951,376
Current Service Cost	3,947,999	39,479,992	2,713,993
Benefit Paid	-	-	-
Actuarial (Gain) / Loss on obligations	22,392,887	(46,453,911)	973,161
Liability at the end of the year	85,744,022	54,846,558	54,316,739

Amount Recognized in the Balance Sheet:	2009-10	2008-09	2007-08
Liability at the end of the year	85,744,022	54,846,558	54,316,739
Fair Value of Plan Assets at the end of the year	-	-	-
Amount recognized in the Balance Sheet	(85,744,402)	(54,846,558)	(54,316,739)

Expense Recognized in the Profit and Loss Account:	2009-10	2008-09	2007-08
Current Service Cost	3,947,999	39,479,992	2,713,993
Interest Cost	4,556,578	7,503,738	3,951,376
Expected Return on Plan Assets	-	-	-
Net Actuarial (Gain) / Loss to be recognized	22,392,887	(46,453,911)	973,161
Expense recognized in the Profit and Loss Account under staff expenses	30,897,844	529,819	7,638,530

Reconciliation of the Liability recognized in the Balance Sheet:	2009-10	2008-09	2007-08
Opening Net Liability	54,846,558	54,316,739	4,6678,209
Expense recognized	30,897,844	529,819	7,638,530
Contribution by the Company	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	85,744,402	54,846,558	54,316,739

Assumptions	2009-10	2008-09	2007-08
Retirement Age	58 Years	58 Years	58 Years
Discount Rate	8.00%	7.75%	8.00%
Salary Escalation	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

"The estimates of future salary increases, considered in actuarial valuation, take account of 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."

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

22. 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. There being only one 'business segment' and 'geographical segment', the segment information is not provided

23. Related party disclosure:

a) Names of related parties where control exists:

Sr. No.	Name of the related party	Nature of relationship
1.	LICHFL Care Homes Limited	Wholly owned subsidiary company
2.	LICHFL Financial Services Ltd.	Wholly owned subsidiary company
3.	LICHFL Asset Management Company Private Ltd.	Wholly owned subsidiary company
4.	LICHFL Trustee Company Private Ltd.	Wholly owned subsidiary company

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

Sr. No.	Name of the related party	Nature of relationship
1.	Life Insurance Corporation of India (LIC)	Enterprise having significant influence
2.	LIC Mutual Fund Asset Management Company Limited	Associate
3.	LIC Mutual Fund Trustee Company Private Limited	Associate
4.	Mr. R.R. Nair , Director and Chief Executive	Key Management Personnel

c) Details of transactions with related parties:

Related Party	Nature of transactions	Volume of Transaction	
		Current Year Rupees	Previous Year Rupees
LIC of India	Issue of non convertible debentures	-	33,000,000,000
	Unsecured loans taken (consequent to tripartite agreement between West Bengal Infrastructure Development Finance Corporation, LIC and the Company)	273,886,265	372,599,176
	Repayment of Secured loan	3,214,875,000	3,214,875,000
	Repayment of Unsecured loan	-	2,382,522,411
	Issue of Subordinated Bonds	-	5,000,000,000
	Issue of Upper Tier II Bonds	5,000,000,000	-
	Interest expenses on Secured and Unsecured loans	7,145,285,875	5,766,103,474
	Dividend Payment	450,950,487	346,884,990
	Rent Expenses	25,119,427	18,503,826
	Reimbursement of Municipal Taxes, etc.	1,256,082	293,830
	Reimbursement of Electricity Expenses	4,633,204	728,685
	Payment for Staff training, Conference, etc.	232,391	-
	Payments towards Renovation & Repairs Work carried out by them	11,823,021	17,873,761
	Reimbursement of Gratuity for staff on deputation from LIC	1,215,647	1,136,550
	Balance as at the year end	79,697,715,539 (Cr.)	77,594,704,274 (Cr.)
LIC Mutual Fund Asset Management Company Ltd.	Dividend Income	19,650,000	11,790,000
	Other Income	30,000	5,000
	Interest expenses on NCD	21,533,561	-
	Balance as at the year end	1,000,000,000 (Cr.)	-

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

Related Party	Nature of transactions	Volume of Transaction	
		Current Year Rupees	Previous Year Rupees
LIC Mutual Fund Trustee Company Pvt. Ltd.	Dividend Income	14,400	10,800
	Balance as at the year end	-	-
LICHFL Care Homes Limited	Investment in Share capital	-	48,500,000
	Advances given	1,032,602	3,381,377
	Advances repaid	1,501,543	2,987,669
	Balance as at the year end	404,273 (Dr.)	873,214 (Dr.)
LICHFL Financial Services Limited	Investment in Share capital	15,000,000	19,500,000
	Commission Expenses	7,638,957	-
	Advances given	3,203,948	15,466,373
	Advances repaid	3,053,493	15,747,841
	Balance as at the year end	142,945 (Dr.)	7,510 (Cr.)
LICHFL Asset Management Co. Pvt. Ltd.	Investment in Share capital	-	100,000
	Advances given	5,715,463	4,727,678
	Balance as at the year end	10,959,861 (Dr.)	5,244,398 (Dr.)
LICHFL Trustee Co. Pvt. Ltd.	Investment in Share capital	-	100,000
	Advances given	5,900	13,840
	Balance as at the year end	147,046 (Dr.)	141,146 (Dr.)
Mr. R. R. Nair	Managerial remuneration	855,995*	904,309
	Balance as at the year end	-	246,310 (Cr.)

* As the Performance Linked Incentive (PLI) is accrued for the Company as a whole and not decided individually, hence not included.

Note:

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

24. Operating Leases:

The Company has taken various office and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Profit and Loss Account for such premises are Rs.116,264,536 (Previous year Rs.94,508,854).

25. Earning per share:

Earning 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 (Rupees)	6,621,760,807	5,316,202,233
Weighted average number of equity shares outstanding during the year	90,138,079	84,932,600
Basic / Diluted Earnings per share (Rupees)	73.46	62.59
Nominal value per share (Rupees)	10.00	10.00

26. 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.

27. The components of deferred tax assets and liabilities are as under :

Particulars	Current Year Rupees	Previous Year Rupees
Deferred tax assets		
Provision for Housing Loans	736,870,957	816,626,403

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

Particulars	Current Year Rupees	Previous Year Rupees
Provision for Contingencies –Fire Insurance Premium	1,055,952	1,297,346
Provision for Tapping Corporate Undertaking	40,885,744	41,333,274
Unamortized one-time gain	104,139,048	92,411,142
Provision for Employee Benefit	38,527,489	23,636,353
(A)	921,479,190	975,304,518
Deferred tax liabilities		
Differences in written down value of fixed assets between tax and books records	30,944,528	27,768,615
(B)	30,944,528	27,768,615
Net deferred tax assets [(A) – (B)]	890,534,663	947,535,903

28. Disclosure regarding provisions made for substandard, doubtful and loss assets and depreciation in investments as per the Prudential Norms (revised) contained in the National Housing Bank Guidelines. (Figures in brackets are for the previous year). The provisions given below are in accordance with the approval given by the Board of Directors, which are higher than those required as per National Housing Bank Guidelines.

i) HOUSING BUSINESS

Housing Loans:

Asset Classification	Outstanding balance Rupees	Provisions Rupees
Standard assets	350,970,065,090 (251,080,516,241)	811,987,747 (850,238,641)
Sub-standard assets	697,275,806 (910,404,731)	104,591,371 (136,560,710)
Doubtful assets	1,605,852,696 (1,740,526,305)	817,207,901 (965,856,459)
Loss assets	168,213,843 (141,199,967)	168,213,843 (141,199,967)
Total	353,441,407,435 (253,872,647,244)	1,902,000,862 (2,093,855,777)

ii) NON HOUSING BUSINESS

a) Non Housing Loans:

Asset Classification	Outstanding balance Rupees	Provisions Rupees
Standard assets	27,212,248,231 (22,741,497,943)	186,104,518 (217,593,053)
Sub-standard assets	36,707,304 (58,494,444)	5,506,096 (8,774,167)
Doubtful assets	89,371,509 (82,735,205)	40,191,130 (44,878,430)
Loss assets	34,102,536 (37,447,568)	34,102,536 (37,447,568)
Total	27,372,429,580 (22,920,175,160)	265,904,280 (308,693,218)

b) Non Convertible Debentures:

Asset Classification	Outstanding balance Rupees	Provisions Rupees
Loss assets	1,380,063 (1,380,063)	1,380,063 (1,380,063)
Total	1,380,063 (1,380,063)	1,380,063 (1,380,063)

Schedules Forming Part of the Financial Statements

for the year ended March 31, 2010

iii) INVESTMENTS

Investments	Outstanding balance Rupees	Provisions Rupees
Government of India Securities	402,535,000 (42,672,000)	- (600,000)
Total	402,535,000 (42,672,000)	- (600,000)

Figures in brackets are in respect of the previous year.

29. Disclosure regarding penalty or adverse comments as per National Housing Bank Guidelines. During the current year, the Company has:

- neither been imposed any penalty by National Housing Bank
- nor received any adverse comments in writing from National Housing Bank on regulatory compliances.

30. **Disclosure as per Clause 32 of the Listing Agreement :**

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

Name of the Company	Relationship	Amount outstanding as on 31 st March, 2010 (Rs.)	Maximum amount outstand- ing during the year (Rs.)
LICHFL Care Homes Ltd.	Wholly owned subsidiary	404,273 (873,214)	1,904,273 (2,614,285)
LICHFL Financial Services Ltd.	Wholly owned subsidiary	142,945 (7,510) Cr.	3,016,999 (15,732,321)
LICHFL Asset Management Company Private Ltd.	Wholly owned subsidiary	10,959,861 (5,244,398)	10,959,861 (5,244,398)
LICHFL Trustee Company Private Ltd.	Wholly owned subsidiary	147,046 (141,146)	147,046 (141,146)

Notes:

- In respect of the above loans there is no repayment schedule and they are repayable on demand.
- No interest is charged on the loan. However, the provisions of section 372A of the Companies Act, 1956 are not applicable to above loans in view of the loanes being wholly owned subsidiaries of the company.
- Loans and Advances to employees / customers and investments by such employees / customers in the shares of the Company, if any, are excluded from the above disclosure.

Figures in brackets are in respect of the previous year.

31. During the year the Company has issued and allotted 10,000,000 Equity Shares of face value of Rs.10/- at a premium of Rs.648/- per share aggregating to Rs.6,580,000,000/- (previous year Rs. NIL) to Qualified Institutional Buyers. The said issue was made under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

32. Previous year's figures are regrouped wherever necessary to correspond with the figures of the Current year.

Signatures to Schedules 1 to 16

As per our attached Report of even date.

For & on behalf of the Board of Directors

T.S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S. Ravi
Director

R.R. Nair
Director & Chief Executive

Nitin K. Jage
General Manager & Company Secretary

Place: Mumbai

Date: 28th April, 2010

Surinder Mohan
CFO & General Manager

Tapas Basu
General Manager (Accounts)

Balance Sheet Abstract and Company's General Business Profile

1 Registration Details

Registration No. : 11-52257

State Code : 11

Balance Sheet Date 31-Mar-2010

2 Capital raised during the Year (Amount in Rs. Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

6,580,000

3 Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

381,458,291

Total Assets

381,458,291

Sources of Funds

Paid-up Capital

949,963

Reserves & Surplus

32,926,760

Secured Loans

310,149,822

Unsecured Loans

37,431,746

Application of Funds

Net Fixed Assets

356,237

Net Current Assets

(14,489,301)

Housing Loans

380,813,837

Miscellaneous Expenditure

NIL

Investments

13,886,983

Accumulated Losses

NIL

Deferred Tax Liability (Net)

890,535

4 Performance of Company (Amount in Rs. Thousands)

Turnover

34,697,305

Total Expenditure

25,584,643

Profit Before Tax

9,112,662

Profit After Tax

6,621,761

Earning per Share in Rs.

73.46

Dividend rate %

150

5 Generic Name of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

N.A.

Product Description

Housing Finance Activities

For & on behalf of the Board of Directors

T.S. Vijayan

Chairman

D.K. Mehrotra

Managing Director

S. Ravi

Director

R.R. Nair

Director & Chief Executive

Nitin K. Jage

General Manager &
Company Secretary

Surinder Mohan

CFO & General Manager

Tapas Basu

General Manager (Accounts)

Place: Mumbai

Date: 28th April, 2010

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

Name of the Subsidiary Company	LICHFL Care Homes Limited	LICHFL Financial Services Limited	LICHFL Trustee Company Private Limited	LICHFL Asset Management Company Private Limited
1. Financial year of the Subsidiary Company ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010
2. (a) Issued, subscribed and paid up capital of Subsidiary Company	85,50,000 Equity Shares of Rs.10/- each	35,00,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.10/- each
(b) Extent of Interest of LIC Housing Finance Limited in the capital of Subsidiary	85,50,000 Equity Shares of Rs.10/- each (100%)	35,00,000 Equity Shares of Rs.10/- each (All the shares are held by LIC Housing Finance Limited, the holding company)	10,000 Equity Shares of Rs.10/- each (All the shares are held by LIC Housing Finance Limited, the holding company)	10,000 Equity Shares of Rs.10/- each (All the shares are held by LIC Housing Finance Limited, the holding company)
3. The Net Aggregate Amount of Profits / Losses of the Subsidiary so far as it concern the Members of LIC Housing Finance Limited and is not dealt with in the Accounts of LIC Housing Finance Limited.				
(a) for the Financial Year ended 31 st March, 2010	Rs.3,48,740/- (Loss)	Rs.78,18,743/-	Rs.18,631/- (Loss)	Rs.62,24,207/- (Loss)
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	Rs.2,63,369/- (Loss)	Rs.52,30,706/- (Loss)	Rs.16,971/- (Loss)	Rs.28,79,770/- (Loss)
4. Net Aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of LIC Housing Finance Limited				
(a) for the Financial Year ended 31 st March, 2010	Nil	Nil	Nil	Nil
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	Nil	Nil	Nil	Nil

For & on behalf of the Board of Directors

T.S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S. Ravi
Director

R.R. Nair
Director & Chief Executive

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO & General Manager

Tapas Basu
General Manager (Accounts)

Place: Mumbai

Date: 28th April, 2010

LICHFL Care Homes Limited

Directors' Report

To The Members,

LICHFL Care Homes Limited

The Board of Directors hereby present the Ninth Annual Report of your Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2010.

FINANCIAL RESULTS

During the year, your Company has incurred a loss of Rs.93,740/-. Despite, no major source of income for the Company, it has reduced its operating cost by 12 percent as compared to previous financial year. The company is yet to receive amount of Rs.2,97,856/- on Income Tax Refund Order for A.Y. 2007-08 and Rs.55,252/- from Nomura, which will be accounted as and when received. The company has made provision for tax of Rs.2,55,000/- due to differences in rates of depreciation charged on fixed assets under the Income Tax Act and the Companies Act..

DIVIDEND

In view of losses for the reason stated above Directors express their inability to recommend any dividend for the year 2009-10.

DIRECTORS

The existing Directors of the Company as on date are 1) Shri D.K. Mehrotra, Chairman 2) Shri R.R. Nair, Managing Director 3) Shri A.P. Singh, Director & Chief Executive 4) Dr. Firdos T. Shroff, Independent Director.

Dr. Shroff was appointed as an Independent Director liable to retire by rotation as per the provision of Section 255 of the Companies Act, 1956 in the AGM held on 23rd June, 2009.

FIXED DEPOSITS

The Company has not accepted any Deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

STATUTORY INFORMATION

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There is no foreign exchange earnings or outgoes during the year under review.

OUTLOOK FOR 2010-11

The Company is in the process of change of land use for land purchased at Jaipur for construction of Senior Citizens' Care

Homes and propose to finalise land for few more projects. During the current year, 2010-11, your Directors propose to start construction of project at Bhubaneshwar which is awaiting final regulatory clearances from Development Authority.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirms

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.
- The Company has prepared Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Disclosure, as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is not applicable to the Company as none of the employees are getting Rs.2 Lacs per month or Rs.24 Lacs per annum as remuneration.

ACKNOWLEDGEMENT

The Directors place on record their appreciation for the advice, guidance and support given by LIC of India and LIC Housing Finance Limited. The Directors also place on record their sincere thanks to the Company's Banker and Members for their patronage.

