

NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF LIC HOUSING FINANCE LIMITED WILL BE HELD AT "M. C. GHIA HALL", BHOGILAL HARGOVINDAS BUILDING, 4TH FLOOR, 18 / 20 KAIKHUSHRU DUBASH MARG, BEHIND PRINCE OF WALES MUSEUM, MUMBAI – 400 001 ON WEDNESDAY, 19TH AUGUST, 2015 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) the audited financial statement of the Company for the financial year ended 31st March, 2015 together with the reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement for the financial year ended 31st March, 2015 together with the report of the Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year 2014-15.
3. To appoint a Director in place of Shri S.B. Mainak, (DIN-2531129) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification, or re-enactment thereof, Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W), be and are hereby appointed as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Twenty Sixth Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting on a remuneration to be determined by the Board of Directors in consultation with them (plus applicable service tax), for the purpose of audit of the Company's accounts at the Corporate Office as well as at 10 Back Offices to be selected in consultation with the Joint Statutory Auditors."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to appoint in consultation

with the Company's Joint Statutory Auditors any person – individual or firm or LLP qualified for appointment as Auditor or Auditors of the Company under Section 141(1) of the Companies Act, 2013, to conduct audit of the accounts at other Back Offices in India on such terms and conditions as may be mutually agreed depending upon the nature and scope of their work."

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution** for related party transactions:

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of the Company / Committee of Board / Managing Director & CEO be and is hereby authorised to enter into agreement / transaction with Related Party namely, LIC of India and its associates for the purpose of raising fund through loans / NCDs / Bonds / similar such instrument including securitisation, to take property on lease / rent, avail / render any services or any other transaction which construe to be related party transactions with the related party / parties upto Rs.4,000/- crore (Rupees Four Thousand crore only) for one year from the date of this meeting."

"RESOLVED FURTHER THAT the Board of Directors / Committee of Board / Managing Director & CEO be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to the Officials of the Company, to give effect to the aforesaid Resolution."

6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** for issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis:

"RESOLVED THAT in terms of the provision of Section 42 and other applicable provisions, if any, of the Companies Act, 2013, the Housing Finance Companies issuance of Non-Convertible Debentures on a private placement basis (NHB) Directions, 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Simplified Listing Agreement for Debt Securities, including any amendment, modification, variation or re-

enactment to any of the forgoing and other applicable guidelines, directions or laws, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee duly constituted by the Board, from time to time, to exercise its powers conferred by this resolution), to issue Redeemable Non-Convertible Debentures (NCDs) secured or unsecured, and / or any other hybrid instruments which can be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, for cash either at par, premium or discount to the face value, upto an aggregate amount not exceeding Rs.43,000/- crore (Rupees Forty Three Thousand Crore only) under one or more shelf disclosure document (including any shelf disclosure document as may have already been approved and issued by the Company) and / or under one or more letters of offer as may be issued by the Company, and in one or more series / tranches, during a period of one year commencing from the date of this Meeting, on a private placement basis and on such terms and conditions as the Board may deem fit and appropriate for each series / tranche, as the case may be."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise with regard to the said matter as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Committee of Directors and / or Director(s) and / or Officer(s) of the Company, to give effect to this resolution."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** for appointment of Independent Director of the Company:

"RESOLVED THAT Dr. Dharmendra Bhandari (DIN-00041829) who has been appointed as an Additional Director of the Company by the Board of Directors w.e.f. 19th August, 2014 and holds office upto the date of this meeting under Section 161 of the Companies Act, 2013 and in respect of whom, the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature

for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013, and the Rules made thereunder, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Dr. Dharmendra Bhandari (DIN-00041829) be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of five consecutive years with effect from 19th August, 2014."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** for appointment of Independent Director of the Company:

"RESOLVED THAT Shri Debabrata Sarkar (DIN-02502618) who has been appointed as an Additional Director of the Company by the Board of Directors w.e.f. 30th June, 2015 and holds office upto the date of this meeting under Section 161 of the Companies Act, 2013 and in respect of whom, the Company has received a Notice in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013, and the Rules made thereunder, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Shri Debabrata Sarkar (DIN-02502618) be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of five consecutive years, with effect from 30th June, 2015."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** for appointment of Independent Director of the Company:

"RESOLVED THAT Shri V. K. Kukreja (DIN-01185834) who has been appointed as an Additional Director of the Company by the Board of Directors w.e.f. 30th June, 2015 and holds office upto the date of this meeting under Section 161 of the Companies Act, 2013 and in respect of whom, the Company has received a Notice

in writing from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013, and the Rules made thereunder, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Shri V. K. Kukreja (DIN-01185834) be and is hereby appointed as an Independent Director of the Company, to hold office as such for a period of five consecutive years, with effect from 30th June, 2015.”

By Order and on behalf of the Board

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

Date: 30th June, 2015

Registered Office:

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

CIN : L65922MH1989PLC052257.

Website: www.lichousing.com

Phone No.: +91 22 22178611

Fax No.: +91 22 22178777

E-mail: nitin_jage@lichousing.com

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('THE MEETING') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

THE PROXY FORM TO BE VALID AND EFFECTIVE SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- (2) A Proxy shall not have a right to speak at the Meeting and shall not be entitled to vote except on a poll.
- (3) A person appointed as Proxy may act on behalf of not more than 50 Members and holding not more than 10 percent of the total share capital of the Company

carrying voting rights. However, a Member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or Member.

- (4) The Explanatory Statement as required under Section 102 of the Companies Act, 2013, in respect of item Nos. 4 to 9 of the Notice convening the Meeting is annexed hereto.
- (5) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 11th August, 2015 to Wednesday, 19th August, 2015 (both days inclusive) for the purpose of payment of dividend.
- (6) The dividend on equity shares, if declared at the meeting, will be paid on or after 20th August, 2015:
 - (a) to those members holding shares in physical form, whose names would appear on the Register of Members of the Company, at the close of business hours on Wednesday, 19th August, 2015 after giving effect to all valid transfers in physical form lodged with the Company on or before Monday, 10th August, 2015 and
 - (b) in respect of the shares held in electronic form, on the basis of the details furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) at the close of business hours on Monday, 10th August, 2015.
- (7) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (8) In accordance with the provisions of the clause 49 of the Listing Agreement, a brief profile of the Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of committees of directors is set out in this Notice.
- (9) In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company

for the FY 2014-15 are being sent by e-mail to those Members who have registered their e-mail address with the Company in respect of shares held in physical form or with their Depository Participant (DP) in respect of shares held in electronic form and made available to the Company by the Depositories.