For and on behalf of the Board

Place: Mumbai
Date : 19th April, 2010

Chairman

Auditors' Report

AUDITORS' REPORT TO THE MEMBERS OF LICHFL CARE HOMES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2010

1. We have audited the attached Balance Sheet of **LICHFL CARE HOMES LTD.** as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. The financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement of the Company comply with the Accounting Standards, referred to in Section 211 (3C) of the Companies Act 1956.
 - e) On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub section (1) of Section 274 of Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other Notes given in Schedule I thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010 and
 - (ii) in the case of the Profit and Loss Account, of the **Loss** of the Company for the year ended on that date.
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

For **SHANKARLAL JAIN & ASSOCIATES**
Chartered Accountants

(S. L. Agrawal)
Partner
Membership No.72184

Place: Mumbai

Dated: 19th April, 2010

Annexure to Auditors' Report

(Refer to in paragraph 3 of our Report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
- c) The Company has not disposed off any substantial part of fixed assets during the year.
2. a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured, to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) As the Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, sub clauses (b), (c), (d), (f) and (g) of Clause (iii) of paragraph 4 of the Order are not applicable.
3. In our opinion and according to the information and explanation given to us there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchases of fixed assets. During the course of our audit, we have not observed any continuing failure to correct the major weakness in the internal control system.
4. According to the information and explanation given to us, there is a contract during the year referred to in section 301 of the Companies Act 1956 which is entered in the register maintained under that section and in our opinion such contract has been made at prices which are reasonable having regard to the prevailing market price.
5. The Company has not accepted any deposits from the public within the meaning of provisions of Section 58A & 58AA or any other relevant provision of the Companies Act, 1956 and rules made there under.
6. The Company does not have Internal Audit System.
7. a) According to the information and explanation given to us and based on the books and records examined by us the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues, wherever applicable, have been generally deposited regularly during the year with appropriate authorities. There are no outstanding statutory dues as on 31st March, 2010 for a period of more than six months from the date they become payable.
- b) According to the information and explanation given to us and based on the books and records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues, wherever applicable, which have not been deposited on account of any dispute.
8. The Company has not incurred cash losses in the current financial year and also in the immediately preceding financial year. The company has accumulated loss of Rs.13,04,457/- as at 31st March, 2010.
9. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. As per the information and explanation given to us the company has not given any guarantee for loans taken by others from bank or financial institutions.
11. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956 during the year.
12. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.
13. Other clauses of the para 4 of Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, are not applicable to the Company.

For **SHANKARLAL JAIN & ASSOCIATES**

Chartered Accountants

(S. L. Agrawal)

Partner

Membership No.72184

Place: Mumbai
Dated: 19th April, 2010

Balance Sheet as at March 31, 2010

Particulars	Schedule		As at March 31, 2010 Rupees		As at March 31, 2009 Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		85,500,000		85,500,000
TOTAL			85,500,000		85,500,000
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		113,111,081		113,082,080	
Less: Depreciation	B	3,909,013		2,879,294	
Net Block			109,202,068		110,202,786
Capital Work in Progress					
Bhubaneshwar Project		23,289,906		22,672,026	
Jaipur Project		25,000	23,314,906	-	22,672,026
Investments	C		12,000		12,000
Current Assets, Loans & Advances	D				
Cash & Bank Balance		24,753,036		25,143,440	
Other Current Assets		1,994,308		1,355,030	
Loans & Advances		3,752,508	30,499,852	4,008,383	30,506,853
Less: Current Liabilities & Provisions	E		79,999,904		80,215,289
Net Current Assets			(49,500,052)		(49,708,437)
Miscellaneous Expenditure	F		1,166,620		1,365,907
(to the extent not written off or adjusted)					
Debit Balance in Profit & Loss Account			1,304,457		955,717
TOTAL			85,500,000		85,500,000
Significant Accounting Policies and Notes	I				
forming part of the Accounts					

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet.

As per our attached Report of even date.

For Shankarlal Jain & Associates

Chartered Accountants

For & on behalf of the Board of Directors

(S. L. Agrawal)

Partner

M.No. 72184

Place: Mumbai

Date : 19th April, 2010

R.R. Nair

Managing Director

A. P. Singh

Director & Chief Executive

Veena Vaidya

Company Secretary

Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedule	March 31, 2010 Rupees	March 31, 2009 Rupees
INCOME:			
Interest on Fixed Deposit (TDS Rs.222098/-; PY Rs.515666/-)		2,340,998	2,388,751
Interest on late payment of booking and maintenance deposit		203,038	1,272,444
Other Income	G	984,851	598,044
TOTAL		3,528,887	4,259,239
EXPENDITURE:			
Employees Emoluments	H	1,258,466	1,437,217
Travelling & Conveyance Exp.		82,461	155,145
Staff Welfare Expenses		149,815	224,149
Electricity Expenses		66,356	83,502
Legal & Professional Fees		3,810	14,319
Rent, Rates and Taxes		522,945	573,166
Repair & Maintenance		4,911	17,742
Telephone Expenses		84,656	97,722
Payment to Auditors			
Audit Fees (including Rs. NIL relating to prior period (PY.Rs.16854)		44,120	60,854
Income tax matter (including Rs.NIL relating to prior period (PY.Rs.8427)		28,273	17,427
Motor Car Expenses		47,039	58,231
Advertising Expenses		5,000	24,988
Directors' Sitting Fees & Meeting Expenses		12,358	8,511
Printing & Stationery		12,974	2,959
Miscellaneous Expenses		70,438	175,654
Depreciation		1,029,719	1,001,258
Preliminary Expenses written off		199,287	199,287
TOTAL		3,622,627	4,152,130
Profit/(Loss) before tax		(93,740)	107,109
Provision for Income Tax		255,000	360,000
Provision for FBT		-	30,000
Profit/(Loss) after tax		(348,740)	(282,891)
Less: Short provision for FBT- A.Y. 2006-07 write off		-	420
Less :Short Provision for income tax		-	8,311
Add: FBT excess provision written back		-	28,253
Profit/(Loss) for the year		(348,740)	(263,369)
Add: Brought forward loss from Last Year		(955,717)	(692,348)
Profit / (Loss) carried to Balance Sheet		(1,304,457)	(955,717)
Basic/Diluted Earning Per Share (in Rs.)			
(Refer Note No. 5 of Schedule I)		(0.04)	(0.06)
Singnificant Accounting Policies and Notes forming part of the Accounts	I		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached Report of even date.

For & on behalf of the Board of Directors

For Shankarlal Jain & Associates

Chartered Accountants

(S. L. Agrawal)

Partner

M.No. 72184

Place: Mumbai

Date : 19th April, 2010

R.R.Nair

Managing Director

A. P. Singh

Director & Chief Executive

Veena Vaidya

Company Secretary

Cash Flow Statement for the year ended March 31, 2010

	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX		(93,740)		107,109
Add/(Less):- Adjustment for				
Depreciation	1,029,719		1,001,258	
Preliminary Expenses w/off	199,287		199,287	
Interest on Fixed Deposit	(2,340,998)	(1,111,992)	(2,388,751)	(1,188,206)
Operating Profit/(Loss) Before Working Capital Changes		(1,205,732)		(1,081,097)
Add/(Less):- Adjustment for				
(Increase)/Decrease in Interest accrued on deposit	(639,278)		(1,323,949)	
(Increase)/Decrease in Loans & Advances	255,875		(1,555,072)	
(Increase)/Decrease in Debtors	-		2,038,405	
Increase/(Decrease) in Current Liabilities & provisions	(215,385)	(598,788)	973,811	133,195
Cash Flow From Operating Activities Before Tax		(1,804,520)		(947,902)
Tax Paid		(255,000)		(370,478)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(2,059,520)		(1,318,380)
B CASH FLOW FROM INVESTING ACTIVITIES				
Interest on Fixed Deposit	2,340,997		2,388,751	
Investment in Capital Work In Progress	(642,880)		(645,672)	
Additions to /Purchase of Fixed Assets	(29,001)		(44,923,285)	
Deduction from/sale of Fixed Assets	0		810,282	
Investment in Fixed Deposits	(377,622)	1,291,494	(4,136,912)	(46,506,836)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		1,291,494		(46,506,836)
C CASH FLOW FROM FINANCING ACTIVITIES				
Fresh Issue of Equity shares	0			48,500,000
Share Issue Expenditure Paid	0	0		(48,500)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		0		48,451,500
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(768,026)		626,284
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,591,382		965,098
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		823,356		1,591,382

Notes:-

1. Cash & Cash Equivalents includes Physical Cash and Balance in Current Accounts with Banks.
2. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS 3) on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our attached Report of even date.

For & on behalf of the Board of Directors

For Shankarlal Jain & Associates

Chartered Accountants

(S. L. Agrawal)

Partner

M.No. 72184

Place: Mumbai

Date : 19th April, 2010**R.R.Nair**

Managing Director

A. P. Singh

Director & Chief Executive

Veena Vaidya

Company Secretary

Schedules Forming Part of Balance Sheet as at March 31, 2010

Particulars	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Schedule A		
Share Capital:		
Authorised:		
2,50,00,000 (PY 2,50,00,000) Equity		
Shares of Rs.10/- each.	250000000	250,000,000
Issued and Subscribed:		
85,50,000 Equity Shares (P.Y. 85,50,000)		
of Rs.10/- each fully paid up.	85,500,000	85,500,000
	85,500,000	85,500,000

SCHEDULE B

FIXED ASSETS

(Amount in Rupees)

Particulars	Rate of Depn (%)	GROSS BLOCK (At Cost)				DEPRECIATION / AMORTISATION				NET BLOCK	
		As at	Additions	Deductions	As At	Upto	For the	written back	Upto	As at	As at
		01.04.2009	for the year	for the year	31.03.2010	01.04.2009	Year	during the year	31.03.2010	31.03.2010	31.03.2009
Freehold Land (Bangalore)	0	12,611,132	-	-	12,611,132	-	-	-	-	12,611,132	12,611,132
Freehold Land at Jaipur	0	44,913,635	-	-	44,913,635	-	-	-	-	44,913,635	44,913,635
Leasehold Improvement	7.42	319,972	-	-	319,972	48,953	23,742	-	72,695	247,277	271,019
Building	1.63	53,037,736	-	-	53,037,736	2,517,995	864,515	-	3,382,510	49,655,226	50,519,741
Electrical Installation	4.75	841,361	-	-	841,361	113,510	39,965	-	153,475	687,886	727,851
Generator (Bangalore)	7.07	340,931	-	-	340,931	44,180	24,104	-	68,284	272,647	296,751
Computers	16.21	142,788	29,001	-	171,789	48,402	25,039	-	73,441	98,348	94,386
Office Equipment	4.75	216,131	-	-	216,131	21,252	10,266	-	31,518	184,613	194,879
Furniture & Fixtures	6.33	645,398	-	-	645,398	82,429	40,854	-	123,283	522,115	562,969
Vehicle (Ambulance)	9.5	12,996	-	-	12,996	2,573	1,235	-	3,808	9,188	10,423
TOTAL		113,082,080	29,001	-	113,111,081	2,879,294	1,029,719	-	3,909,013	109,202,068	110,202,786
Previous Year		68,969,077	44,923,285	810282*	113,082,080	1,878,036	1,014,466	13,208	2,879,294	110,202,786	67,091,041

*NOTE-Deduction on a/c of liabilities no longer payable has been written back

Particulars	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Schedule C		
Investments:		
Unquoted: (Non Trade) (Long Term)		
1200 (PY 1200) Equity Shares of LIC		
Mutual Fund Trustee Company Private Limited (F.V Rs.10/-)	12,000	12,000
	12,000	12,000

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
Schedule D				
Current Assets, Loans & Advances:				
Cash & Bank Balance:				
Balance in Current Account with Scheduled Banks	823,356		1,591,382	
Short term Deposits with Scheduled Bank	23,929,680	24,753,036	23,552,058	25,143,440
Other Current Assets:				
Interest accrued on Bank Deposits		1,994,308		1,355,030
Loans & Advances: (Unsecured & considered good)				
Advances recoverable in cash or in kind	2,391,721		2,618,694	
Advance payment of taxes and tax deducted at source (net of provision Rs.701058 /- P.Y. Rs.446058/-)	930,554		959,456	
Deposit with BESCOM	430,233	3,752,508	430,233	4,008,383
		30,499,852		30,506,853

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
Schedule E				
Current Liabilities & Provisions:				
Current Liabilities:				
Adv. From LIC Housing Finance Ltd. (the holding Company)		404,273		873,214
Unearned Income (LIC of India)		1,288,194		1,579,861
Deposit from Bangalore Allotees		71,512,000		71,512,000
Deposit for Car Parking Slot		2,880,000		2,260,073
Maintenance Deposit Bangalore Allotees		3,691,059		3,691,059
Earnest Money Deposit from Contractor		100,000		100,000
Retention Money of Contractor		25,678		67,916
Sundry Creditors:				
Small Scale Industrial Undertakings		-		-
Others (Outstanding expenses)	98,700	98,700	131,166	131,166
		79,999,904		80,215,289

Schedules Forming Part of Balance Sheet as at March 31, 2010

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
Schedule F				
Miscellaneous Expenditure:				
(to the extent not written off)				
Preliminary Expenses				
Opening Balance	1,327,107		1,516,694	
Less: written off during the year	189,587		189,587	
Closing Balance		1,137,520		1,327,107
Share Issue Expenses				
Incured During Year/ Opening Balance	38,800		48,500	
Less: written off during the year	9,700		9,700	
Closing Balance		29,100		38,800
Total		1,166,620		1,365,907

Schedules Forming Part of Profit & Loss Account for the year ended March 31, 2010

	Rupees	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees
Schedule G				
Other Income:				
Administrative charges for transfer of Occupancy Rights		660,304		384,000
Excess provision of expenses written back		11,000		-
Dividend on Investment		4,800		3,600
Other Income		308,747		210,444
		984,851		598,044
	Rupees	31.03.2010 Rupees	Rupees	31.03.2009 Rupees
Schedule H				
Employees Emoluments:				
Salary & wages		976,296		1,193,180
Contribution to PF & Other funds		110,926		192,979
Perquisites		171,244		51,057
		1,258,466		1,437,217

Schedules Forming Part of Accounts

Schedule I

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting :

The financial statements are prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India comprising the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on the accrual basis, as adopted consistently by the Company.

2. Use of Estimates:

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Actual results could differ from those estimates.

3. Fixed Assets / Capital work in Progress:

Fixed Assets are stated at cost of acquisition /construction less accumulated depreciation and impairment of loss, if any Cost is inclusive of other incidental expenses incurred up to the date of capitalization. Capital work in progress includes advances given for capital expenditure.

4. Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Cost of improvements on leasehold premises is amortized over initial lease period.

5. Investments:

Long Term Investments are valued at cost. Any decline in value, other than temporary is provided for.

6. Miscellaneous Expenditure:

Preliminary expenses are written off over a period of ten years.

7. Earning per share:

In accordance with Accounting Standard 20 (AS-20) "Earning Per Share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the period.

8. Taxes on Income

- i. Current tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.
- ii. Deferred Tax Assets and liabilities are measured using the tax rates and tax laws that have been announced up to the Balance Sheet date. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit and Loss Account of the respective year of change.
- iii. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9. Impairment Loss:

The Fixed Assets are reviewed for impairment at each Balance Sheet date. In case of any such indication the recoverable amount of each asset is determined, and if such recoverable amount of asset or cash generating unit to which the asset belongs is less than its carrying amount the impairment loss is recognized by writing down such assets to their recoverable amount. An impairment loss is reversed if there is a change in the recoverable amount and such loss either no longer exists or has decreased.

Schedules Forming Part of Accounts

10. Provision 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.

11. Prior Period Items:

Prior period expenses / income are accounted under the respective heads. Material items, if any, are disclosed separately by way of a note.

(B) NOTES FORMING PART OF THE ACCOUNTS

1. Nature of activities

The Company was established to carry out the business of setting up, running and maintaining Assisted Living Community Centre / Care Homes for Senior Citizens. The Company has commenced commercial operations w.e.f. 30th April, 2006.

2. Estimated amount of contracts remaining to be executed on capital accounts and not provided for is NIL. (Previous Year Rs.NIL).

3. Managerial Remuneration U/s 198 of the Companies Act, 1956, to the Directors:

Particulars	For the year ended 31 st March, 2010 Rupees	For the year ended 31 st March, 2009 Rupees
Salary	6,45,930	5,75,437
Contribution to Provident and other Funds	74,766	72,860
Perquisites	2,03,880	-
Total	9,24,576	6,48,297

4 As per information available with Company, there are no amounts payable to any Small Scale Industrial Undertaking.

5. Earnings per share

Particulars	Year ended 31.03.2010	Year ended 31.3.2009
Net profit / (loss) attributable to equity Shareholders (in Rs.)	(3,48,740)	(2,63,369)
Weighted average number of equity shares	85,50,000	49,12,500
Basic Earnings per share of Rs.10/- each (in Rs.)	(0.04)	(0.06)

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share remains the same.

6. Employee Emoluments represent the amount reimbursed by the Company to Life Insurance Corporation of India.

7. In the opinion of the Board, all current assets, loans & advances and other receivables are approximately of the value stated, if realized in the ordinary course of business.

8. In view of time limitations on carry forward of losses and as a matter of prudence Deferred Tax Assets arising Rs.9,50,558/- on account of carry forward losses under tax laws has not been recognized.

9. Segmental Information: there are no separate reportable segments as per the Accounting Standard on Segment Reporting (AS-17), as the Company's prime business is to provide Assisted Living Community Centers/ Community care homes/ centers.

10. Capital Work in progress relating to Project include the following Pre-operative expenses incurred during the year which will be Capitalised on Completion of the Project-

A—Bhubaneshwar Project

Particulars	Current Year Rupees	Previous Year Rupees
Opening Balance(Including leasehold land Rs.1,92,50,772)	2,26,72,026	2,20,26,354/-
Registration	10,000/-	1,93,555/-
Salary & Allowances	5,90,226/-	1,86,586/-

Schedules Forming Part of Accounts

Particulars	Current Year Rupees	Previous Year Rupees
Other Administrative expenses	16,004/-	8,844/-
Advertising	-	2,48,687/-
Consultancy	1,650/-	8,000/-
TOTAL(A)	2,32,89906/-	2,26,72,026

B—Jaipur Project

Opening Balance	--	--
Administrative expenses	25,000/-	--
TOTAL(B)	25,000/-	--

Agriculture land purchased of Rs.4,49,13,635 at Jaipur is subject to conversion to non agriculture by Jaipur Development Authority.

TOTAL(A+B)	2,33,14,906	2,26,72,026
-------------------	--------------------	--------------------

11. Amount recoverable from Bangalore Care Homes Allottees Association (proposed) is Rs.14,40,515 /-(PY Rs.20,93,479/-) and the same is shown as recoverable under Loans & Advances head.
12. Amount recoverable from LIC of India is Rs.4,94,867/- which is subject to confirmation from LIC.
13. Company has received the refund order for A.Y. 2007-08 of Rs.2,97,856/- but the same will be accounted for as and when received.
14. Sundry receivables Rs.4,20,193/- on account of administrative charges for transfer of occupancy right.
15. Related Party Disclosure, as required by Accounting Standard 18, "Related Party Disclosure" issued by the Institute of Chartered Accountants of India is given below:

(a) List of related parties:-

Holding Company	LIC Housing Finance Ltd.
Key Management Personnel	Mr. A. P. Singh (Director & Chief Executive)
Associate Concern	LIC of India

(b) The Company has entered into transactions with certain parties as listed above during the year under consideration.

Name of the Party	Nature of Relationship	Nature of Transaction	Total of Debits/ paid & Credits/ received during the year	Outstanding As at Year end (Amount in Rupees)	Max Amount Outstanding
LIC Housing Finance Ltd.	Holding Company	Current Account	Dr- 18,19,159/- (Dr.-42,92,176/-) Cr.-13,50,218/- (Cr.-46,00,674/-)	Cr.-4,04,273/- (Cr.- 8,73,214/-)	Cr.-19,04,273/- (Cr.-20,96,693)
Life Insurance Corporation	Associate Concern	Advertisement Income recd and Project Management Consultancy Charges(PMC) paid	Dr.-2,91,667/- (Dr.- 22,45,589/-) Cr. - NIL	Cr -7,93,327/- (Cr.-10,84,994/-)	(Cr.-15,79,861/-) (Cr.-17,50,772/-)
Mr. A. P. Singh	Key Management Personnel (Director & Chief Executive)	Remuneration	9,24,576/- (6,48,297/-)	Nil (NIL)	Nil (NIL)

(Previous Year figures are in brackets)

Schedules Forming Part of Accounts

16. Provision for tax has been made as per Income Tax Act.
17. Company has entered share purchase agreement dated 11.07.2009 for sale of 1200 equity shares of Rs.10 each of LIC Mutual Fund Trustee Company Pvt. Ltd. at total consideration of Rs.55,252/- to NOMURA Asset Management Strategic Investment Pte. Ltd. Effect of this will be given as and when amount is received.
18. As the Company is not a manufacturing company, information required under paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 are given to the extent applicable.
19. Figures for the previous year has been regrouped and rearranged wherever necessary.
20. The figures have been rounded off to the nearest rupee.

As per our attached Report of even date.

For & on behalf of the Board of Directors

For Shankarlal Jain & Associates

Chartered Accountants

(S. L. Agrawal)

Partner

M.No. 72184

Place: Mumbai

Date : 19th April, 2010

R.R.Nair

Managing Director

A. P. Singh

Director & Chief Executive

Veena Vaidya

Company Secretary

Balance Sheet Abstract and Company's General Business Profile

1 Registration Details

Registration No. : 133341

State Code : 11

Balance Sheet Date 31-Mar-2010

2 Capital raised during the Year (Amount in Rs.Thousands)

Public Issue

NIL

Rights Issue

NIL

Bonus Issue

NIL

Private Placement

NIL

3 Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities

85,500,000

Total Assets

85,500,000

Sources of Funds

Paid-up Capital

85,500,000

Reserves & Surplus

NIL

Secured Loans

NIL

Unsecured Loans

NIL

Application of Funds

Net Fixed Assets

132516974

Net Current Assets

(49,500,052)

Investments

12000

Accumulated Losses

1,304,457

Miscellaneous Expenditure

1166620

4 Performance of Company (Amount in Rs.Thousands)

Turnover

35,28,887

Total Expenditure

36,22,627

Profit Before Tax

(93,740)

Profit After Tax

(348,740)

Earning per Share in Rs.

(0.04)

Dividend Rate%

NIL

5 Generic Names of Three Principal Products service of Company (As per Monetary Terms)

Item Code No.: NIL

Product Description : The Company is engaged in carrying out the business of setting up, running and maintaining Assisted Living Community Centre/Care Homes for Senior Citizens.

The Company was formed as a subsidiary of LIC Housing Finance Limited (LICHFL) with an authorised capital of Rs.25 Crores. The paid up equity share capital as on March 31, 2010 stood at Rs.8.55 Crores (85,50,000 equity shares of Rs.10/- each). All shares are held by the LICHFL and its nominees.

As per our attached Report of even date.

For & on behalf of the Board of Directors

For Shankarlal Jain & Associates

Chartered Accountants

(S. L. Agrawal)

Partner

M.No. 72184

Place: Mumbai

Date : 19th April, 2010**R.R.Nair**

Managing Director

A. P. Singh

Director & Chief Executive

Veena Vaidya

Company Secretary

LICHFL Financial Services Limited

Directors' Report

To The Members,

LICHFL Financial Services Ltd.

Directors have pleasure in presenting the Third Annual Report of your Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2010.

Financial Results

The profit and loss account shows a profit before tax of Rs.87.85 lac after taking into account all expenses, including depreciation. Considering the prior period items of NIL (as per the profit and loss account), the profit before tax is Rs.87.85 lacs. After considering the provision for income-tax, (net of deferred tax) including that of earlier years, the profit after tax for the year is Rs.78.19 lacs.

Taking into account the loss of Rs.52.33 lacs from previous year, the distributable profit is Rs.25.86 lacs.

(Rs. in lacs)

	For the year ended 31st March, 2010	For the year ended 31st March 2009
Proposed dividend	17.50	0.00
Tax on dividend	2.97	0.00
Balance carried forward to next year	5.39	-52.33
	25.86	-52.33

Dividend

Considering the excellent performance during the year 2009-10, your Directors have recommended a dividend of Rs.0.5/- per equity share (5 percent), for the year ended 31st March, 2010 for the first time. The total dividend outgo for the current year would amount to Rs.17.50 lacs including a dividend distribution tax of Rs.2.97 lacs.

Performance:

Income and profit:

Profit before tax and after tax stood at Rs.87.85 lacs and Rs.78.18 lacs respectively as against loss of Rs.51.09 lacs and Rs.52.30 lacs respectively for the previous year. The company earned a total income of Rs.790.37 lacs as against Rs.46.68 lacs of last year.

Expansion :

During the year 2009-10, your company has got 33 offices operational in various parts of the country. The company has got five offices in Maharashtra, six in Andhra Pradesh, six in Tamil Nadu, two in Karnataka, one in Kerala, three in Gujarat, two in Madhya Pradesh, four in Uttar Pradesh, and two in Haryana and two in Rajasthan.

Human resources:

As on 31st March, 2010, the company is having 9 employees and 477 marketing personnel

New product lines:

In addition to home loan, life insurance, mutual fund and fixed deposits, the company has started distribution of general insurance products under a referral arrangement with United India Insurance Company Limited as well as Credit cards of LIC Cards.

Customer base:

During the financial year 2009-10 the company has acquired 7762 customers through cross selling of multiple financial products including home loans, life insurance, general insurance, mutual funds, fixed deposits and credit cards.

Auditors

The Directors recommend re-appointment of M/s. C.Vallabh & Co., Chartered Accountants as auditors of the Company for the Financial Year 2010-11.

The Company has received certificate from M/s. C. Vallabh & Co., Chartered Accountants stating their re-appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956

Directors

Shri Nitin K. Jage retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment . The Directors recommend his reappointment.

Fixed Deposits

The Company has not accepted any Deposits within the meaning of section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

Statutory Information

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There is no foreign exchange earnings or outgoes during the year under review.

Outlook for 2010-11

The initiatives taken by the company during the year are expected to improve its operational and financial performance. The company has plans to expand into new locations and increase its marketing team strength. There is good potential for growth of business in home loan and life insurance sector. Distribution of these products is expected to generate good revenue for the company.

It is to be noted that in view of reducing commission rates and brokerage rates for mutual funds, unit linked policies etc. there is likely to be some drop in revenue from these lines of business. The respective Regulators are expected to come out with clear indicators fixing the maximum limits for fees payable to distributors.

With a relook into the business strategy, this shall be dealt with resulting in continued growth.

Responsibility statement pursuant to Section 217(2AA) of the Companies Act, 1956.

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby confirm

- In the preparation of Annual Accounts the applicable Accounting Standards have been followed.
- The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.
- The Company has prepared Annual Accounts on a going concern basis.

Particulars of Employees

The Disclosure, as required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is not applicable to the Company as on date of this report none of the employees are getting Rs.2 lacs per month or Rs.24 Lacs per annum as remuneration.

Acknowledgement

The Directors place on record their appreciation for the advice, Guidance and support given by LIC Housing Finance Limited. The Directors also place on record their sincere thanks to the Company's clientele, Bankers and Members for their patronage. The Directors also record their appreciation for the dedicated services of the employees and their contribution to the growth of the Company.

For and behalf of the Board

Place: Mumbai
Date :21st April, 2010

Chairman

Auditors' Report

To the Members

LICHFL Financial Services Limited,

1. We have audited the attached Balance Sheet of LICHFL Financial Services Limited, as at 31st March 2010 and also the Profit and Loss Account and Cash Flow Statement for the for the year ended March 31, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the annexure statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in Annexure referred to above we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of Accounts as required by law have been kept by the Company so far as appears from the examination of books;
 - c) The Balance sheet, Profit and Loss Account and Cash Flow

Statement dealt with by this report are in agreement with the books of Accounts;

- d) In our opinion and according to the explanations given to us, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
- e) On the basis of written representation received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - I. In the case of Balance sheet of the state of affairs of the Company as at 31st March, 2010.
 - II. In the case of Profit and Loss account of the 'Profit' for the year ended on that date.
 - III. In case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For C. VALLABH & CO.
Chartered Accountants

V.C.SHAH
Proprietor

Place: Mumbai
Date : 21st April, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

- | | |
|--|---|
| <p>(i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us the fixed assets have been physically verified by the management had reasonable intervals</p> <p>(c) During the year the Company has not disposed off substantial part of fixed assets.</p> <p>(ii) Being service oriented company, sub classes (a), (b) & (c) relating to inventory are not applicable to</p> <p>(iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms of other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub- clause (b), (c) and (d) are not applicable.</p> <p>(b) As Informed, the Company has not taken unsecured loans from Companies, covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to sale of services. Further, on the basis of our examination of the books & records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instances of major weaknesses in the aforesaid internal control systems.</p> <p>(v) (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, have been so entered.</p> <p>(b) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements entered in the register maintained U/s 301 and exceeding the value of 5 Lakh Rupees in respect of any party during the year have been made at the price which are reasonable having regard to prevailing market prices at the relevant time.</p> <p>(vi) The Company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA, or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975 apply.</p> <p>(vii) This Clause relating to Internal audit system is not applicable to Company.</p> <p>(viii) We have been informed that the Company is not required to maintain cost records under clause (d) of sub- section (1) of Section 209 of the Companies Act, 1956, which has been relied upon.</p> <p>(a) According to the records of the Company, Employee's State Insurance, Income Tax, , Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it have been generally, regularly deposited during the year with appropriate authorities.</p> <p>(b) According to the records of the Company, there are</p> | <p>no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute.</p> <p>(ix) The Company has been registered for a period of less than five years hence clause (4) (x) of the Companies (Auditor's Report) Order, 2003 is not applicable.</p> <p>(x) According to the information and explanations given to us, the Company has not taken any money from financial institutions, bank or debenture holder, and hence clause 4(xi) is not applicable to the Company.</p> <p>(xi) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xii) In our opinion , the Company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.</p> <p>(xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Order are not applicable to the Company.</p> <p>(xiv) According to the information and explanation given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.</p> <p>(xv) The Company has not raised any term loans during the period.</p> <p>(xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>(xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(xviii) According to the information and explanations given to us, no debentures were issued during the period.</p> <p>(xix) The Company has not raised any money by way of public issue during the period. Therefore, the provision of the clause (xx) of the order is not applicable to the Company</p> <p>(xx) According to the information and explanations furnished by the management, which have been relied upon by us, there was no fraud on or by the Company noticed or reported during the course of our audit.</p> |
|--|---|

For C. VALLABH & CO.
Chartered Accountants

V.C.SHAH
Proprietor

Place: Mumbai
Date : 21st April, 2010

Balance Sheet as at March 31, 2010

	Schedule		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS				
Shareholder's Funds				
Capital	A	35,000,000		20,000,000
Profit & Loss A/C	B	538,625	35,538,625	-
Deferred Tax Liability			323,262	100,000
			35,861,887	20,100,000
APPLICATION OF FUNDS				
Fixed Assets	C			
Gross Block		6,791,837		5,041,590
Less : Depreciation		569,594		94,368
			6,222,243	4,947,222
Investments				
LIC Mutual Fund			5,433,607	4,271,177
Current Assets, Loans and Advances				
Sundry Debtors	D	15,407,070		2,379,162
Cash and Bank Balances	E	3,955,085		38,831
Loans and Advances	F	9,304,955		4,383,340
		28,667,110		6,801,333
Less :Current Liabilities and Provisions				
	G	4,695,954		1,416,679
			23,971,156	5,384,654
Miscellaneous Expenses	H		234,881	264,241
Profit & Loss Account			-	(52,32,706)
			35,861,887	20,100,000
Notes to Accounts				

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

R.R. Nair
Director

Nitin K. Jage
Director

Surinder Mohan
Director

Shobana Murali
CEO

Place : Mumbai
Date : 21st April, 2010

Profit and Loss Account for the year ended March 31, 2010

	Schedule		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
INCOME :				
Commission & Brokerage	I		78,573,409	4,657,376
Income from Investments	J		464,460	11,177
			79,037,869	4,668,553
EXPENDITURE :				
Employees Emoluments & Benefits	K	37,746,635		1,919,512
Administrative & Selling Expenses	L	32,001,236		7,735,019
Preliminary Expenses Written Off		29,360		29,360
Depreciation		475,226		94,368
			70,252,457	9,778,259
Profit(- Loss) for the year			8,785,412	(51,09,706)
Less : Provision for taxation				
Current Tax		745,060	-	
F B T		-	-	21,000
Deferred Tax		223,262	968,322	100,000
			7,817,090	(52,30,706)
Add : Excess Provision for Tax Written Back			1,653	-
			7,818,743	(52,30,706)
Add : Balance in Profit Loss Account			(5232706)	(2,000)
Profit Available for Appropriations			2,586,037	(52,32,706)
APPROPRIATIONS				
General Reserve			-	-
Proposed Dividend			1,750,000	-
Tax on Dividend			297,412	-
Balance Carried to Balance Sheet			538,625	(52,32,706)
			2,586,037	(52,32,706)

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

R.R. Nair
Director

Nitin K. Jage
Director

Surinder Mohan
Director

Shobana Murali
CEO

Place : Mumbai
Date : 21st April, 2010

Cash Flow Statement

for the year ended March 31, 2010

	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit (Loss) Before Tax		8,785,412		(5,109,706)
Add / (Less) : Adjustment for				
Depreciation	475,226		94,368	
Preliminary Expenses Written Off	29,360		29,360	
Gain on Mutual fund Investment	(464,460)		(11,177)	
		40,126		112,551
Operating Profit / (Loss) before Working Capital Changes		8,825,537		(4,997,155)
Adjustment for:				
(Increase) Sundry Debtor	(13,027,908)		(2,379,162)	
(Increase) in Other Current Assets (Rent Deposit)	(3,068,620)		(4,355,370)	
(Increase) in Loans and Advances	(60,080)		(27,970)	
Increase in Liabilities and Provisions	507,803		1,119,721	
		(15,648,805)		(5,642,781)
Cash used in Operations		(6,823,268)		(10,639,936)
Direct taxes Paid		(1,350,512)		-
Net Cash used in Operating Activities (A)		(8,173,780)		(10,639,936)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments		(23,000,000)		(4,260,000)
Sale of Investments		22,302,030		-
Purchase of Fixed Assets		(2,289,839)		(5,041,590)
Sale of Fixed Assets		77,842		-
Net Cash used in Investing Activities (B)		(2,909,967)		(9,301,590)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital		15,000,000		19,500,000
Miscellaneous Expenses incurred during the year		-		(19,643)
Net Cash generated from Financing Activities (C)		15,000,000		19,480,357
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		3,916,253		(461,169)
Cash and cash equivalents at the beginning of the year		38,832		500,000
Cash and cash equivalents at the end of the year		3,955,085		38,832

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.