- (10) The Annual Report for FY 2014-15 of the Company circulated to the Members of the Company, is also available on the Company's website at www.lichousing.com and also on the website of the respective Stock Exchanges at www.bseindia.com and www.nseindia.com
- (11) In terms of the provisions of Section 107 of the Companies Act, 2013, since the resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided on a show of hands at the Meeting.
- (12) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
- (13) Members holding shares in electronic form may please note that dividend in respect of the shares held by them will be credited to their bank account as per the details furnished by the respective Depositories to the Company as per the applicable regulations of the Depositories. The Company will not be in a position to entertain any direct request from such Members for change / deletion in their bank details. Further, instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend payable on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their DP directly.
- (14) The Company proposes the payment of dividend, if declared at the AGM, through National Electronic Fund Transfer (NEFT), National Electronic Clearing Services (NECS) or by way of dispatch of physical dividend warrants with Bank Details as furnished by the Members. Members holding shares in physical mode are advised to immediately submit the NEFT / Bank Details alongwith IFSC to the Company's Registrar and Transfer Agent – Sharex Dynamic (India) Private Limited (SDIL) or notify the changes, if any, to SDIL and Members holding the shares in dematerialization mode are advised to submit the Bank Details alongwith IFSC or notify the changes, if any, in their Bank Details to their respective DP. NECS mandate form is being sent alongwith the Annual Report so as to enable the shareholders to update their address and bank particulars and ensure timely and faster credit of dividend to their bank account.
- (15) Members are requested to bring Attendance Slip to the meeting. Members who hold shares in dematerialized form are requested to provide their DP Id and Client Id for verification / identification.
- (16) As per the provisions of Section 72 of the Companies Act, 2013, the facility for making nomination is now available to the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrar and Transfer Agent – SDIL.
- (17) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the Company's Registrar & Transfer Agent- SDIL.
- (18) Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956 (Section 124 of the Companies Act, 2013, not yet notified), the Company has transferred the unclaimed / unpaid dividend for the financial years upto FY 2006-07 (Final), to the Investor Education and Protection Fund of the Central Government on expiry of seven years from the date of declaration in terms of the provisions of Section 205A of the Companies Act, 1956. The unpaid dividend for the FY 2007-08 will become due for transfer to the Fund, on 6th August, 2015. Members who have not yet encashed the dividend warrants for any of the FY from 2008-09 to 2013-14 are once again requested to make their claims immediately to the Company or the Company's Registrar & Transfer Agent - SDIL for issuance of duplicate / revalidated dividend warrant/s.
- (19) Members who have not registered their e-mail addresses so far are requested to register their e-mail address with their DP in case shares are held in electronic form or with the Company's Registrar & Transfer Agent - SDIL in case shares are held in physical form so that they can receive the Annual Report and other communication from the Company electronically.
- (20) The Members desiring any information as regards to accounts are requested to write to the Company at

an early date, so as to enable the Company to keep information ready.

- (21) As a measure of economy and to support 'Green Initiative', copies of Annual Report will not be distributed at the Meeting.

Voting Through Electronic Means

In compliance with the provisions of clause 35B of the Listing Agreement, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended the Company is offering e-voting facility to all its Members to enable them to exercise their right to vote on all matters listed in this Notice by electronic means.

For this purpose, the Company has entered into an agreement with CDSL for facilitating e-voting.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iv) Click on Shareholders.
 - (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next, enter the Image Verification as displayed and Click on Login.
 - (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (viii) If you are a first time user follow the steps given below:
- | PAN | For Members holding shares in Demat Form and Physical Form |
|---|--|
| PAN
Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. | DOB
Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details
Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). | (ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the |

- details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log into www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- In case of Members receiving the Notice by Post (physical copy):**
- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- Voting at Annual General Meeting:**
- Facility of voting through Ballot Paper shall also be made available at the Meeting. Members attending the Meeting, who have not already cast their vote by e-voting or through Postal Ballot shall be able to exercise their right at the Meeting.
- Members who have cast their vote by e-voting or through Postal Ballot prior to the Meeting may also attend the Meeting, but shall not be entitled to vote again at the Annual General Meeting.
- General Instructions:**
- The e-voting period will commence on Sunday, 16th August, 2015 (10.00 a.m.) and ends on Tuesday, 18th August, 2015 (5.00 p.m.) (both days inclusive). During this period, Members holding shares either in physical form or in dematerialized form, may cast their vote electronically. The e-voting module shall be disabled by CDSL thereafter. Please note that once the vote on a resolution has been casted, the Members cannot change it subsequently.
 - The voting rights of Members shall be in proportion of their shares in the total paid-up equity share capital of the Company as on 12th August, 2015.

- Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of this Notice of the Annual General Meeting and holds shares as on the cut-off date i.e. 12th August, 2015, may obtain the login id and password by sending a request at www.evotingindia.com. However, if you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you may reset your password by using "Forgot User Details / Password" option available on www.evotingindia.com.
- A Member can opt for only one mode of voting, i.e. either by e-voting or through Postal Ballot. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Postal Ballot of that Member shall be treated as invalid.
- Mr. N. L. Bhatia, Company Secretary (Membership No.: FCS 1176) Partner, Messrs N. L. Bhatia & Associates, Practising Company Secretaries has been appointed by the Company to act as the Scrutinizer to scrutinize the e-voting process as well as voting through Postal Ballot and through Ballot paper at the Meeting, in a fair and transparent manner.
- The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the Meeting, thereafter unblock the votes cast through e-voting and also count the votes received through Postal Ballot in the presence of atleast two (2) witnesses not in the employment of the Company.
- The Scrutinizer shall within a period of three working days from the date of Annual General Meeting submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- The Results shall be declared by the Chairman of the Company on or before Friday, 21st August, 2015. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website viz., www.lichousing.com and on the website of CDSL within three days of the Meeting.
- The resolutions shall be deemed to be passed as at the date of the Annual General Meeting.
- In terms of clause 35B of the Listing Agreement, the Company in order to enable its Members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, is enclosing a Ballot Form alongwith this Notice.
- A Member desiring to exercise his/her vote by Postal Ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to the Scrutinizer in the enclosed self addressed pre-paid postage Business Reply Envelope. Postage charges will be borne and paid by the Company. However, in case a Member sends the Ballot Form by courier or registered post or delivers it in person at his expense, such Ballot Forms will also be accepted.
- The Ballot Form, duly completed and signed by the Member(s) should be returned in the enclosed self addressed pre-paid postage Business Reply Envelope directly to the Scrutinizer so as to reach the Scrutinizer before the close of working hours on Tuesday, 18th August, 2015. Any Ballot Form received after the said date shall be treated as if the reply from the Member(s) has not been received.
- All documents referred to in this Notice and Statement setting out material facts and other statutory registers are open for inspection by the Members at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on all working days except Saturdays, Sundays and national holidays, from the date hereof upto Monday, 17th August, 2015.
- For security reasons and for proper conduct of the Meeting, entry to the place of the Meeting will be regulated by the Attendance Slip. Members / Proxies are requested to bring their Attendance Slip complete in all respects and signed at the place provided there at and hand it over at the entrance of the Meeting venue.

MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

Re-appointment of Directors:

Shri S. B. Mainak

Shri S. B. Mainak, who was appointed as Director of the Company on 3rd July, 2014 retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Shri S. B. Mainak, Managing Director of Life Insurance Corporation of India, is a Chartered Accountant. He joined LIC as a Direct Recruit Officer (CA batch) in the year 1983.

During his stint in LIC he has acquired a wide range of experience working not only in Investment, Finance and Accounts, but also in Marketing assignment as Senior Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in Investment department and in Academics during a stint in National Insurance Academy (NIA), Pune as Professor (Life Insurance) and Head of Finance Department of NIA where he has been instrumental in creating new teaching programs relating to finance & accounts, investments, GAAP accounting, IIFRS and marketing strategy for officials of Insurance Companies.

Currently he is on the Board of ITC Limited, Mahindra & Mahindra Limited, National Stock Exchange of India Limited, LIC Nomura Mutual Fund Trustee Company Private Limited, LIC Housing Finance Limited, LIC Cards Services Limited, LIC (Nepal) Limited, LICHFL Asset Management Company Ltd. Further, he is Dy. President of Insurance Institute of India and Member of Governing Board of National Insurance Academy, Pune. He was earlier appointed by the Government of India on the Board of Satyam Computer Services Ltd. as Independent Director for restructuring the company.

He has been earlier conferred with "NDTV Profit Business Leadership Award" 2009, "CNN-IBN Indian of the Year Award" 2009 and "Dataquest IT Persons of the Year" 2009 for his active role in restructuring of Satyam Computer Services Ltd.

He does not hold any shares of the Company.

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

Sr. No.	Name of the Companies/ Bodies Corporate/ Firms/ Association of Individuals	Nature of Interest or Concern/ Change In Interest or Concern	Share-holding	Date on which Interest or Concern arose/ changed
1	Life Insurance Corporation of India	Managing Director	Nil	09.07.2013
2	LIC Nomura Mutual Fund Trustee Company Pvt. Ltd.	Non Executive Chairman	Nil	19.08.2013

3	LIC Cards Services Ltd.	Non Executive Director	1	28.06.2013
4	LIC (Nepal) Ltd.	Non Executive Director	Nil	17.09.2013
5	National Stock Exchange of India Ltd.	Director	Nil	27.08.2009
6	Mahindra & Mahindra Ltd.	Additional Director	Nil	13.11.2013
7	ITC Ltd.	Non Executive Director	Nil	25.04.2014
8	LICHFL Asset Management Co. Ltd.	Non Executive Chairman	Nil	11.07.2014
9	Kenindia Assurance Co. Ltd.	Alternate Director	Nil	13.07.2014
10	Technical Advisory Committee of Reserve Bank of India	Appointed as Member	Nil	21.04.2015

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4

Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) were appointed as Joint Statutory Auditors of the Company for the FY 2014-15 at the Twenty Fifth Annual General Meeting held on 19th August, 2014. Their term as Joint Statutory Auditors expires at the conclusion of this Meeting. Pursuant to the recommendation of the Audit Committee of Directors, the Board of Directors of the Company recommends appointment of Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) as the Joint Statutory Auditors of the Company for the period from conclusion of this Twenty Sixth Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting of the Company for the purpose of audit of the Company's accounts at the Corporate Office, Mumbai as well as accounts at 10 Back Offices in India to be selected

in consultation with the Joint Statutory Auditors. Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) has consented to the said appointment and issued a certificate to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Sections 139 and 141 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Board accordingly, recommends the appointment of Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) as Joint Statutory Auditors of the Company as set out at Item No.4 for approval of the Members.

None of the Directors / Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

Item No.5

Pursuant to changes in the Companies Act, 2013 and to align it in compliance with the clause 49 of the Listing Agreement, the transactions in the nature of raising fund through loan / NCDs/ Bonds / similar such instruments including securitisation / to take property on lease / rent, availing / rendering of any services or any other transaction entered into by the Company upto Rs.4,000/- crore (Rupees Four Thousand crore only) during the FY 2015-16, which though in the ordinary course of business may be construed to be related party transaction with conflict of interest, it is therefore proposed to members to approve the resolution at Item no. 5 of this notice, as a special resolution.

Your Directors therefore recommend your approval to the above resolution.

None of the Directors / Key Managerial Personnel and their relatives is concerned or interested in the Resolution.

Item No. 6

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

respect of all offers / invitations for the NCDs to be issued during a year.

The NCDs proposed to be issued by the Company will be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No.6 of this Notice, authorising the Board to issue NCDs and / or any other hybrid instruments which can be classified as being Tier II capital under the provisions of the Housing Finance Companies (NHB) Directions, 2010, upto an aggregate amount not exceeding Rs.43,000/- crore (Rupees Forty Three Thousand Crore only) on a private placement basis during a period of one year from the date of this Meeting upto next Annual General Meeting.

Your Directors therefore recommend passing of Special Resolution as set out in the notice at Item No.6.

None of the Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution.

Item No. 7

Dr. Dharmendra Bhandari aged 58 was appointed as Additional Director of the Company by the Board of Directors under Section 161(1) of the Companies Act, 2013, and holds Office upto the date of the Twenty Sixth Annual General Meeting of the Company.

Dr. Dharmendra Bhandari, Non Executive Director of the Company has furnished a declaration to the Company under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Directors under Section 149(6) of the said Act. The Company has received from Dr. Dharmendra Bhandari, his consent to act as Director. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a Member proposing the name of Dr. Dharmendra Bhandari for the office of a Director.

Brief profile:

Dr. Dharmendra Bhandari served as a member of the Faculty of Commerce in the University of Rajasthan, Jaipur from 1983 and took early retirement as Associate Professor in 2002. He did his Ph.D in Commerce and is also a Chartered Accountant. He has more than 30 years of academic and professional experience in the Financial Sector.

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

Dr. Bhandari is currently on the Board of JP Morgan Mutual Fund (India) Pvt Ltd; SBI Capital Markets etc. Dr Bhandari has served as Director of several public sector Banks such as Dena Bank, Bank of Maharashtra, and Bank of Baroda. He has also served as Director on the Board of several companies such as Tata Timken, Birla Corp; etc.

The matter regarding appointment of Dr. Dharmendra Bhandari as an Independent Director was placed before the Nomination & Remuneration Committee, which recommended his appointment as an Independent Director.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Dr. Dharmendra Bhandari as an Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Dr. Dharmendra Bhandari shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

Dr. Dharmendra Bhandari holds 500 shares of the Company.