Chartered Accountants

V. C. Shah

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Shobana Murali

CEO

Place : Mumbai

Date : April 21, 2010

Schedule Forming the Part of Balance Sheet as at March 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE : A		
SHARE CAPITAL		
Authorised :		
5000000 Equity Shares of Rs. 10/- each	50,000,000	20,000,000
(Pr.Yr. 2000000 Equity Shares of 10/- each)		
	50,000,000	20,000,000
Issued , Subscribed and Paid up :		
3500000 Equity Shares of Rs. 10/- each fully paid up	35,000,000	20,000,000
(Pr.Yr. 2000000 Equity Shares of 10/- each fully paid up)		
	35,000,000	20,000,000
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE : B		
PROFIT & LOSS A/C	538,625	-
	538,625	-

(Amount in Rupees)

SCHEDULE : C

FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As on 01.04.2009	Additions During the Year	Deduction During the Year	Gross Block As on 31.03.2010	upto 31.03.2009	Addition During the Year	Deduction During the Year	Total up to 31.03.2010	As on 31.03.2010
Air Conditiner	743,839	-		743,839	9,475	35,332	-	44,807	699,032
Computer, Software & Printers	712,696	984,864	77,842	1,619,718	21,907	182,971	-	204,878	1,414,840
Electrical & Fittings	963,582	32,390		995,972	15,687	62,209	-	77,896	918,076
Furniture & Fittings	2,621,473	810,835		3,432,308	47,299	194,714	-	242,013	3,190,295
TOTAL	5,041,590	1,828,089	77,842	6,791,837	94,368	475,226	-	569,594	6,222,243
Previous Year	-	5,041,590	-	5,041,590	-	94,368	-	94,368	4,947,222

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE : D		
SUNDRY DEBTORS		
(Unsecured Considered Good)		
Outstanding for Morethan 6 Months	-	-
Other Debts	15,407,070	2,379,162
	15,407,070	2,379,162

Schedule Forming the Part of Balance Sheet as at March 31, 2010

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE : E			
CASH AND BANK BALANCES			
Cash Balance on hand	8,989		7,401
BALANCES WITH SCHEDULED BANKS			
In Current Accounts	3,946,096	3,955,085	31,430
		3,955,085	38,831
SCHEDULE : F			
LOANS & ADVANCE (Unsecured)			
Advances recoverable in cash or in kind or for value to be received (Considered good)			
Tax Deducted at Source		1,331,165	-
Rent Deposit		7,423,990	4,355,370
Advance for Capital Expenditure		461,750	27,970
Staff Advances		83,100	-
Deposits		4,950	-
		9,304,955	4,383,340
SCHEDULE : G			
CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Provision for Outstanding Liabilities towards Expenses		1,903,482	1,395,679
		1,903,482	1,395,679
PROVISIONS			
Provision for Income Tax		745,060	-
Provision for FBT		-	21,000
Proposed Dividend		1,750,000	-
Provision for Tax on Dividend		297,412	-
		4,695,954	1,416,679
SCHEDULE : H			
MISCELLANEOUS EXPENDITURE			
(To the extend not written off or adjusted)			
Preliminary Expenses		264,241	293,601
Less : Written off during the year		29,360	29,360
		234,881	264,241

Schedule Forming the Part of Profit & Loss Account for the year ended March 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE : I		
COMMISSION & BROKERAGE		
From Mutual Funds	68,130,361	4,620,105
From Life Insurance	2,495,650	29,028
From General Insurance	266,054	
From LIC Housing Finance Ltd	7,638,957	443
From Credit Cards	25,200	-
From Fixed Deposits	17,187	7,800
	78,573,409	4,657,376
SCHEDULE : J		
INCOME FROM INVESTMENTS		
Realised Gain on Mutual Fund Investments	30,853	-
unrealised Gain on Mutual Fund Investments	433,607	11,177
	464,460	11,177
SCHEDULE : K		
EMPLOYEES EMOLUMENTS AND BENEFITS		
Salaries and Bonus	31,501,800	1,687,160
Contribution to Provident and other Funds	2,084,121	127,785
Staff Expenses	4,160,714	104,567
	37,746,635	1,919,512
SCHEDULE : L		
ADMINISTRATION & SELLING EXPENSES		
Rent, Rates & Taxes	18,493,626	5,790,351
Repairs and Maintance	429,697	1,311
Travelling & Conveyance	1,873,125	191,246
Printing & Stationery	488,519	102,326
Postage, Telephone & Xerox	2,931,555	117,128
Service Tax on Mutual Fund Commission & Brokerage	5,274,410	-
Web Design & Development Expenses	366,000	-
Computer Expenses	-	6,000
Confrence Expenses	253,709	-
Legal and Professional Fees	511,822	833,206
Electricity Charges	592,988	126,471
Insurance (Fire)	33,948	21,449
Miscellaneous Expenses	665,330	545,531
Motor Car Maintanance	65,907	-
Business Promotion Expenses	20,600	-
	32,001,236	7,735,019

Notes on Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. The financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and relevant provisions of the Companies Act, 1956.

2. SIGNIFICANT ACCOUNTING POLICIES:

A Accounting Convention

These financial statements are prepared on the historical cost convention on the accrual basis.

B. Preliminary Expenses:

The Preliminary expenses are written off in accounts over a period of 10 years, in accordance With section 35D of the Income-tax Act, 1961.

C Fixed Assts and Depreciation:

Fixed Assets are stated at cost less depreciation. Depreciation has been provided on the straight Method at the rated provided in Schedule XIV of the Companies Act, 1956.

D. Investments:

Investments in units of mutual fund are short term in nature and are stated at net assets value

E. Provision for taxation:

- Provision is made for Income Tax liability which may arise on the results for the year at the current rate of tax in accordance with the income tax act, 1961.
- The Company accounts for deferred tax based on the effects of timing differences resulting from the recognition of items in the financial statements for calculating accounting losses.

3. Related Party Disclosures

(i) Particulars of Related Parties, which control or are under common control with the Company:

Name	Nature of Relationship
LIC Housing Finance Limited	Holding Company
LICHFL Care Homes Limited	Fellow Subsidiary
LICHFL Trustee Company Private Limited	Fellow Subsidiary
LICHFL Asset Management Company Private Limited	Fellow Subsidiary

(ii) Key Management Personnel: Managing Director Not Appointed.

(iii) Transactions with Related Parties during the Period:

Name of the Party	Nature of Relationship	Description of Transaction	As at year end (Amount in Rupees)
LIC Housing Finance Limited	Holding Company	Loans and Advances	Rs.142,946/- (Pr. Yr. Rs. 7510/-)
LIC Housing Finance Limited	Holding Company	Sundry Debtors	Rs.24,71,669/- (Pr. Yr. Nil)

4. Earnings Per Share:

Particulars	For the period ended 31st March 2010	For the period ended 31st March 2009
Profit/ (Loss) after taxation as per Profit and Loss account in Rupees.	75,85,533	-5230706
Weighted average number of Equity shares outstanding	35,00,000	2000000
Basic Earning per Share (Weighted Average) in Rupees (face value – Rs. 10 per share)	2.17	(2.62)

5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)- Rs. Nil

6. (a) There are no Small Scale Industries to whom the Company owes dues, which are outstanding for more than 30 days as at Balance Sheet date. The information regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

(b) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium Enterprises on the balance Sheet date.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7. Components of deferred tax Liabilities

	2009-10	2008-09
On account of Depreciation	Rs.223,262	Rs.100,000

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.

Chartered Accountants

V. C. Shah

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Shobana Murali

CEO

Place : Mumbai

Date : 21st April, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

U67100MH2007PLC175564

State code

1 1

Balance Sheet Date

3	1	0	3	2	0	1	0
Date		Month		Year			

II. Capital Raised during the year (Rs.in '000')

Public Issue

			N	I	L
--	--	--	---	---	---

Bonus Issue

			N	I	L
--	--	--	---	---	---

Right Issue

	1	5	0	0	0
--	---	---	---	---	---

Private Placement

			N	I	L
--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Rs.'000')

Total Liabilities

		3	5	8	6	2
--	--	---	---	---	---	---

Sources of Funds

Paid-up Capital

		3	5	0	0	0
--	--	---	---	---	---	---

Secured Loans

				N	I	L
--	--	--	--	---	---	---

Deferred Tax

				3	2	3
--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

			6	2	2	2
--	--	--	---	---	---	---

Net Current Assets

		2	3	9	7	1
--	--	---	---	---	---	---

Accumulated Loss

				N	I	L
--	--	--	--	---	---	---

Total Assets

		3	5	8	6	2
--	--	---	---	---	---	---

Reserve & Surplus

				5	3	9
--	--	--	--	---	---	---

Unsecured Loans

				N	I	L
--	--	--	--	---	---	---

Investments

			5	4	3	4
--	--	--	---	---	---	---

Misc Expenditure

				2	3	5
--	--	--	--	---	---	---

IV. Performance of Company (Rs. '000')

Turnover

		7	9	0	3	8
--	--	---	---	---	---	---

Profit Before Tax

			8	7	8	5
--	--	--	---	---	---	---

Earning Per Share in Rs.

			2	.	2	3
--	--	--	---	---	---	---

Total Expenditure

		7	0	2	5	2
--	--	---	---	---	---	---

Profit After Tax

			7	8	1	9
--	--	--	---	---	---	---

Dividend @ %

						5
--	--	--	--	--	--	---

V. Generic Name of Principal Service of The Company (as per monetary terms)

Item Code No. (ITC Code):

		N	-	A	-	
--	--	---	---	---	---	--

Service Description

F	I	N	A	N	C	I	A	L		S	E	R	V	I	C	E	S		
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	--

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.

Chartered Accountants

V. C. Shah

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Shobana Murali

CEO

Place : Mumbai

Date : 21st April, 2010

LICHFL Trustee Company Private Limited

Directors' Report

To The Members of

LICHFL Trustee Company Private Limited

The Directors have pleasure in presenting the Third Annual Report of your Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2010.

FINANCIAL RESULTS

During the year your Company has incurred a loss of Rs.18,631/-.

DIVIDEND

In view of non-availability of profit for the reason stated above, the Directors express their inability to recommend any dividend for the year 2009-10.

AUDITORS

The Directors recommend re-appointment of M/s. C. Vallabh & Co., Chartered Accountants, Mumbai as Statutory Auditor of the Company for the Financial Year 2010-11.

The Company has received certificate from M/s. C. Vallabh & Co., Chartered Accountants stating their re-appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

DIRECTORS

Shri Dhananjay Mungale, Director retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The Directors recommend his reappointment.

FIXED DEPOSITS

The Company has not accepted any Deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

STATUTORY INFORMATION

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There is no foreign exchange earnings or outgoes during the year under review.

OUTLOOK FOR 2010-11

The Company could not launch its operation during the year 2009-10 due to market conditions. Considering the economic recovery and demand for real estate your Board proposes to launch the operation of the Company i.e. launching of real

estate venture fund through private placement very soon.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirms

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.
- The Company has prepared Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Disclosure, as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is not applicable to the Company as on the date of this report none of the employees are getting Rs.2 Lacs per month or Rs.24 Lacs per annum as remuneration.

ACKNOWLEDGEMENT

The directors place on record their appreciation for the advice, guidance and support given by LIC Housing Finance Limited. The Directors also place on record their sincere thanks to the Company's Banker and Members for their patronage.

For and on behalf of the Board.

Chairman

Place: Mumbai

Date : 15th April, 2010

Auditors' Report

To the Members

LICHFL Trustee Company Private Limited,

1. We have audited the attached Balance Sheet of LICHFL Trustee Company Private Limited, as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement for the for the year ended 31st March, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This Report does not include the statement on the matters specified in paragraph 4 and 5 of the Companies (Auditor Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the explanation given to us, the said order is not applicable to the Company.
4. We further report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of Accounts as required by law have been kept by the Company so far as appears from the examination of books;
 - c) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Accounts;
 - d) In our opinion and according to the explanations given to us, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - I. In the case of Balance sheet of the state of affairs of the Company as at 31st March, 2010.
 - II. In the case of Profit and Loss account of the 'Loss' for the year ended on that date.
 - III. In case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For C. VALLABH & CO.
Chartered Accountants

Place: Mumbai
Date : 15th April, 2010

V. C. SHAH
Proprietor.

Balance Sheet as at March 31, 2010

Particulars		As at March 31 , 2010		As at March 31 , 2009
	Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital				
Authorised				
50000 Equity shares of 10/- each fully paid up.		500,000		500,000
Issued, Subscribed and Paid Up-				-
10000 Equity shares of Rs.10/- each fully paid up in cash (All the shares are held by LIC Housing Finance Limited, the Holding Company)		100,000		100,000
		100,000		100,000
APPLICATION OF FUNDS				
Current Assets, Loans and Advances				
Cash on hand	-			-
Bank Balance with Scheduled Banks				
Current Account	109,600		109,600	
		109,600		109,600
Less :Current Liabilities & Provisions				
Sundry Creditors for expenses	147,046		141,146	
Provision for Audit Fees	2,000	149,046	2,000	143,146
Net Current Asset		(39,446)		(33,546)
Miscellaneous Expenditure				
(To the extent not w/off or adjusted)				
Opening balance of Preliminary Expenses	114,575		127,306	
Preliminary Expenses incurred during the year	-		-	
less : Expenses written off	12,731	101,844	12,731	114,575
Debit Balance in Profit & Loss Account		37,602		18,971
		100,000		100,000

As per our report of even date attached

For and on behalf of the Board

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

T.S. Vijayan
Director

Dhananjay Mungale
Director

R.R. Nair
Director

Place : Mumbai
Date :15th April, 2010

Profit and Loss Account for the year ended March 31, 2010

	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
INCOME :		-		-
EXPENDITURE :				
Printing and stationery	400		90	
Legal and professional fees	1,000		750	
Audit Fees	2,000		2,000	
Filing Fees	2,500		1,000	
Bank Charges - Current Account	-		400	
Priliminary Expenses Written Off	12,731		12,731	
		18,631		16,971
Profit Before Taxation		(18,631)		(16,971)
Less:				
Provision for Taxation	-		-	
Deferred Tax	-		-	
Provision for FBT	-	-	-	-
Profit/ (Loss) after Taxation		(18,631)		(16,971)
Add:				
Brought forward loss from last year		(18,971)		(2,000)
Profit/ (Loss) carried to Balance Sheet		(37,602)		(18,971)

As per our report of even date attached

For & on behalf of the Board of Directors

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

T.S. Vijayan
Director

Dhananjay Mungale
Director

R.R. Nair
Director

Place : Mumbai
Date :15th April, 2010

Cash Flow Statement for the year ended March 31, 2010

Paticulars		March 31, 2010		March 31, 2009
	Rupees	Rs	Rupees	Rs
Cash Flow From Operating Activities				
Net Profit / (Loss) before Tax and Exceptional Items		(18,631)		(16,971)
Add/ (Less) Adjustment for				
Miscellaneous Expenses written off	12,731		12,731	
		12,731		12,731
Operating Profit / (Loss) before Working Capital Changes		(5,900)		(4,240)
Add/ (Less) Adjustment for				
Increase in Current Liabilities	5,900		13,840	
		5,900		13,840
A. Net Cash Flow from Operating Activities		-		9,600
B. Cash Flow From Investing Activities		-		-
C. Cash Flow From Financing Activities				
Share Capital				100,000
Miscellaneous Expenses incurred		-		0
Net Cash generated from financing activities		0		100,000
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		0		109,600
Opening Cash And Cash Equivalent		109,600		-
Closing Cash And Cash Equivalent		109,600		109,600

As per our report of even date attached

For & on behalf of the Board of Directors

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

T.S. Vijayan
Director

Dhananjay Mungale
Director

R.R. Nair
Director

Place : Mumbai
Date :15th April, 2010

Notes On Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR YEAR ENDING MARCH 31, 2010

- The Financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

These financial statements are prepared on the historical cost convention, on an accrual basis.

b. Preliminary Expenses

Preliminary expenses are written off in accounts over a period of 10 years

In accordance with Section 35D of the Income-tax Act, 1961. .

c. Taxation

No provisions for current and deferred taxation are considered necessary in view loss for the period.

d. Other appropriate accounting policies will be framed upon commencement of the commercial operations.