In the opinion of the Board, Dr. Dharmendra Bhandari fulfills the conditions specified in the Act and the Rules made thereunder, for such appointment.

In terms of Section 149(13) of the said Act, Independent Director is not liable to retire by rotation.

Upon the confirmation of the appointment of Dr. Dharmendra Bhandari as an Independent Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Director.

The Board accordingly, recommends the resolution at Item No.7 of this Notice for approval of the Members.

None of the Directors, except Dr. Dharmendra Bhandari or Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution.

Item No. 8

Shri Debabrata Sarkar aged 61 was appointed as Additional Director of the Company by the Board of Directors under Section 161(1) of the Companies Act, 2013, and holds Office upto the date of the Twenty Sixth Annual General Meeting of the Company.

Shri Debabrata Sarkar, Non-Executive Director of the Company has furnished a declaration to the Company under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Directors under Section 149(6) of the said Act. The Company has received from Shri Debabrata Sarkar, his consent to act as Director. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a Member proposing the name of Shri Debabrata Sarkar for the office of a Director.

Brief profile:

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

In the opinion of the Board Shri Debabrata Sarkar fulfills the conditions specified in the Act and the Rules made thereunder, for such appointment.

In terms of Section 149(13) of the said Act, Independent Director is not liable to retire by rotation.

The matter regarding appointment of Shri Debabrata Sarkar as an Independent Director was placed before the Nomination & Remuneration Committee, which recommended his appointment as an Independent Director.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri Debabrata Sarkar as an Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Shri Debabrata Sarkar shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

Shri Debabrata Sarkar does not hold any shares of the Company.

Upon the confirmation of the appointment of Shri Debabrata Sarkar as an Independent Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Director.

The Board accordingly, recommends the resolution at Item No.8 of this Notice for approval of the Members.

None of the Directors, except Shri Debabrata Sarkar or Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution.

Item No. 9

Shri V. K. Kukreja aged 63 was appointed as Additional Director of the Company by the Board of Directors under Section 161(1) of the Companies Act, 2013, and holds Office upto the date of the Twenty Sixth Annual General Meeting of the Company.

Shri V. K. Kukreja, Non-Executive Director of the Company has furnished a declaration to the Company under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Directors under Section 149(6) of the said Act. The Company has received from Shri V. K. Kukreja his consent to act as Director. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a Member proposing the name of Shri V. K. Kukreja for the office of a Director.

Brief profile:

Shri. V. K. Kukreja, is a Chartered Accountant by profession with a vast experience in the area of accounts, finance, fund management, portfolio management, research analytics &

reporting and information technology. He has held various coveted and responsible positions throughout his career and has always added value to his erstwhile job role before moving on to the next position in order to continue to add value to his next job role.

He started his career as an Accounts Officer and worked for National Textile Corporation and Central Electronics Limited (Ministry of Science and Technology) in brief tenures. He joined Life Insurance Corporation of India (LICI) as Direct Recruit Officer (C A Batch) in January 1983. By 1996 he had been elevated to the post of Dy. General Manager in LIC Mutual Fund. In the year 2005 he was made Chief (Investment operations) in the Mumbai Head office of LICI where he managed Equity, Debt and G-Secs Portfolios and also managed the entire treasury operations. He also rose to become the Executive Director (Investment- RMR) in 2009 and established new Department of Risk Management and Research. He retired from services of LIC of India as Executive Director on 30th September, 2012.

Shri. V. K. Kukreja has also been Nominee Director on the boards of various companies in sectors such as Power Generation & Distributions, Commodity Exchange, Co-operative Housing Finance and Brokerage. He was also a committee member on Committees of various Companies/ Funds, in sectors such as Private Equity, Infrastructure, IRDA etc.

Global exposure:-

Shri Kukreja participated in various international conferences like Deutsche Bank International Credit Market Conference 2005 South Africa, 2nd Treasury offsite Macau, Hong Kong 2009 Birla Sunlife AMC.

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

He was a keynote speaker at Indian Private Equity IQ Middle East conference Dubai 2007.

In the opinion of the Board Shri V. K. Kukreja fulfills the conditions specified in the Act and the Rules made thereunder, for such appointment.

In terms of Section 149(13) of the said Act, Independent Director is not liable to retire by rotation.

The matter regarding appointment of Shri V. K. Kukreja as an Independent Director was placed before the Nomination & Remuneration Committee, which recommended his appointment as an Independent Director.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri V. K. Kukreja as an Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Shri V. K. Kukreja shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

Shri V. K. Kukreja does not hold any shares of the Company.

Upon the confirmation of the appointment of Shri V. K. Kukreja as an Independent Director by the Members of the Company, the appointment shall be formalized by the issue of a letter of appointment by the Company to the said Director.

The Board accordingly, recommends the resolution at Item No. 9 of this Notice for approval of the Members.

None of the Directors, except Shri V. K. Kukreja or Key Managerial

Personnel and their relatives are in any way concerned or interested, financially or otherwise, in the Resolution.

By Order and on behalf of the Board

NITIN K. JAGE

General Manager (Taxation) & Company Secretary

Date: 30th June, 2015

Registered Office:

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

CIN : L65922MH1989PLC052257

Website: www.lichousing.com

Phone No.: +91 22 22178611

Fax No.: +91 22 22178777

E-mail: nitin_jage@lichousing.com

LIC HOUSING FINANCE LIMITED

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

Corporate Office: 131 Maker Tower, 'F' Premises, 13th Floor, Cuffe Parade, Mumbai – 400 005.

Corporate Identity Number: L65922MH1989PLC052257.

Website: www.lichousing.com Email: lichousing@lichousing.com

BALLOT FORM

(To be returned to the Scrutinizer appointed by the Company)

1. Name and Address of the Member :

2. Name(s) of Joint Shareholder(s) :

3. Registered Folio No./DP ID/Client ID* :

(*applicable only to Members holding shares in demat form)

4. Number of equity share(s) held :

I / We hereby exercise my/our vote in respect of the following resolution(s) to be passed at the Twenty Sixth Annual General Meeting of the Members of the Company, to be held on Wednesday, 19th August, 2015 at 3.00 p.m. at "M. C. GHIA HALL", BHOGILAL HARGOVINDAS BUILDING, 4TH FLOOR, 18 / 20 KAIKHUSHRU DUBASH MARG, BEHIND PRINCE OF WALES MUSEUM, MUMBAI – 400001 in respect of the businesses as stated in the Notice dated 30th June, 2015 by conveying my/our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the box against the respective matters.