3. Related Party Disclosures

- Particulars of Related Parties, which control or are under common control with the Company:

Name	Nature of Relationship
LIC Housing Finance Limited	Holding Company
LICHFL Care Homes Limited	Fellow Subsidiary
LICHFL Financial Services Limited	Fellow Subsidiary
LICHFL Asset Management Company Private Limited	Fellow Subsidiary

- Key Management Personnel: Managing Director Not Appointed.

- Transactions with Related Parties during the Period:

(Amount in Rupees)

Name of the Party	Nature of Relationship	Description of Transaction	As at year end
LIC Housing Finance Limited	Holding Company	Sundry Creditor	1,47,046

4. Earnings Per Share:

Particulars	For the year ended March 31, 2010
Profit/ (Loss) after taxation as per Profit and Loss account in Rupees.	(18,631)
Weighted average number of Equity shares outstanding	N.A.
Basic Earning per Share (Weighted Average) in Rupees (face value – Rs. 10 per share)	N.A.

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)- Rs. Nil
- There are no Small Scale Industries to whom the Company owes dues, which are outstanding for more than 30 days as at Balance Sheet date. The information regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
 - There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium Enterprises on the balance Sheet date.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956. This is not applicable since the Company has yet to start its commercial operations.

- The Company was incorporated in the year 2008.

As per our report of even date attached

For & on behalf of the Board of Directors

For C. Vallabh & Co.
Chartered Accountants

V. C. Shah
Proprietor

T.S. Vijayan
Director

Dhananjay Mungale
Director

R.R. Nair
Director

Place : Mumbai
Date : 15th April, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

U67190MH2008PTC179718

State code

1 1

Balance Sheet Date

3 1
Date0 3
Month2 0 1 0
Year

II. Capital Raised during the year (Rs.in '000')

Public Issue

N I L

Right Issue

N I L

Bonus Issue

N I L

Private Placement

1 0 0

III. Position of Mobilisation and Deployment of Funds (Rs.'000')

Total Liabilities

1 0 0

Total Assets

1 0 0

Sources of Funds

Paid-up Capital

1 0 0

Secured Loans

N I L

Application of Funds

Net Fixed Assets

N I L

Net Current Assets

(3 9)

Accumulated Loss

3 8

Reserve & Surplus

N I L

Unsecured Loans

N I L

Investments

N I L

Misc Expenditure

1 0 1

IV. Performance of Company (Rs. '000')

Turnover

N I L

Profit Before Tax

(1 9)

Earning Per Share in Rs.

(1 . 9)

Total Expenditure

1 9

Profit After Tax

(1 9)

Dividend @ %

N I L

V. Generic Name of Principal Service of The Company (as per monetary terms)

Item Code No. (ITC Code):

N - A -

Service Description

F I N A N C I A L S E R V I C E S

As per our report of even date attached

For & on behalf of the Board of Directors

For C. Vallabh & Co.

Chartered Accountants

V. C. Shah

Proprietor

Place : Mumbai

Date : 15th April, 2010

T.S. Vijayan

Director

Dhananjay Mungale

Director

R.R. Nair

Director

LICHFL Asset Management Company Private Limited

Directors' Report

To The Members of

LICHFL Asset Management Company Private Limited

The Directors have pleasure in presenting the Third Annual Report of your Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2010.

FINANCIAL RESULTS

During the year your Company has incurred a loss of Rs.62,24,207/-.

DIVIDEND

In view of non-availability of profit for the reason stated above, the Directors express their inability to recommend any dividend for the year 2009-10.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

The Company has appointed Shri Arun Goel as its Chief Executive Officer who is expected to join the Company on 25th May, 2010.

AUDITORS

The Directors recommend re-appointment of M/s. C. Vallabh & Co., Chartered Accountants, Mumbai as Statutory Auditor of the Company for the Financial Year 2010-11.

The Company has received certificate from M/s. C. Vallabh & Co., Chartered Accountants stating their re-appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

DIRECTORS

Shri Nitin K. Jage retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. The Directors recommend his reappointment.

FIXED DEPOSITS

The Company has not accepted any Deposits within the meaning of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

STATUTORY INFORMATION

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There is no foreign exchange earnings or outgoes during the year under review.

OUTLOOK FOR 2010-11

The year under review ended with recovery in global economy and at home marginal growth in exports and fall in interest rates. The Board of Directors is of the view that this is the right opportunity to launch real estate venture fund with good opportunity for investing in upcoming market. Therefore, the Board is confident to launch operations of the Company in near future.

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby confirms

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company as at the end of financial year and of the profit or loss of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities.
- The Company has prepared Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

The Disclosure, as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, is not applicable to the Company as on the date of this report none of the employees are getting Rs.2 Lacs per month or Rs.24 Lacs per annum as remuneration.

ACKNOWLEDGEMENT

The directors place on record their appreciation for the advice,

guidance and support given by LIC Housing Finance Limited.

The Directors also place on record their sincere thanks to the Company's Banker and Members for their patronage.

For and on behalf of the Board

Chairman

Place: Mumbai

Date : 19th April, 2010

Auditors' Report

To the Members

LICHFL Asset Management Company Private Limited,

1. We have audited the attached Balance Sheet of LICHFL Assets Management Company Private Limited, as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended 31st March, 2010 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. This Report does not include the statement on the matters specified in paragraph 4 and 5 of the Companies (Auditors' Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, since in our opinion and according to the explanation given to us, the said order is not applicable to the Company.
4. We further report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of Accounts as required by law have been kept by the Company so far as appears from the examination of books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Accounts;
 - d) In our opinion and according to the explanations given to us, the Profit and Loss Account, Balance Sheet and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors of the Company are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - I. In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010.
 - II. In the case of Profit and Loss account of the 'Loss' for the year ended on that date.
 - III. In case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **C. VALLABH & CO.,**
Chartered Accountants

V.C. SHAH
Proprietor

Place: Mumbai

Date : 19th April, 2010

Balance Sheet as at March 31, 2010

Particulars		As at March 31, 2010 Rupees		As at March 31, 2009 Rupees
SOURCES OF FUNDS:				
Shareholder's Funds				
Share Capital				
Authorised				
5000000 Equity shares of 10/- each				
fully paid up.		50,000,000		50,000,000
Issued, Subscribed and Paid Up-				
10000, Equity Shares of Rs. 10/- each				
fully paid up in cash	100,000		100,000	
(All the shares are held by LIC Housing		100,000		100,000
Finance Limited, the Holding Company)				
		100,000		100,000
APPLICATION OF FUNDS :				
Current Assets, Loans and Advances				
Cash and Bank Balances				
Bank Balance with Scheduled Banks				
Current Account		110,000		110,000
Other Current Asset				
Advances for recruitment expenses	200,000			
Rent Deposit	1,889,580	2,089,580	1,889,580	1,889,580
Less :Current Liabilities and Provisions				
Sundry Creditors for expenses	10,959,861			
Provision for Property Tax Payable	657,072		5,244,398	
Provision for Audit Fees	2,000	11,618,933	2,000	5,246,398
Net Current Asset		(9,419,353)		(3,246,818)
Miscellaneous Expenditure				
(To the extent not w/off or adjusted)				
Opening balance of Preliminary Expenses	465,048		516,720	
Preliminary Expenses incurred during the year	-		-	
less : Expenses written off	51,672	413,376	51,672	465,048
Debit Balance in Profit & Loss Account		9,105,977		2,881,770
		100,000		100,000

As per our attached Report of even date.

For & on behalf of the Board of Directors

For C. VALLABH & CO.

Chartered Accountants

V. C. SHAH

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Place : Mumbai

Date : 19th April, 2010

Profit and Loss Account for the year ended March 31, 2010

Particulars	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
INCOME		-		-
EXPENDITURE :				
Establishment and Other Expenses				
Rent	4,168,416		2,788,428	
Property Tax (includes for the period 01.04.08 to 31.03.09 amount being 6,34,888))	1,949,032			
Printing & Stationery	400		95	
Legal & Professional Expenses	1,000		500	
Audit Fees	2,000		2,000	
Expenses on recruitment	49,187		-	
Miscellaneous expenses	2,500		37,075	
Preliminary Expenses Written Off	51,672		51,672	
		6,224,207		2,879,770
Profit / (Loss) Before Taxation		(6,224,207)		(2,879,770)
Less:				
Provision for Taxation				
Deferred Tax				
Provision for FBT		-		-
Profit/ (Loss) after Taxation		(6,224,207)		(2,879,770)
Add: Brought forward loss from last year		(2,881,770)		(2,000)
Profit/ (Loss) carried to Balance Sheet		(9,105,977)		(2,881,770)

As per our attached Report of even date.

For & on behalf of the Board of Directors

For C. VALLABH & CO.
Chartered Accountants
V. C. SHAH
Proprietor
R.R. Nair
Director
Nitin K. Jage
Director
Surinder Mohan
Director

Place : Mumbai

 Date : 19th April, 2010

Cash Flow Statement for the year ended March 31, 2010

Particulars	Rupees	March 31, 2010 Rupees	Rupees	March 31, 2009 Rupees
Cash Flow From Operating Activities				
Net Profit / (Loss) before Tax and Exceptional Items		(6,224,207)		(2,879,770)
Add/ (Less) Adjustment for				
Miscellaneous Expenses written off	51,672		51,672	
		51,672		51,672
Operating Profit / (Loss) before Working Capital Changes		(6,172,535)		(2,828,098)
Add/ (Less) Adjustment for				
Increase in Current Liabilities	6,372,535		4,727,678	
Increase in other current Asset	(200,000)		(1,889,580)	
		6,172,535		2,838,098
A. Net Cash Flow from Operating Activities		-		10,000
B. Cash Flow From Investing Activities		-		-
C. Cash Flow From Financing Activities				
Share Capital				100,000
Miscellaneous Expenses incurred				
Net Cash generated from financing activities		-		100,000
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		-		110,000
Opening Cash And Cash Equivalent		110,000		-
Closing Cash And Cash Equivalent		110,000		110,000

As per our attached Report of even date.

For & on behalf of the Board of Directors

For C. VALLABH & CO.*Chartered Accountants*
V. C. SHAH
Proprietor
R.R. Nair
Director
Nitin K. Jage
Director
Surinder Mohan
Director

Place : Mumbai

Date : 19th April, 2010

Notes On Accounts

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR MARCH 31, 2010

- The Financial statements have been prepared in compliance with all material aspects of the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Accounting Convention

These financial statements are prepared on the historical cost convention, on an accrual basis.

b. Preliminary Expenses

Preliminary expenses are written off in accounts over a period of 10 years in accordance with Section 35D of the Income-tax Act, 1961.

c. Taxation

No provisions for current and deferred taxation are considered necessary in view of loss for the period.

d. Other appropriate accounting policies will be framed upon commencement of the commercial operations.

3. Related Party Disclosures

- Particulars of Related Parties, which control or are under common control with the Company:

Name	Nature of Relationship
LIC Housing Finance Limited	Holding Company
LICHFL Care Homes Limited	Fellow Subsidiary
LICHFL Financial Services Limited	Fellow Subsidiary
LICHFL Trustee Company Private Limited	Fellow Subsidiary

- Key Management Personnel: Managing Director Not Appointed .

- Transactions with Related Parties during the Period:

Name of the Party	Nature of Relationship	Description of Transaction	As at year end (Amount in Rupees)
LIC Housing Finance Limited	Holding Company	Sundry Creditor	1,09,59,861

4. Earnings Per Share:

Particulars	For the year ended 31 st March 2010
Profit/ (Loss) after taxation as per Profit and Loss Account in Rupees.	(6224207)
Weighted average number of Equity shares outstanding	N.A.
Basic Earning per Share (Weighted Average) in Rupees (face value – Rs. 10 per share)	N.A.

5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)- **Rs. Nil**

- There are no Small Scale Industries to whom the Company owes dues, which are outstanding for more than 30 days as at Balance Sheet date. The information regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.
- There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at the Balance Sheet date. Further, the Company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium Enterprises on the Balance Sheet date.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956. This is not applicable since the Company has yet to start its commercial operations

As per our report of even date attached

For and on behalf of the Board

For C. VALLABH & CO.

Chartered Accountants

V. C. SHAH

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Place : Mumbai

Date : 19th April, 2010

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

U65900MH2008PTC178883

State code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 1 0

Year

II. Capital Raised during the year (Rs. in '000')

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Rs.'000')

Total Liabilities

1 0 0

Sources of Funds

Paid-up Capital

1 0 0

Secured Loans

N I L

Application of Funds

Net Fixed Assets

N I L

Net Current Assets

(9 4 1 9)

Accumulated Loss

9 1 0 6

Total Assets

1 0 0

Reserve & Surplus

N I L

Unsecured Loans

N I L

Investments

N I L

Misc Expenditure

4 1 3

IV. Performance of Company (Rs. '000')

Turnover

N I L

Profit Before Tax

(6 2 2 4)

Earning Per Share in Rs.

(6 2 2)

Total Expenditure

6 2 2 4

Profit After Tax

(6 2 2 4)

Dividend @ %

N I L

V. Generic Name of Principal Service of The Company (as per monetary terms)

Item Code No. (ITC Code):

N - A -

Service Description

F I N A N C I A L S E R V I C E S

As per our report of even date attached

For C. Vallabh & Co.

Chartered Accountants

For & on behalf of the Board

V C SHAH

Proprietor

R.R. Nair

Director

Nitin K. Jage

Director

Surinder Mohan

Director

Place : Mumbai

Date : 19th April, 2010

Consolidated Auditors' Report

To the Board of Directors of LIC Housing Finance Limited on the Consolidated Financial Statements of LIC Housing Finance Limited and its subsidiaries and associates (LIC Housing Finance Limited group)

1. We have audited the attached Consolidated Balance Sheet of LIC Housing Finance Limited Group as at March 31, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of LIC Housing Finance Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of Rs.205,660,966/- as at March 31, 2010, total revenues of Rs.82,566,756/- and cash flows of Rs.3,525,850/- for the year then ended;

These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries viz. LICHFL Care Homes Ltd., LICHFL Financial Services Ltd., LICHFL Trustee Company Pvt. Ltd. and LICHFL Asset

Management Company Pvt. Ltd. is based solely on the report of the other auditors.

4. In the case of two associates, viz. LIC Mutual Fund Asset Management Company Ltd. and LIC Mutual Fund Trustee Company Pvt. Ltd., which have been accounted for based on the equity method, which reflect the Group's share of profits upto March 31, 2010 of Rs.559,857,767/- and the Group's share of profits for the year then ended of Rs.285,030,659/, figures used for the preparation of the consolidated financial statements of the Group are based solely on the unaudited financial statements prepared by the management of those entities.
5. We report that the consolidated financial statements have been prepared by LIC Housing Finance Limited's management in accordance with the requirements of Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, as indicated in paragraph 3 above, and unaudited separate financial statements of two associates as indicated in paragraph 4 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of LIC Housing Finance Limited Group as at March 31, 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For SHAH GUPTA & CO.
Chartered Accountants
Firm Registration No. 109574W

Vipul K Choksi
Partner
M No. 37606

For CHOKSHI & CHOKSHI
Chartered Accountants
Firm Registration No. 101872W

Vineet Saxena
Partner
M No. 100770

Place: Mumbai

Date: April 28, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule		As at March 31, 2010	As at March 31, 2009
		Rupees	Rupees	Rupees
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	949,963,475		849,963,475
Reserves and Surplus	2	33,478,458,475		21,776,402,387
			34,428,421,950	22,626,365,862
Loan Funds				
Secured Loans	3	310,149,822,039		235,239,502,364
Unsecured Loans	4	37,431,745,717		18,977,080,566
			347,581,567,756	254,216,582,930
Total			382,009,989,706	276,842,948,792
APPLICATION OF FUNDS				
Fixed Assets	5			
Gross Block		783,259,695		714,426,846
Less: Depreciation and Amortisation		332,741,853		275,999,386
Net Block		450,517,842		438,427,460
Capital Advances		44,920,776		44,557,474
			495,438,618	482,984,934
Housing Loans	6		380,813,837,015	276,792,822,404
Investments	7		14,331,586,785	11,486,576,889
Deferred Tax Asset (Net)			890,211,401	947,435,903
Current Assets, Loans and Advances	8			
Sundry Debtors		12,935,401		2,379,163
Cash and Bank Balances		2,698,926,676		1,378,263,802
Other Current Assets		2,410,720,548		2,044,098,914
Loans and Advances		1,394,741,864		1,054,365,482
		6,517,324,489		4,479,107,361
Less: Current Liabilities and Provisions	9			
Liabilities		16,962,224,654		13,440,732,953
Provisions		4,078,100,669		3,907,455,517
		21,040,325,323		17,348,188,470
Net Current Assets			(14,523,000,834)	(12,869,081,109)
Miscellaneous Expenditure	10		1,916,721	2,209,771
(to the extent not written off or adjusted)				
Total			382,009,989,706	276,842,948,792
Significant Accounting Policies and Notes to Accounts	17			

The Schedules referred to above form an integral part of the Balance Sheet

As per our attached Report of even date.