Sr. No.	Description of the businesses as set out in the Notice dated 30 th June, 2015	No. of Equity Shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	To receive, consider and adopt: (a) the audited financial statement of the Company for the financial year ended 31 st March, 2015 together with the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement for the financial year ended 31 st March, 2015 together with the report of the Auditors thereon.			
2	Declaration of dividend on the equity shares of the company.			
3	Re-appointment of Shri S. B. Mainak (DIN-2531129) as a Director, who is liable to retire by rotation and, being eligible, offers himself for re-appointment.			
4	Appointment of Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Twenty Sixth Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting on a remuneration to be determined by the Board of Directors in consultation with them (plus applicable service tax).			

.....
.....
.....

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	PAN / Sequence No.

5	Entering into an agreement / transaction with related party / parties upto Rs.4,000 crore (Rupees Four Thousand crore only) for one year from the date of the this meeting.			
6	To issue Redeemable Non-Convertible Debentures, secured or unsecured, on a private placement basis and / or any other hybrid instruments which can be classified as being Tier II capital upto an amount not exceeding Rs.43,000/- Crore (Rupees Forty Three Thousand Crore only) under one or more shelf disclosure document and / or under one or more letters of offer as may be issued by the Company, and in one or more series / tranches, during a period of one year commencing from the date of this Meeting.			
7	Appointment of Dr. Dharmendra Bhandari (DIN-00041829) as an independent Director for a period of 5 (five) consecutive years, with effect from 19 th August, 2014.			
8	Appointment of Shri Debabrata Sarkar (DIN-02502618) as an Independent Director for a period of 5 (five) consecutive years, with effect from 30 th June, 2015.			
9	Appointment of Shri V. K. Kukreja (DIN-01185834) as an Independent Director for a period of 5 (five) consecutive years, with effect from 30 th June, 2015.			

PLACE: _____

DATE: _____

Signature of the Member

E-mail address: _____

(To be provided by the Member(s) holding equity shares in physical form.)

Note: Please read the instructions given overleaf and in the Notes to the Notice dated 30th June, 2015, carefully before exercising your vote.

Instructions for filling Ballot Form:

- i) A member desiring to exercise vote by Ballot may complete this Ballot Form and send it to the Scrutinizer in the attached self addresses pre-paid postage Business Reply Envelope. Postage charges will be borne and paid by the Company. However, envelopes containing Ballot Form(s), if deposited in person or sent by courier or registered/speed post at the expense of the Member will also be accepted.
- ii) This Form should be completed and signed by the Member (as per the specimen signature registered with the Company / Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Member and in his / her absence, by the next named Member.
- iii) Duly completed Ballot Form should reach the Scrutinizer on or before the close of working hours on 18th August, 2015. All Ballot Forms received after this date will be strictly treated as if reply from such Member(s) has not been received.
- iv) There will be only one Ballot Form for every folio irrespective of the number of joint holder(s). Ballot cannot be exercised by a proxy.
- v) In case of shares held by companies, trusts, societies etc. the duly completed Ballot Form should be accompanied by a relevant Board Resolution / Authority Letter duly certified / attested by authorized signatory(ies).
- vi) Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed pre-paid postage Business Reply Envelope, as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer and the Company would not be liable to acknowledge or act on the same.
- vii) A member need not use all the votes or cast all the votes in the same way. The voting rights of the Members shall be in proportion to their shares in the total paid –up equity share capital of the Company as on 12th August, 2015.
- viii) Incomplete, unsigned or incorrect Ballot Forms will be rejected. The Scrutinizer's decision on the validity of a Ballot will be final and binding on the concerned Member and the Company.
- ix) The company is also offering e-voting facility as an alternate, for all its Members to enable them to cast their votes electronically instead of using the Ballot Form. The detailed procedure for e-voting has been enumerated in the Notes to the Notice dated 30th June, 2015 convening the Twenty Sixth Annual General Meeting of the Members of the company.
- x) **This Ballot Form is provided for the benefit of Members who do not have access to e-voting facility, to enable them to send their assent or dissent by post.**
- xi) **A Member can opt for only one mode of voting, i.e. either by post or through e-voting. If a Member casts votes by both modes, then voting done through e-voting shall prevail and voting done by Post will treated as invalid.**

Route Map to the Venue of the AGM

M.C. Ghia Hall,
Bhogilal Hargovinda Building,
18/20, K. Dubhas Marg, Kalaghoda,
Fort, Mumbai - 400 001.



NURTURING TIMELESS LEGACY



Building a **timeless legacy by...**

- Developing capacities and capabilities of our people
- Maintaining the highest quality of assets
- Enhancing quality of service with technology
- Ensuring customer satisfaction
- Being a responsible corporate citizen
- Enabling realty sector to contribute to employment generation