For Shah Gupta & Co.

Chartered Accountants

For Chokshi & Chokshi

Chartered Accountants

For & on behalf of the Board of Directors

Vipul K. Choksi

Partner

Vineet Saxena

Partner

T. S. Vijayan

Chairman

D.K. Mehrotra

Managing Director

S.Ravi

Director

R.R. Nair

Director &
Chief Executive

Nitin K. Jage

General Manager &
Company Secretary

Surinder Mohan

CFO &
General Manager

Tapas Basu

General Manager

Place: Mumbai

Date : 28th April, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedule	March 31, 2010 Rupees	March 31, 2009 Rupees
Income			
Operating income	11	34,636,152,763	28,808,771,677
Other income	12	116,410,389	221,773,962
Total		34,752,563,152	29,030,545,639
Expenditure and Other Charges			
Interest on Loans and other charges (net)	13	23,957,265,100	20,166,108,707
Employees' Emoluments and Benefits	14	524,025,412	452,175,416
Establishment and other Expenses	15	1,403,600,405	1,054,998,830
Provisions / Write offs	16	(283,439,445)	53,652,187
Depreciation and Amortisation		65,200,170	50,990,421
Total		25,666,651,642	21,777,925,561
Profit Before Tax and Prior Period items		9,085,911,510	7,252,620,078
Prior Period items (Refer Note 9 of Schedule 17)		9,530,171	(8,130,710)
Profit Before Tax		9,095,441,681	7,244,489,368
Provision for Tax:			
- Current Tax		2,434,900,060	1,932,060,000
- Deferred Tax		57,224,502	(18,875,833)
- Fringe Benefit Tax		-	6,579,837
- In respect of earlier years		(1,653)	28,722,347
Profit after Tax		6,603,318,772	5,296,003,017
Share of Profit of Associate		285,030,659	78,224,293
		6,888,349,431	5,374,227,310
Add: Balance Brought Forward from Last Year		2,429,571,653	1,127,113,983
Profit Available for Appropriation		9,317,921,084	6,501,341,293
APPROPRIATIONS			
Special Reserve -II		1,600,000,000	1,280,000,000
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987)			
General Reserve		2,000,000,000	1,500,000,000
Proposed Dividend		1,423,989,000	1,104,123,800
Tax on Dividend		242,304,343	187,645,840
Balance Carried to Balance Sheet		4,051,627,741	2,429,571,653
Total		9,317,921,084	6,501,341,293
Earnings Per Share: Basic and Diluted (Face Value of Rs. 10/-)			
(Refer Note 16 of Schedule 17)		76.42	63.28
Significant Accounting Policies and Notes to Accounts	17		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached Report of even date.

For Shah Gupta & Co.

Chartered Accountants

For Chokshi & Chokshi

Chartered Accountants

For & on behalf of the Board of Directors

Vipul K. Choksi

Partner

Vineet Saxena

Partner

T. S. Vijayan

Chairman

D.K. Mehrotra

Managing Director

S.Ravi

Director

R.R. Nair

Director &
Chief Executive

Nitin K. Jage

General Manager &
Company Secretary

Surinder Mohan

CFO &
General Manager

Tapas Basu

General Manager

Place: Mumbai

Date : 28th April, 2010

Consolidated Cash Flow Statement for the year ended March 31, 2010

		March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit after Tax , Share of Associate & Minority Interest	6,888,349,431		5,374,227,310	
Add : Provision for Tax	2,492,122,909	9,380,472,340	1,948,486,351	7,322,713,661
Add / (Less) : Adjustment for				
Depreciation and Amortisation	65,200,170		50,990,421	
Provisions/ Write offs	(285,392,800)		52,549,734	
Long term investment written off (Non Trade)	1,440,000		-	
Loss on sale of assets (Net)	1,808,629		484,351	
Loss on write off of asset	64,316		182,296	
Profit on sale of investments-current	(448,953,906)		(559,976,644)	
Profit on sale of investments-long term	(250,224)		-	
“Provision for diminution in value of long term Investments written back (Non-trade) “	(600,000)		(107,612,889)	
QIP Issue Expenses	96,007,603		-	
Old and unclaimed amounts written back	(6,365,491)		(6,157,884)	
Interest Income (Net)	(2,340,998)		(2,388,751)	
“Provision for diminution in value of current Investments written back “	(347,461)		1,102,453	
Miscellaneous Expenses Written off	293,050		293,050	
		(579,437,112)		(570,533,863)
Operating Profit before Working Capital Changes		8,801,035,228		6,752,179,798
Adjustment for:				
(Increase) in Housing Loans	(103,970,975,855)		(57,400,003,813)	
(Increase) in Other Current Assets	(366,621,634)		(545,850,496)	
(Increase) in Sundry Debtors	(10,556,238)		(340,757)	
(Increase) in Loans and Advances	(20,216,458)		(37,141,054)	
Increase in Liabilities and Provisions	3,555,946,175		5,151,141,266	
		(100,812,424,010)		(52,832,194,854)
Cash used in Operations		(92,011,388,782)		(46,080,015,056)
Direct taxes Paid		(2,754,348,141)		(2,957,135,558)
Net Cash used in Operating Activities (A)		(94,765,736,923)		(49,037,150,614)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investments		471,970,749,946		169,317,534,143
Purchase of Investments		(474,367,648,248)		(172,199,424,540)
Amount realised from the investments written off		-		-
Purchase of Fixed Assets (including capital advances)		(79,990,039)		(146,665,567)
Miscellaneous Expenses incurred during the year		-		(68,143)
Sale of Fixed Assets		463,238		1,186,386

Consolidated Cash Flow Statement for the year ended March 31, 2010

		March 31, 2010		March 31, 2009
	Rupees	Rupees	Rupees	Rupees
Net Cash used in Investing Activities (B)		(2,476,425,103)		(3,027,437,721)
C. CASH FLOW FROM FINANCING ACTIVITIES				
QIP Issue Proceeds		6,580,000,000		-
QIP Issue Expenses		(96,007,603)		-
Proceeds from Secured Loans (Net)		74,910,319,675		44,105,547,153
Proceeds from Unsecured Loans (Net)		18,454,665,151		6,666,781,242
Interest Income (Net)		2,340,998		2,388,751
Dividend Paid		(1,097,433,967)		(844,151,894)
Investor Protection Fund		(3,413,514)		(3,228,884)
Dividend Tax Paid		(187,645,840)		(144,342,954)
Net Cash generated from Financing Activities (C)		98,562,824,900		49,782,993,414
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		1,320,662,874		(2,281,594,921)
Cash and cash equivalents at the beginning of the year		1,378,263,802		3,659,858,723
Cash and cash equivalents at the end of the year		2,698,926,676		1,378,263,802
Notes:				
1. Cash and cash equivalents include:				
Cash and cheques on Hand		539,437,081		323,312,236
Bank balances		2,159,489,595		1,054,951,566
Total cash and cash equivalents		2,698,926,676		1,378,263,802

2. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Rules 2006
3. Fixed Deposit with Banks includes Rs. 12,099,208 (Previous Year Rs. 11,979,661) kept with designated banks for repayment to public deposit holders. The Company has the complete beneficial interest on the income earned from these deposits.

As per our attached Report of even date.

For Shah Gupta & Co.
Chartered Accountants

For Chokshi & Chokshi
Chartered Accountants

For & on behalf of the Board of Directors

Vipul K. Choksi
Partner

Vineet Saxena
Partner

T. S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S.Ravi
Director

R.R. Nair
Director &
Chief Executive

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO &
General Manager

Tapas Basu
General Manager

Place: Mumbai

Date : 28th April, 2010

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
150,000,000 Equity Shares of Rs. 10/- each		1,500,000,000	1,500,000,000
Issued, Subscribed and Paid Up:			
94,932,600 Equity Shares (Previous Year 84,932,600) of Rs.10/- each fully paid up		949,326,000	849,326,000
Add: Amount received on forfeited shares		637,475	637,475
		949,963,475	849,963,475
SCHEDULE 2			
RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet		4,793,333	4,793,333
Securities Premium			
As per last Balance Sheet	2,532,854,875		2,532,854,875
Received during the year	6,480,000,000		-
(Refer Note 19 of Schedule 17)		9,012,854,875	2,532,854,875
Special Reserve - I			
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987)			
(Upto financial year 1996-97)			
As per last Balance Sheet		389,800,000	389,800,000
Special Reserve - II			
(in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987)			
(From financial year 1997-98)			
As per last Balance Sheet	10,324,901,385		9,044,901,385
Add: Transfer from Profit and Loss Account	1,600,000,000		1,280,000,000
General Reserve		11,924,901,385	10,324,901,385
As per last Balance Sheet	6,094,481,141		4,594,481,141
Add: Transfer from Profit and Loss Account	2,000,000,000		1,500,000,000
		8,094,481,141	6,094,481,141
Surplus in Profit and Loss Account		4,051,627,741	2,429,571,653
		33,478,458,475	21,776,402,387

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
		Rupees	Rupees
SCHEDULE 3			
SECURED LOANS			
Non-Convertible Debentures (refer note below)		168,615,000,000	125,967,500,000
Zero Coupon Debentures *****	2,000,000,000		-
Less : Discount not written off	(80,969,473)		-
		1,919,030,527	-
Loans and advances from banks:			
Term Loans from scheduled banks		116,515,995,391	81,119,080,035
Other loans and advances:			
From National Housing Bank (Refinance)		12,914,131,121	14,752,382,329
From Life Insurance Corporation of India		10,185,665,000	13,400,540,000
Security : Loans and advances from banks and other loans and advances are secured by a negative lien on all assets of the Company and an irrevocable Power of attorney given by the Company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.			
		310,149,822,039	235,239,502,364

Note : The Debentures are redeemable at par. The Debentures are secured by way of a pari passu mortgage and charge in favour of the Debenture Trustees on the Company's immovable property to the extent of Rs.2,429,600/- and are further supplemented by a negative lien on all other assets.

SCHEDULE 3 SECURED LOANS (contd.)

Description	Date of Redemption	Earliest Put/ Call Option ate	As at 31.03.2010	As at 31.03.2009
17 NCD's of Rs.5,000,000 each*	1-Nov-11		85,000,000	127,500,000
75 NCD's of Rs 2,000,000 each	18-Feb-10	-	-	150,000,000
75 NCD's of Rs.2,000,000 each	18-Feb-11	-	150,000,000	150,000,000
75 NCD's of Rs.2,000,000 each	18-Feb-12	-	150,000,000	150,000,000
240 NCD's of Rs.10,000,000 each	11-Apr-12	-	2,400,000,000	2,400,000,000
25 NCD's of Rs.10,000,000 each	27-Aug-09	-	-	250,000,000
50 NCD's of Rs.10,000,000 each	11-Sep-12	-	500,000,000	500,000,000
50 NCD's of Rs.10,000,000 each	11-Sep-09	-	-	500,000,000
80 NCD's of Rs.10,000,000 each	2-Nov-09	-	-	200,000,000
105 NCD's of Rs.10,000,000 each	2-Nov-09	-	-	1,050,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-09	-	-	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-10	-	110,000,000	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-11	-	110,000,000	110,000,000
55 NCD's of Rs.2,000,000 each	2-Nov-12	-	110,000,000	110,000,000

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

Description	Date of Redemption	Earliest Put/ Call Option ate	As at 31.03.2010	As at 31.03.2009
100 NCD's of Rs.10,000,000 each	25-Nov-17	-	1,000,000,000	1,000,000,000
25 NCD's of Rs.10,000,000 each	12-Mar-10	-	-	250,000,000
285 NCD's of Rs.10,000,000 each	27-Jun-18	-	2,850,000,000	2,850,000,000
1650 NCD's of Rs.1,000,000 each	17-Mar-11	-	1,650,000,000	1,650,000,000
3250 NCD's of Rs.1,000,000 each #	27-Sep-11	27-Sep-09	-	3,250,000,000
1800 NCD's of Rs.1,000,000 each #	27-Sep-11	27-Sep-09	-	1,800,000,000
3450 NCD's of Rs.1,000,000 each	13-Jan-10	-	-	3,450,000,000
6000 NCD's of Rs.1,000,000 each	11-Aug-12	11-Aug-10	6,000,000,000	6,000,000,000
5000 NCD's of Rs.1,000,000 each	9-Mar-16	-	5,000,000,000	5,000,000,000
2200 NCD's of Rs.1,000,000 each	9-Jun-09	-	-	2,200,000,000
600 NCD's of Rs.1,000,000 each	9-Jun-11	-	600,000,000	600,000,000
1500 NCD's of Rs.1,000,000 each	20-Oct-09	-	-	1,500,000,000
2500 NCD's of Rs.1,000,000 each	20-Oct-11	-	2,500,000,000	2,500,000,000
2650 NCD's of Rs.1,000,000 each	15-Jan-17	-	2,650,000,000	2,650,000,000
5000 NCD's of Rs.1,000,000 each	23-Feb-17	-	5,000,000,000	5,000,000,000
7500 NCD's of Rs.1,000,000 each**	13-Mar-16	-	7,500,000,000	7,500,000,000
2000 NCD's of Rs.1,000,000 each	14-May-17	-	2,000,000,000	2,000,000,000
3000 NCD's of Rs.1,000,000 each	27-Aug-17	-	3,000,000,000	3,000,000,000
2000 NCD's of Rs.1,000,000 each	22-Oct-10	-	2,000,000,000	2,000,000,000
5000 NCD's of Rs.1,000,000 each	22-Oct-17	-	5,000,000,000	5,000,000,000
3000 NCD's of Rs.1,000,000 each	23-Nov-14	23-Nov-12	3,000,000,000	3,000,000,000
3000 NCD's of Rs.1,000,000 each	16-Jan-11	-	3,000,000,000	3,000,000,000
2000 NCD's of Rs.1,000,000 each	16-Jan-18	-	2,000,000,000	2,000,000,000
1500 NCD's of Rs.1,000,000 each	24-Mar-18	-	1,500,000,000	1,500,000,000
1500 NCD's of Rs.1,000,000 each	24-Sep-09	-	-	1,500,000,000
750 NCD's of Rs.1,000,000 each	24-Sep-09	-	-	750,000,000
750 NCD's of Rs.1,000,000 each	24-Apr-10	-	750,000,000	750,000,000
2000 NCD's of Rs.1,000,000 each	30-Sep-09	-	-	2,000,000,000
2500 NCD's of Rs.1,000,000 each	07-Apr-13	-	2,500,000,000	2,500,000,000
1000 NCD's of Rs.1,000,000 each	25-Apr-13	-	1,000,000,000	1,000,000,000
5000 NCD's of Rs.1,000,000 each	21-Jul-13	-	5,000,000,000	5,000,000,000
3000 NCD's of Rs.1,000,000 each	13-Aug-18	-	3,000,000,000	3,000,000,000
5000 NCD's of Rs.1,000,000 each	25-Aug-18	-	5,000,000,000	5,000,000,000
5000 NCD's of Rs.1,000,000 each***	05-Sep-18	-	5,000,000,000	5,000,000,000

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
4000 NCD's of Rs.1,000,000 each	27-Sep-10	-	4,000,000,000	4,000,000,000
5000 NCD's of Rs.1,000,000 each****	27-Sep-18	-	5,000,000,000	5,000,000,000
5000 NCD's of Rs.1,000,000 each	21-Oct-18	-	5,000,000,000	5,000,000,000
4000 NCD's of Rs.1,000,000 each	19-Nov-10	-	4,000,000,000	4,000,000,000
2000 NCD's of Rs.1,000,000 each	24-Jun-10	-	2,000,000,000	2,000,000,000
2750 NCD's of Rs.1,000,000 each	01-Jan-12	-	2,750,000,000	2,750,000,000
2100 NCD's of Rs.1,000,000 each	15-Apr-10	-	2,100,000,000	2,100,000,000
2000 NCD's of Rs.1,000,000 each	09-Oct-10	-	2,000,000,000	-
3000 NCD's of Rs.1,000,000 each	23-Apr-12	-	3,000,000,000	-
3300 NCD's of Rs.1,000,000 each	23-Apr-11	-	3,300,000,000	-
2000 NCD's of Rs.1,000,000 each	13-May-11	-	2,000,000,000	-
11000 NCD's of Rs.1,000,000 each	21-Jul-12	-	11,000,000,000	-
3000 NCD's of Rs.1,000,000 each	14-Jan-11	-	3,000,000,000	-
5000 NCD's of Rs.1,000,000 each	06-Nov-12	-	5,000,000,000	-
4150 NCD's of Rs.1,000,000 each	08-Jan-12	-	4,150,000,000	-
5000 NCD's of Rs.1,000,000 each	28-Sep-11	-	5,000,000,000	-
4000 NCD's of Rs.1,000,000 each	26-Aug-11	-	4,000,000,000	-
5000 NCD's of Rs.1,000,000 each	26-Feb-12	-	5,000,000,000	-
7200 NCD's of Rs.1,000,000 each	09-Jun-11	-	7,200,000,000	-
2000 NCD's of Rs.1,000,000 each	28-Jun-12	-	2,000,000,000	-
5000 NCD's of Rs.1,000,000 each	12-Mar-13	-	5,000,000,000	-
			168,615,000,000	125,967,500,000