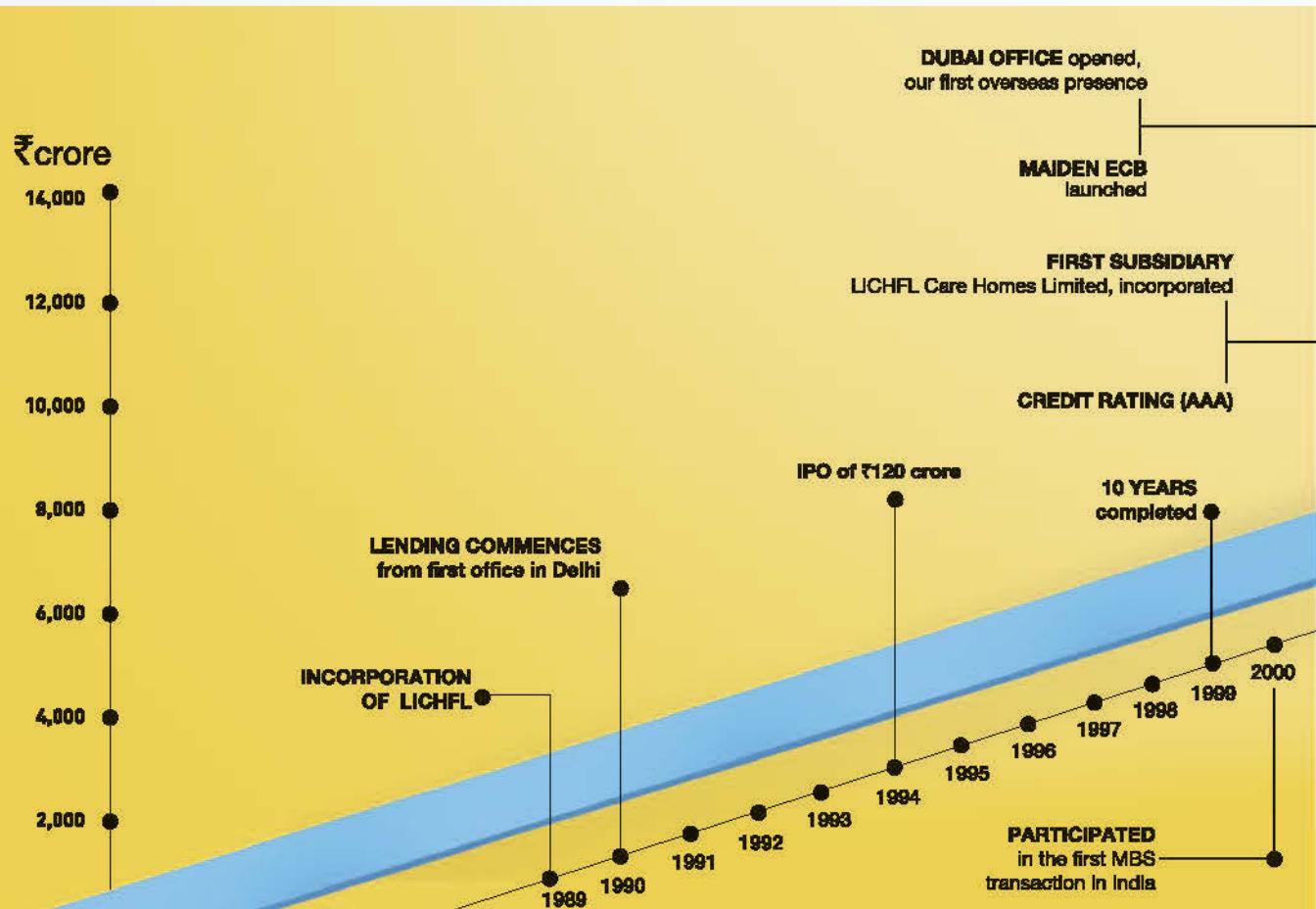
CONTENTS

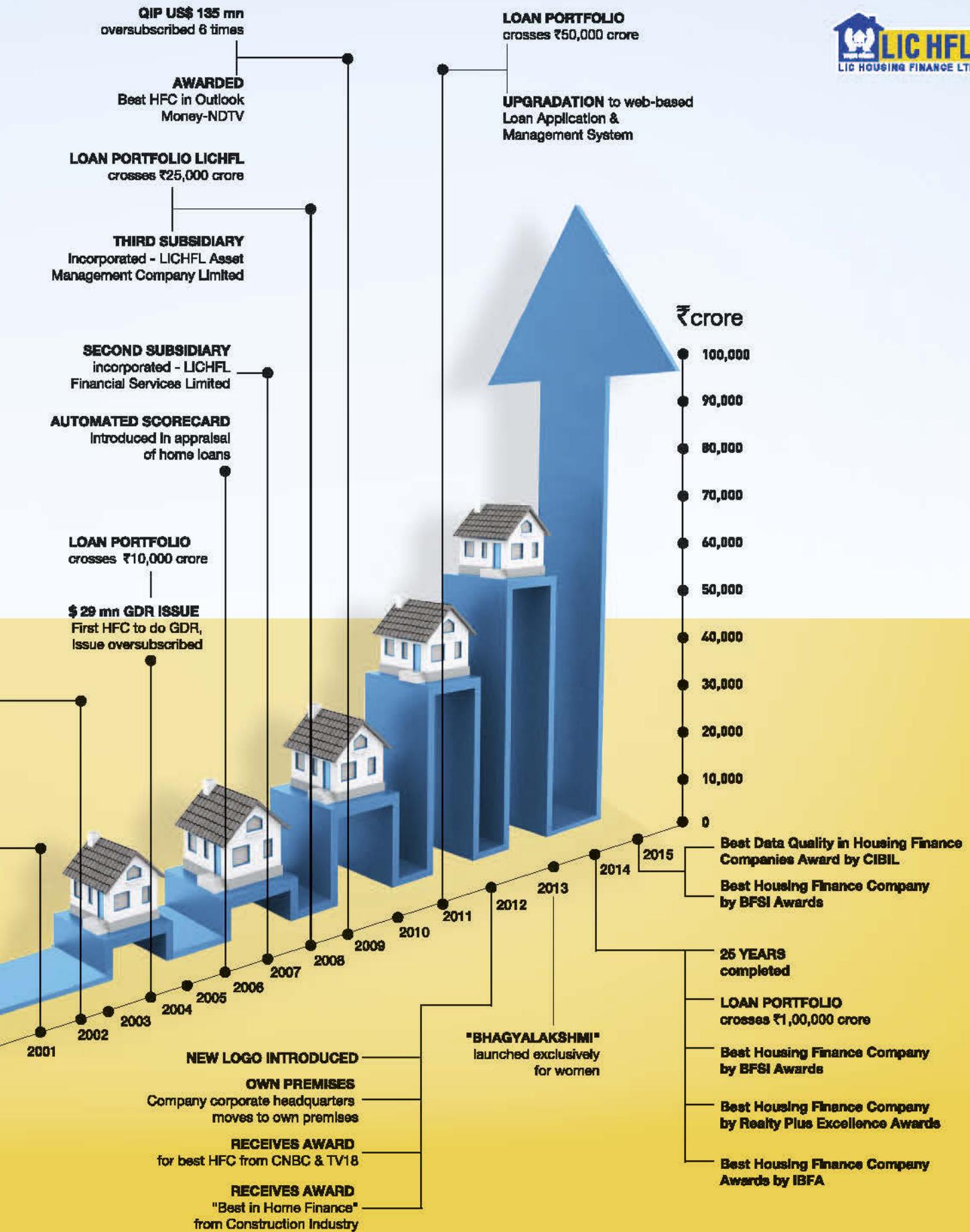
Our Rich Legacy	02
Company Background	04
Embracing Our Legacy	06
Financial Highlights 2015	08
Chairman's Letter to the Shareholders	10
An Interview with the MD & CEO	12
Awards & Accolades	14
Building Homes, Nurturing Relationships	16
Board of Directors	24
Management Discussion and Analysis	29
Directors' Report	38
Report of Directors on Corporate Governance	72
Business Responsibility Report	90
Financial Section	98

Our Rich Legacy

A Legacy of Trust and Transparency

Since 1989, we are a trusted name in the marketplace – one that stands for integrity and sets the standards for it. To be truthful and fair are principles that we hold higher than profit and business goals. Trust is the belief and confidence due to our highest standards of integrity, reliability and transparency that our customers repose in us. We are proud to have earned this trust and in its accomplishment we are inspired to do all it takes to be worthy of it, now and always.





Company background

About LIC Housing Finance Limited

LIC Housing Finance Limited (LIC HFL) is one of the largest Housing Finance companies in India having its Registered and Corporate office at Mumbai. The main objective of the Company is to provide long term finance to individuals for purchase or construction of house or flat for residential purpose / repair and renovation of existing flat/ houses. The Company also provides finance on existing property for business / personal needs and also gives loans to professionals for purchase / construction of Clinics / Nursing Homes / Diagnostic Centres / Office Space and also for purchase of equipments. The Company also provides long term finance to persons engaged in the business of construction of houses or flats for residential purpose and to be sold by them.

History

Incorporated on 19th June, 1989 under the Companies Act, 1956, the Company was promoted by Life Insurance Corporation of India and went public in the year 1994. The Company launched its maiden GDR issue in 2004. The Authorized Capital of the Company is Rs.1500 Million (Rs.150 crore) and its paid up Capital is Rs.1009.9 Million (Rs.100.99 crore). The Company is registered with National Housing Bank and listed on the National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE) and its shares are traded only in Demat form. The GDR's are listed on the Luxembourg Stock Exchange.

Operations

It has 7 Regional Offices, 16 Back Offices and 219 Marketing Offices across India. It also has representative office in Kuwait and Dubai to cater to the Non-Resident Indians in Kuwait and Dubai.

At a glance

- Promoted by LIC of India in 1989
- IPO in 1994, GDR in 2004
- Listed on BSE, NSE and Luxembourg Stock Exchange
- Profit making and dividend paying since 1990
- Highest credit ratings (AAA) since 2002
- More than 18 lac customers serviced till date
- Market Capitalisation Rs.22,066.39 crore
- Total loan assets Rs.1,08,361 crore
- 97 percent of loan assets in retail category
- Cumulative individual disbursements Rs.1,68,851.77 crore since inception
- Gross NPA in retail loans at 0.24 percent



Embracing our legacy to build the future

In the new age economics, public perception of businesses is progressively shifting beyond what they sell to what they stand for.

After all, it is what exists at the core of its being that helps an organisation to grapple with a multitude of complexities, to grow and expand its business to reach out and serve millions in every part of India. The core of its being is also the source of inner strength. And that core is the values it nurtures. With a respectable lineage of trust, LIC Housing Finance is proud to nurture the core values of Anticipation, Empathy, Innovation and Trust which together form the wellspring of its conscience. It becomes the distinguishing factor that separates it from the rest in the industry and enables it to contribute to the society in unique and exceptional ways.

LIC Housing Finance is cementing its legacy with:

- An undivided focus on the housing sector
- Proven domain knowledge to be the leader amongst its peers
- A steadfast commitment to customer convenience through innovative mortgage options and services
- High quality of assets with the lowest NPA ratio in the industry

A solid reputation of transparency and trust that provides prospective customers with a sense of security

Opportunity of affordable housing is a boon for the housing finance industry

With a population of over 1.252 billion people – more than a sixth of the world's population – India has more than 50% of its population below the age of 25 and more than 65% below the age 35. It is expected that, in 2020, the average age of an Indian will be around 30 years. What's more, it is believed that every minute during the next 20 years, 30 Indians will leave rural India for urban areas. Therefore, India's demographic advantage coupled with the rural to urban migration indicates the creation of at least 500 new cities in the next two decades, and the placement of greater demand on affordable housing. Further, India will be one of the fastest growing major economies of the world, with IMF's global forecast report, for 2016, projecting GDP growth of 6.5 percent against China's 6.3 percent. Given this backdrop, housing finance companies, in which LIC Housing Finance is included, is bound to benefit, as real estate sector is poised for a robust growth.

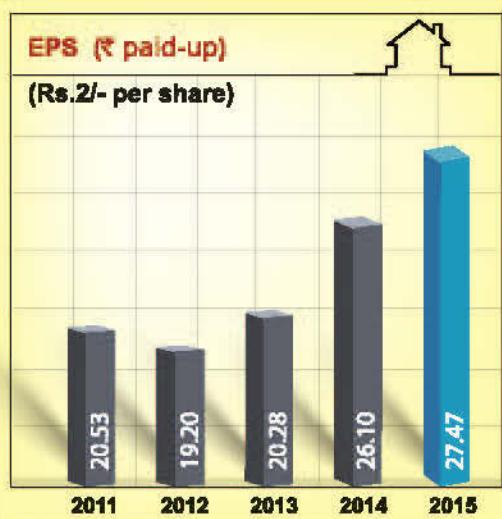
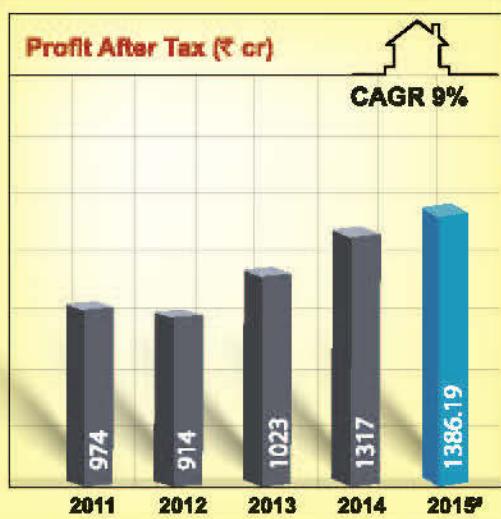
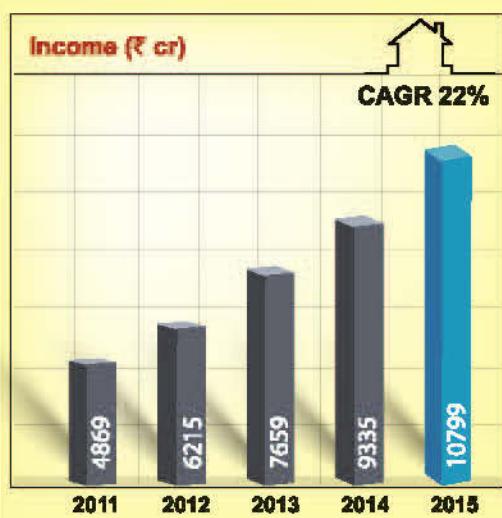
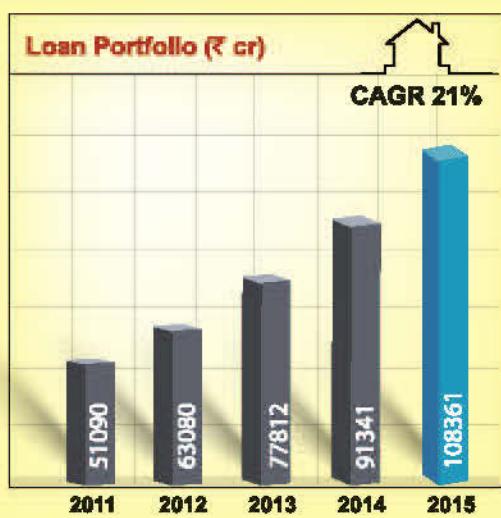
Committed to providing **'Housing for all'**