*Rs. 25,00,000 each redeemable on 01.11.2010 and 01.11.2011

** Rs 3,33,333/- each redeemable on 13.03.14, 13.03.15 and Rs 3,33,334/- each redeemable on 13.03.16

***Rs 250,000/- each redeemable on 05.09.15, 05.09.16, 05.09.17 and 05.09.18

****Rs 250,000/- each redeemable on 27.09.15, 27.09.16, 27.09.17 and 27.09.18

Put option exercised by investors hence full amount redeemed

The details of Zero Coupon Debentures are as under:

Description	Date of Redemption	Earliest Put/ Call Option Date	As at 31.03.2010	As at 31.03.2009
2000 NCD's of Rs.1,000,000 each*****	01-Dec-10	-	1,848,680,000	-
			1,848,680,000	-

***** Discounted Value of Rs 9,24,340/- per Debenture

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 4			
UNSECURED LOANS			
Public Deposits (See Note 1 below)		3,261,937,820	1,617,788,000
Short -term loans and advances :			
Commercial Paper	8,300,000,000		6,500,000,000
Less : Discount not written off	(148,242,642)		(434,871,708)
[Maximum outstanding during the year Rs.14,800,000,000 (Previous Year Rs. 6,500,000,000)]		8,151,757,358	6,065,128,292
Other loans and advances			
From Others			
Subordinated Bonds (See Note 2 below)		10,000,000,000	10,000,000,000
Upper Tier II Bonds (See Note 3 Below)		5,000,000,000	-
Life Insurance Corporation of India		1,568,050,539	1,294,164,274
Non- Convertible Debentures *		9,450,000,000	-
		37,431,745,717	18,977,080,566
Note (1) : The company has created a floating charge on the statutory liquid assets in favour of the Trustee for Depositors - The company has designated the following liquid assets amounting to Rs. 414,634,208 (Previous Year Rs. 54,651,661) for this purpose			
Government Secutities		402,535,000	42,672,000
Fixed Deposits Placed with Bank		12,099,208	11,979,661
		414,634,208	54,651,661

Note:(2) : Subordinated bonds are repayable at par after ten years from the deemed date of allotment

Note:(3) : Upper Tier II Bonds are redeemable at the end of 15 years from the deemed date of allotment (with call option exercisable after 10 years) with prior approval of National Housing Bank.

* Includes short term loans due and payable within one year Rs. 4,450,000,000.

SCHEDULE 5 - FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Additions/ Adjustments	Deductions / Adjustments	As at 31st March 2010	Upto 31st March 2009	For the Year	Deductions / Adjustments	As at 31st March 2010	As at 31st March 2010	As at 31st March 2009
Tangible Assets										
Land	57,956,537	-	-	57,956,537	-	-	-	-	57,956,537	57,956,537
Building	124,682,021	10,762,280	-	135,444,301	10,983,908	2,045,425	-	13,029,333	122,414,968	113,698,113
Lease Hold Improvements	80,420,861	19,158,895	563,803	99,015,953	42,496,015	14,453,872	548,122	56,401,765	42,614,188	37,924,846
Furniture fittings & other equipments	163,520,350	12,000,321	5,997,340	169,523,331	76,740,884	10,998,295	4,009,946	83,729,233	85,794,098	86,779,466
Computers	191,301,008	30,422,655	3,650,600	218,073,063	122,005,151	20,304,465	3,563,197	138,746,419	79,326,644	69,295,857
Vehicles	3,257,981	1,047,323	582,143	3,723,161	1,084,637	317,722	336,438	1,065,921	2,657,240	2,173,344
Intangible Assets										
Software	93,288,088	6,235,261		99,523,349	22,688,791	17,080,391		39,769,182	59,754,167	70,599,297
Total	714,426,846	79,626,735	10,793,886	783,259,695	275,999,386	65,200,170	8,457,703	332,741,853	450,517,842	438,427,460
Previous Year	533,091,141	194,285,918	12,950,213	714,426,846	236,106,145	50,990,421	11,097,180	275,999,386		
Capital Advances									44,920,776	44,557,474
									495,438,618	482,984,934

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 6			
HOUSING LOANS (Secured unless otherwise stated)			
[Refer Note 3(i) of Schedule 17]			
Individuals		339,491,433,339	252,528,694,322
* [Unsecured Rs. 101,989,932 (Previous Year Rs.434,938,713)] (Refer Note 5 of Schedule 17)]			
Corporate bodies		130,998,135	3,464,892,931
Builders and Co-operative societies		41,191,405,541	20,799,235,151
		380,813,837,015	276,792,822,404
[Includes principal amount due from borrowers Rs. 1,352,865,442; (Previous Year Rs. 819,815,998)]			
SCHEDULE 7			
INVESTMENTS- (NON-TRADE)			
Long Term Investments- (Details appended)			
Government Securities	402,535,000		42,672,000
Debentures	1,380,063		1,380,063
Real Estate Venture Fund	540,031,426		578,964,586
Preference Shares	-		105,000,000
Mortgage Backed Pass Through Certificate (PTC) Class B	7,424,563		13,120,280
		951,371,052	741,136,929
Investment In Associate Company			
LIC Mutual Fund Asset Management Company Ltd.	39,300,000		39,300,000
Add. Share of Profit Upto March 31,2009	559,711,388		294,322,912
	599,011,388		333,622,912
LIC Mutual Fund Trustee Co.Private Limited	48,000		48,000
Add. Share of Profit Upto March 31,2009	146,379		173,396
	194,379		221,396
		599,205,767	333,844,308
Current Investments - (Details appended)			
Equity Shares	691,824		344,363
Units of Mutual Funds	12,780,318,142		10,411,251,289
		12,781,009,966	10,411,595,652
		14,331,586,785	11,486,576,889
Note:		Cost (Rupees)	Market Value (Rupees)
Aggregate of Quoted Investments		403,226,824	397,441,424
		(43,016,363)	(48,703,222)
Aggregate of Unquoted Investments		13,928,359,961	-
		(11,443,560,526)	-
Total		14,331,586,785	397,441,424
Figures in brackets are for the previous year		(11,486,576,889)	(48,703,222)

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 8			
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors (considered Good)			
Outstanding for a period exceeding six months		-	-
Other debts		12,935,401	2,379,163
		12,935,401	2,379,163
Cash and Bank Balances			
Cash on Hand		34,186,119	37,570,762
Cheques on Hand		505,250,962	285,741,474
Balances with Scheduled Banks:			
In Current Accounts	2,092,262,930		990,189,142
In Deposit Accounts	66,809,947		63,944,015
		2,159,072,877	1,054,133,157
Balances with others:			
In current account with National Bank of Dubai		416,718	818,409
[Maximum balance outstanding during the year Rs.1,515,645 (Previous Year, Rs.1,933,381)]			
		2,698,926,676	1,378,263,802
Other Current Assets			
Interest accrued on:			
- Housing loans (including due Rs.247,794,169 Previous Year Rs. 288,293,860)		2,375,071,425	2,034,956,919
- Investments		16,663,647	6,591,571
- Fixed deposit with banks		3,304,253	2,550,424
Fixed interest rate receivable on swap	587,857,945		-
Floating interest rate payable on swap	(572,176,722)		-
		15,681,223	-
		2,410,720,548	2,044,098,914
Loans and Advances			
(Unsecured, considered good unless otherwise stated)			
Advances against security of public deposit		240,000	-
Loans and Advances to Employees *		33,470,085	27,157,715
Advances recoverable in cash or in kind or for value to be received			
Considered good	125,360,564		110,986,286
Considered doubtful	3,106,656		3,816,846
		128,467,220	114,803,132
Advance tax and tax deducted at source (Net of provision for tax)		1,235,671,215	916,221,481
		1,397,848,520	1,058,182,328
Less : Provisions		3,106,656	3,816,846
		1,394,741,864	1,054,365,482

* Includes Loans and advances to employees secured by lien over Provident Fund balances and / or hypothecation of vehicles.

Schedules Forming the Part of Consolidated Balance Sheet as at March 31, 2010

		As at March 31, 2010	As at March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 9			
CURRENT LIABILITIES AND PROVISIONS			
LIABILITIES			
Total Outstanding dues of Creditors other than micro enterprises and small enterprises (Refer Note 10 of Schedule 17)		888,190,468	859,228,697
Interest accrued but not due on loans / public deposits		7,209,725,581	5,390,734,311
Temporary book overdraft		8,660,552,460	6,977,890,200
Interest received in advance		37,832,884	45,967,762
Other liabilities		136,581,764	132,089,552
Floating interest rate payable on swap	-		635,954,513
Fixed interest rate receivable on swap	-		627,197,260
		-	8,757,253
Unclaimed dividend		29,341,497	26,065,178
		16,962,224,654	13,440,732,953
Note : There is no amount due and outstanding payable to Investor Education and Protection Fund.			
PROVISIONS			
- For contingencies		129,172,638	141,604,219
- For Investment Diminution		1,380,063	1,980,063
- For gratuity		27,605,081	8,493,959
- For leave encashment		85,744,402	61,058,641
- For housing loan		2,167,905,142	2,402,548,995
- For Proposed Dividend		1,423,989,000	1,104,123,800
- For Tax on Dividend		242,304,343	187,645,840
		4,078,100,669	3,907,455,517
SCHEDULE 10			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Opening Balance		2,209,771	2,434,678
Add: Incurred during the year		-	68,143
Less: Written off during the year		293,050	293,050
		1,916,721	2,209,771

Schedules Forming the Part of Consolidated Profit & Loss Account for the year ended March 31, 2010

		March 31, 2010	March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 11			
OPERATING INCOME			
Interest on Housing Loans (Tax deducted at source Rs. 592,688,786 Previous year Rs 431,381,739)		32,826,656,394	27,476,467,835
Processing fees and other charges received	1,515,487,023		827,542,100
Less : Processing fees and other charges paid	(241,754,847)		(146,000,455)
		1,273,732,176	681,541,645
Profit on Sale of Mutual fund units- current investments		448,953,906	559,976,644
Interest received on Bank Deposit / Certificate of Deposit (Tax deducted at source Rs 2,008,964 Previous Year Rs.12,468,344)		7,196,280	70,339,034
Residual Income on PTC B		8,679,555	15,789,586
Commission Income		70,934,452	4,656,933
		34,636,152,763	28,808,771,677
SCHEDULE 12			
OTHER INCOME			
Income from Investments (Refer Note 7 of Schedule 17) (Tax deducted at source Rs.NIL Previous year Rs.515,000)		23,109,843	11,281,302
Miscellaneous Income (Tax deducted at source Rs 48,278 Previous year Rs 73,502)		92,353,085	102,879,771
Provision for diminution in value of long term Investments written back (Non Trade)		600,000	107,612,889
Provision for diminution in value of current Investments written back (Non Trade)		347,461	-
		116,410,389	221,773,962
SCHEDULE 13			
INTEREST ON LOANS AND OTHER CHARGES (NET)			
On Term Loans		10,645,364,729	10,109,306,463
On Debentures		13,061,878,306	9,897,878,838
On Public Deposit		242,712,733	43,557,306
On Others		1,191,781	28,483,563
Other Finance Charges		64,576,759	94,398,324
		24,015,724,308	20,173,624,494
Less:			
Fixed interest rate received on swap	1,252,832,202		1,138,457,994
Floating interest rate paid on swap	(1,194,372,994)		(1,130,942,207)
		58,459,208	7,515,787
		23,957,265,100	20,166,108,707
SCHEDULE 14			
EMPLOYEES EMOLUMENTS AND BENEFITS			
Salaries and bonus		388,930,052	363,590,197
Contribution to provident and other funds		70,377,317	40,656,968
Staff training and welfare expenses		64,718,043	47,928,251
		524,025,412	452,175,416

Schedules Forming the Part of Consolidated Profit & Loss Account for the year ended March 31, 2010

		March 31, 2010	March 31, 2009
	Rupees	Rupees	Rupees
SCHEDULE 15			
ESTABLISHMENT AND OTHER EXPENSES			
Rent, rates and taxes		144,571,397	105,683,551
Repairs and maintenance - building		1,974,049	1,199,822
Repairs and maintenance - others		9,952,838	8,674,290
Travelling and conveyance		39,976,646	35,721,230
Directors sitting fees		974,371	748,511
Advertisement & Publicity expenses		172,417,701	280,087,460
Competition Prizes & Conference Expenses		23,910,353	23,246,424
Printing and stationery		27,863,045	21,600,405
Postage, telephones and telex		66,397,173	58,454,798
Computer Expenses		21,496,830	13,865,179
Legal and professional fees		16,221,056	19,573,241
Electricity expenses		33,250,354	26,295,232
Insurance		584,149	677,213
Loss on sale of assets (Net)		1,808,629	484,351
Write Off of Fixed Assets		64,316	182,296
Miscellaneous expenses		51,602,101	60,390,986
Service Charges for Safe Custody of Documents		11,898,381	10,684,334
Listing Fees and Payment to Share Transfer Agents		1,490,422	1,220,023
Commission and Brokerage		663,513,143	370,382,896
Share issue Expenses (QIP issue)		96,007,603	-
Recovery Expenses		12,058,388	15,533,538
Service Tax on Mutual Fund commission & Brokerage		5,274,410	-
Preliminary Expenses written off		293,050	293,050
		1,403,600,405	1,054,998,830
SCHEDULE 16			
PROVISIONS/WRITE OFFS			
Housing loans written off		7,659,344	54,002,388
Long term investment written off (Non Trade)		1,440,000	
Provision for diminution in value of long term Investments (Non Trade)		-	600,000
Provision for diminution in value Of current investment		-	502,453
Provision for Housing Loans		-	82,330,487
		9,099,344	137,435,328
Less :			
Provisions for Housing Loans written back		234,643,853	-
Housing loans written off recovered		57,698,101	82,656,355
Provisions for Contingency written back		196,835	1,126,786
		(283,439,445)	53,652,187

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

SCHEDULE 17

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 associates, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
 - a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS- 21) "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules 2006.
 - b) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules 2006.
 - c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
 - d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements except for accounting policy followed by the four subsidiaries namely, LICHFL Care Homes Limited, LICHFL Financial Services Ltd., LICHFL Asset Management Company Private Ltd. and LICHFL Trustee Company Private Ltd. for amortization of preliminary expenses incurred by the said subsidiaries after 1st April, 2003 over a period of ten years as against charging off of such expenses to the Profit and Loss Account by the Company.
 - e) The financial statements of the subsidiaries and associates for the purpose of consolidation are drawn up to March 31, 2010 which are the same reporting period of the Company.
2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules 2006, 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 companies have been prepared in accordance with Accounting Standard (AS) - 21 'Consolidated Financial Statements' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the Companies (Accounting Standards) Rules 2006.

The details of such enterprises are as under:

Name of the company	Nature of relationship	Proportion of ownership interest / voting power	Country of Incorporation
LICHFL Care Homes Limited	Subsidiary	100.00%	India
LICHFL Financial Services Limited	Subsidiary	100.00%	India
LICHFL Asset Management Company Private Ltd.	Subsidiary	100.00%	India
LICHFL Trustee Company Private Ltd.	Subsidiary	100.00%	India
LIC Mutual Fund Trustee Company Private Limited	Associate	48.00% *	India
LIC Mutual Fund Asset Management Company Limited	Associate	39.30 %	India

*Includes 12% share capital held by LICHFL Care Homes Limited, a wholly owned subsidiary.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies, (NHB) Directions, 2001 as amended from time to time.

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

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

c. Revenue recognition

Interest on housing loans

Repayment of Housing Loan 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 Investment

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

Other Income

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

d. Fixed assets

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

e. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Cost of leasehold improvements is amortized over the period of the lease.

Depreciation on assets whose cost individually does not exceed up to Rs. 5,000/- is fully provided in the year of purchase.

f. Impairment loss

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

g. Intangible assets

Intangible assets are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition, less amortization over estimated useful life. Software is amortized on straight line basis over five years. However old Software booked on which amortization was done on the basis of three years will continue to be amortized at same old rate.

h. Investments

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

i. Employee benefits

Provident Fund

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

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

Gratuity

- Gratuity liability is 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 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 by way of premium paid to LIC of India is charged to Profit/Loss Account. Actuarial gain or losses are immediately recognized in the Profit and Loss Account.
- 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 to LIC is charged to the Profit and Loss Account and is a defined contribution obligation.

Leave Benefits

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

j. Foreign Currency Transactions

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected.

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

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

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

k. Derivative Transactions

Derivative transactions are considered off balance sheet items and the outstanding swap trades are disclosed at the fair value on the reporting date. The carry (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 revenue in the same year.

l. Borrowing costs

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

m. Zero Coupon Instrument

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

n. Income Taxes

Income taxes are accounted for in accordance with Accounting Standard (AS)-22 – "Accounting for taxes on income", notified under the Companies (Accounting Standards) Rules 2006. 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.

Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

o. Provision for non-performing assets (NPA)

All loans and other credit exposures, where the installments are overdue for ninety days & above are classified as NPA. Provision is made in respect of NPA in accordance with the stipulations of Prudential Norms prescribed by the National Housing Bank (NHB). Additional provisions (over and above the NHB Guidelines) if required is made as per the Guidelines approved by the Board of Directors from time to time.

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

p. Provisions and Contingencies

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

q. Leases

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

r. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included under Investments in Pass Through Certificates in Schedule 7.

NOTES TO ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) are Rs.13,601,880 (Previous year Rs.12,005,308).
2. **Contingent liabilities in respect of :**
 - a) Corporate Undertaking of Rs.143,500,000 (Previous year Rs.143,500,000) for Securitization transactions.
 - b) Claims against the group not acknowledged as debts Rs.620,367 (Previous Year Rs.755,367).
 - c) The Company has received a demand of Rs.31,396,993 towards interest payable, Rs.119,077,050 (including interest of Rs.66,761,297), Rs.233,801,201 (including interest of Rs.13,871,157) and Rs.331,050,489 (including interest of Rs.71,936,658) on completion of income tax assessment for the assessment year 2001-02, 2002-03, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid under protest to the credit of the Central Government.
3. (i) Housing loans are secured, wholly or partly, 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. The Company adopts an approach to provisioning that is based on the past experience, realization of security and other related factors. Additional provisions (over and above the stipulations of the National Housing Bank) in respect of Non-performing Assets (NPA) are made as per the Guidelines prescribed by the Board of Directors. In respect of Standard Assets, the provision on Housing Loans categorized under Retail Loans & Project Loans though not required by National Housing Bank Directions 2001, has been reduced for the current year @ 0.1% as against 0.2% for Retail Loans and @ 0.5% as against 1% for Project Loans for the year ended March 31, 2009. Had this practice been followed for the year ended March 31, 2009, the profit before tax would have been Rs.7,635,008,802.
5. Housing Loans include loans amounting to Rs.95,116,460 (Previous year Rs.116,551,212) 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. Of this, fair value of the assets possessed, against the loans of Rs.16,794,754 (Previous year Rs.13,605,241), is not available as at March 31, 2010. The balance loans amounting to Rs.78,321,705 (Previous year Rs.102,945,971), have fair value of Rs. 75,010,517 (Previous year Rs. 99,234,850), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2010.
6. Provision for contingencies includes:
 - a) Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables and

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

b) Provision for probable loss on account of bank reconciliation differences.

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	121,604,219 (125,907,630)	20,000,000 (20,000,000)
Provision made during the year	- (-)	- (-)
Amounts utilized during the year	1,316,652 (4,303,411)	11,114,929 (-)
Closing balance	120,287,567 (121,604,219)	8,885,071 (20,000,000)

Figures in brackets are in respect of the previous year.

7. Income from Investments (non-trade)

Particulars	Current Year Rupees	Previous year Rupees
Long Term:		
Interest	22,859,619	6,031,302
Dividend	-	5,250,000
Profit on sale of Investments (net)	250,224	-
Total	23,109,843	11,281,302

8. a) LIC Housing Finance Ltd. has entered into agreement dated July 11, 2009 with Nomura Asset Management Strategic Investment Pte. Ltd. for sale of 1730 equity shares of Rs.10/- each of LIC Mutual Fund Asset Management Company Limited and 2000 equity shares of Rs.10/- each of LIC Mutual Fund Trustee Company Private Limited at a total consideration of Rs.138.40 crores approx. Pending approvals from SEBI and RBI, the effect of the aforementioned transaction is not given in the accounts.
- b) LICHL Care Homes Limited has entered share purchase agreement dated July 11, 2009 for sale of 1200 equity shares of Rs.10/- each of LIC Mutual Fund Trustee Company Private Limited at total consideration of Rs.55252/- to Nomura Asset Management Strategic Investment Pte. Ltd. Effect of this will be given as and when amount is received.
9. Prior period items include:

Particulars	Current Year Rupees	Previous year Rupees
Income:		
Interest Income on Housing Loan	1,966,445	3,949,369
Interest Income on Bank Deposit	29,569	-
Service Tax paid utilized	9,309,705	-
Processing Fees	-	6,365
Courier Charges	-	19,000
Rent	-	15,071
Expenditure:		
Interest & Other Expenses on Public Deposit	434,336	-
Miscellaneous Expenses	16,424	21,904
AMC of Software	114,726	-
Commission to Agents	10,000	7,102,622
Fees to Valuer / Advocate / F.I. Agencies	38,620	241,929
Provision for Leave Encashment	-	4,746,060
Competition Prize	1,079,850	8,000
SARFAESI Expenses	81,592	-
Total Net Income / (Expenses)	9,530,171	(8,130,710)

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

10. The Group has requested its suppliers to confirm the status as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. In the absence of confirmations from the suppliers, disclosures, if any, relating to unpaid amount as at the year end together with interest paid / payable as required under the said Act have not been given.

11. Derivative instruments:

- Interest Rate Swaps for hedging underlying liability aggregate to Rs.6,000,000,000 (Previous year Rs.8,000,000,000).
- For underlying liability of Rs.6,500,000,000 (Previous year Rs.6,500,000,000), Coupon Swap has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- The group as on March 31, 2010 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to Rs.12,500,000,000 (Previous year Rs.14,500,000,000). The fair value of all such Swaps as at March 31, 2010 was unfavourable to the extent of Rs.1,606,912,869 (Previous year Rs.1,999,785,721).

12. Disclosure in respect of Gratuity Liability and Leave Encashment:-

Gratuity Liability

(Amount in Rupees)

Changes in the Benefit Obligation	2009-10	2008-09	2007-08	2006-07
Liability at the Beginning of the year	65,579,682	50,749,802	42,262,463	44,143,583
Interest Cost	5,467,526	4,328,541	3,527,512	3,669,786
Current Service Cost	5,597,097	4,718,208	3,544,780	3,375,228
Benefit Paid	(1,256,110)	(2,695,577)	(3,426,693)	(3,292,960)
Actuarial Loss on obligations	16,194,578	8,478,708	4,841,740	(5,633,174)
Liability at the end of the year	91,582,773	65,579,682	50,749,802	42,262,463

Fair Value of the Plan Asset	2009-10	2008-09	2007-08	2006-07
Fair Value of Plan Asset at the beginning of the year	57,085,723	46,365,466	37,203,468	19,275,678
Expected Return on Plan Asset	4,745,096	4,335,593	3,581,693	2,925,007
Contributions	2,856,030	9,177,241	9,281,042	18,933,395
Benefit paid	(1,256,110)	(2,695,577)	(3,426,698)	(3,292,960)
Actuarial Gain / (Loss) on Plan Assets	5,46,953	(97,000)	(274,044)	(637,652)
Fair value of Plan Assets at the end of the year	63,977,692	57,085,723	46,365,466	37,203,468
Total Actuarial Loss to be Recognized	(15,647,625)	(8,575,708)	(5,115,784)	4,995,522

Actual Return on Plan Assets	2009-10	2008-09	2007-08	2006-07
Expected Return on Plan Assets	4,745,096	4,335,593	3,581,693	2,925,007
Actuarial Gain / (Loss) on Plan Assets	5,46,953	(97,000)	(274,044)	(637,652)
Actual Return on Plan Assets	5,292,049	4,238,593	3,307,649	2,287,355

Amount Recognized in the Balance Sheet	2009-10	2008-09	2007-08	2006-07
Liability at the end of the year	91,582,773	65,579,682	50,749,802	42,262,463
Fair Value of Plan Assets at the end of the year	63,977,692	57,085,723	46,365,466	37,203,468
Amount recognized in the Balance Sheet	(27,605,081)	(8,493,959)	(4,384,336)	(5,058,995)

Expense Recognized in the Profit and Loss Account	2009-2010	2008-09	2007-08	2006-07
Current Service Cost	5,597,097	4,718,208	3,544,780	3,375,228
Interest Cost	5,467,526	4,328,541	3,527,512	3,669,786
Expected Return on Plan Assets	(4,745,096)	(4,335,593)	(3,581,693)	(2,925,007)
Net Actuarial Loss to be recognized	15,647,625	8,575,708	5,115,784	(4,995,522)
Expense recognized in the Profit and Loss Account under staff expenses	21,967,152	13,286,864	8,606,383	(875,515)

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

Reconciliation of the Liability recognized in the Balance Sheet:	2009-10	2008-09	2007-08	2006-07
Opening Net Liability	8,480,498	4,384,336	5,058,995	24,867,905
Expense recognized	21,967,152	13,286,864	8,606,383	(875,515)
Contribution by the Company	2,856,030	9,177,241	9,281,042	18,933,395
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	27,591,620	8,493,959	4,384,336	5,058,995

Assumptions	2009-10	2008-09	2007-08	2006-07
Discount Rate	8.00%	7.75%	8.00%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%

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, 2010 is Rs.9,605,156 (Previous Year Rs.9,533,000).

In the absence of detailed information regarding Plan Assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the total fair value of plan assets has not been disclosed.

The details of experience adjustments arising on account of plan assets and plan liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation statement received from LIC of India and hence, are not furnished.

Leave Encashment

(Amount in Rupees)

Changes in the Benefit Obligation	2009-10	2008-09	2007-08
Liability at the Beginning of the year	54,846,558	54,316,739	46,678,209
Interest Cost	4,556,578	7,503,738	3,951,376
Current Service Cost	3,947,999	39,479,992	2,713,993
Benefit Paid	-	-	-
Actuarial (Gain) / Loss on obligations	22,392,887	(46,453,911)	973,161
Liability at the end of the year	85,744,022	54,846,558	54,316,739

Amount Recognized in the Balance Sheet	2009-10	2008-09	2007-08
Liability at the end of the year	85,744,022	54,846,558	54,316,739
Fair Value of Plan Assets at the end of the year	-	-	-
Amount recognized in the Balance Sheet	(85,744,402)	(54,846,558)	(54,316,739)

Expense Recognized in the Profit and Loss Account	2009-10	2008-09	2007-08
Current Service Cost	3,947,999	39,479,992	2,713,993
Interest Cost	4,556,578	7,503,738	3,951,376
Expected Return on Plan Assets	-	-	-
Net Actuarial (Gain) / Loss to be recognized	22,392,887	(46,453,911)	973,161
Expense recognized in the Profit and Loss Account under staff expenses	30,897,844	529,819	7,638,530

Reconciliation of the Liability recognized in the Balance Sheet	2009-10	2008-09	2007-08
Opening Net Liability	54,846,558	54,316,739	4,6678,209
Expense recognized	30,897,844	529,819	7,638,530
Contribution by the Company	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	85,744,402	54,846,558	54,316,739

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

Assumptions	2009-10	2008-09	2007-08
Retirement Age	58 Years	58 Years	58 Years
Discount Rate	8.00%	7.75%	8.00%
Salary Escalation	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%
Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

"The estimates of future salary increases, considered in actuarial valuation, take account of 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."

13. 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 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 subsidiary is engaged in the business of marketing various financial products and services.
- LICHFL Asset Management Company Private Limited, a subsidiary 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 subsidiary acts as a trustee to venture capital trusts and funds.
- LIC Mutual Fund Trustee Company Pvt. Limited, an associate acts as trustee for Mutual Funds.
- LIC Mutual Fund Asset Management Company Limited, an associate acts as asset manager for Mutual Funds.

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.

14. Related party disclosure:**a) Details of related parties:**

Sr. No.	Name of the related party	Nature of relationship
1.	Life Insurance Corporation of India (LIC)	Enterprise having significant influence
2.	LIC Mutual Fund Asset Management Company Limited	Associate
3.	LIC Mutual Fund Trustee Company Private Limited	Associate
4.	Mr. R. R. Nair, Director & Chief Executive	Key Management Personnel
5.	Mr. A. P. Singh, Director and Chief Executive of LICHFL Care Homes Limited	Key Management Personnel

b) Details of transactions with related parties:

Related Party	Nature of transactions	Volume of Transaction	
		Current Year Rupees	Previous Year Rupees
LIC of India	Issue of non convertible debentures	-	33,000,000,000
	Unsecured loans taken (consequent to tripartite agreement between West Bengal Infrastructure Development Finance Corporation, LIC and the Company)	273,886,265	372,599,176
	Consultancy Charges	291,667	2,245,589
	Repayment of secured loan	3,214,875,000	3,214,875,000
	Repayment of unsecured loan	-	2,382,522,411
	Issue of Subordinated Bonds	-	5,000,000,000

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010

Related Party	Nature of transactions	Volume of Transaction	
		Current Year Rupees	Previous Year Rupees
	Issue of Upper Tier II Bonds	5,000,000,000	-
	Interest expenses on Secured and Unsecured loans	7,145,285,875	5,766,103,474
	Dividend Payment	450,950,487	346,884,990
	Rent Expenses	25,119,427	18,503,826
	Reimbursement of Municipal Taxes, etc.	1,256,082	293,830
	Reimbursement of Electricity Expenses	4,633,204	728,685
	Payment for Staff training, Conference, etc.	232,391	-
	Payments towards Renovation & Repairs Work carried out by them	11,823,021	17,873,761
	Reimbursement of Gratuity for staff on deputation from LIC	1,215,647	1,136,550
	Balance as at the year end	79,698,508,866 (Cr.)	77,595,789,268 (Cr.)
LIC Mutual Fund Asset Management Company Ltd.	Dividend Income	19,650,000	11,790,000
	Other Income	30,000	5,000
	Interest expenses on NCD	21,533,561	-
	Balance as at the year end	1,000,000,000 (Cr.)	-
LIC Mutual Fund Trustee Company Pvt. Ltd.	Dividend Income	19,200	10,800
	Balance as at the year end	-	-
Mr. R. R. Nair	Managerial remuneration	855,995*	904,309
	Balance as at the year end	-	246,310 (Cr.)
Mr. A.P. Singh	Managerial remuneration	924,576	648,297
	Balance as at the year end	-	-

* As the Performance Linked Incentive (PLI) is accrued for the Company as a whole and not decided individually, hence not included.

Note:

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

15. Operating Leases:

The group has taken various office and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Profit and Loss Account for such premises are Rs.139,449,523 (Previous year Rs.103,589,159).

16. Earning per share:

Earning 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 (Rupees)	6,888,349,431	5,374,227,310
Weighted average number of equity shares outstanding during the year	90,138,079	84,932,600
Basic / Diluted Earnings per share (Rupees)	76.42	63.28
Nominal value per share (Rupees)	10.00	10.00

17. 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.

Schedules Forming the Part of Consolidated Financial Statements for the year ended March 31, 2010**18. The components of deferred tax assets and (liabilities) are as under :**

Particulars	Current Year Rupees	Previous Year Rupees
Deferred tax assets		
Provision for Housing Loans	736,870,957	816,626,403
Provision for Contingencies –Fire Insurance Premium	1,055,952	1,297,346
Provision for Tapping Corporate Undertaking	40,885,744	41,333,274
Unamortized one-time gain	104,139,048	92,411,142
Provision for Employee Benefit	38,527,489	23,636,353
(A)	921,479,190	975,304,518
Deferred tax liabilities		
Differences in written down value of fixed assets between tax and books records	31,267,789	27,868,615
(B)	31,267,789	27,868,615
Net deferred tax assets [(A) – (B)]	890,211,401	947,435,903

19. During the year LIC Housing Finance Limited has issued and allotted 10,000,000 Equity Shares of face value of Rs.10/- at a premium of Rs.648/- per share aggregating to Rs.6,580,000,000/- (previous year Rs. NIL) to Qualified Institutional Buyers. The said issue was made under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

20. Previous year's figures are regrouped wherever necessary to correspond with the figures of the current year.

Signatures to Schedules 1 to 17

As per attached report of even date

For and on behalf of the Board

T.S. Vijayan
Chairman

D.K. Mehrotra
Managing Director

S. Ravi
Director

R.R. Nair
Director & Chief Executive

Place: Mumbai
Date: 28th April, 2010

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO &
General Manager

Tapas Basu
General Manager

Notes

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स्वगृहाय अर्थसहायः

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