Housing is a fundamental requirement for dignified living. The Government of India is steadfast in fulfilling the aspirations of all households, particularly the poorest of the poor, to have a dwelling unit under the Mission 'Housing for All' by 2022, marking 75 years of our independence. It is in deference to this commitment that LIC Housing Finance will do what it takes to emerge as the frontrunner among peers to fulfil the dreams of every Indian household to have a home of their own. With a single-minded dedication to deliver consistent long-term value to its stakeholders and the power of focus on sheltering the bottom of the pyramid, LIC Housing Finance, has and continues to conceive innovative mortgage options, to make homeownership an accessible right for every Indian. Furthermore, with an asset base of Rs.108,361 crore – the size of which brackets LIC Housing Finance among the top 3 housing finance providers, a domain knowledge in real estate sector that puts it ahead of its peers, an extensive marketing network of 219 Marketing Offices and 13,300 intermediaries to extend its marketing reach, LIC Housing Finance is confident of building its market share in the future. The legacy of a solid reputation built by holding the highest quality asset with one of the lowest NPAs in the industry, enhancing customer convenience, in terms of products, services and pricing, and the sound fundamentals visible in its consistent track record of profit making and dividend paying since 1990, will be carried forward with perseverance and unflinching dedication.



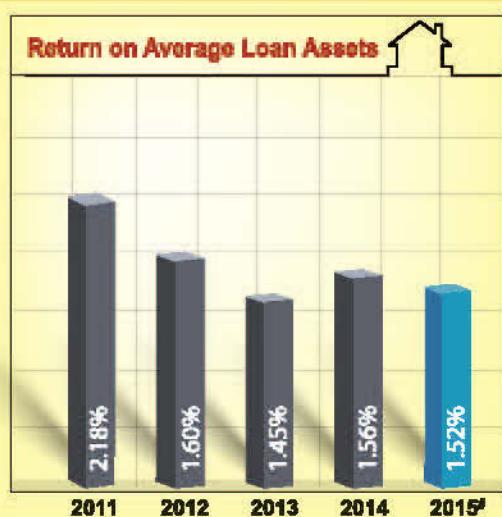
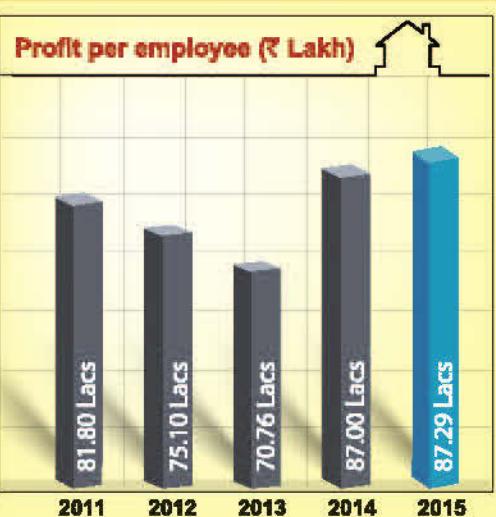
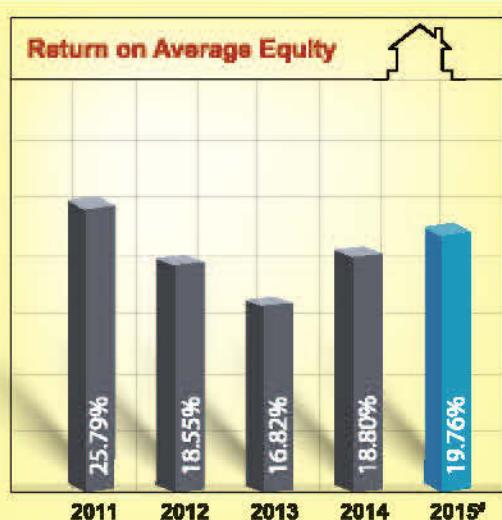
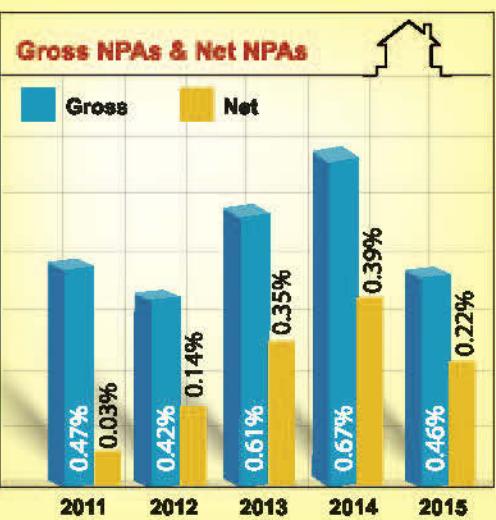
Financial Highlights FY 2015

- Net Profits Rs.1,386.19 crore, up by 5.24%*
- Total Loan Portfolio up by 19% to Rs.1,08,361 crore
- Individual Loan Portfolio up by 19% to Rs.1,05,630 crore
- NIMs 2.24%
- Total Gross NPAs 0.46%



*On account of tax outgo attributable to adjustment of DTL in respect of opening balance and DTL appropriated during the period under review.

- Net NPAs 0.22%
- Gross NPAs in individual loan portfolio 0.24% down from 0.27%
- Dividend for the year 250% as against 225%
- NII showed an increase of 17.77%



Chairman's Letter to the Shareholders

"During FY 2015, our Individual Loan portfolio grew by 19 percent to Rs.105,630 Crore. The solid performance this fiscal was the result of dedicated efforts of our people to address the needs of our customers through value creation and innovative services round the year."

Dear Shareholders,

On behalf of the Board of Directors and on my own behalf, I feel proud to present the Annual Report for the FY 2014-15.

Indian Economic Scenario

The Indian economy grew at 7.3 percent in 2014-15, marginally up from 7 percent in 2013-14. The biggest surprise indeed came from the Index of Industrial Production data (IIP) – comprising manufacturing, mining and electricity sector, which overshot everyone's expectations to clock 4.1 percent growth. Manufacturing grew at 5.1 percent while capital goods among the industries-by-use segment registered a double digit growth. Further, the balance of payment scenario touched a surplus of \$30 billion in the quarter ending March 2015 from low double digit figures in the previous three quarters. What's more, beating its own financial target, the Government contained the fiscal deficit to 3.99 percent of GDP in FY 2015. Overall, the Indian growth story has largely been led by domestic consumption and one can hope that India continues to register handsome growth in the future.

Real Estate Sector

We are looking at the Housing Scenario at a stage when the national economy is on the road to revival. Industrial growth rate which was at a low of 1.5 percent is now a

little over 5 percent. The potential for housing in this country, is by NHB estimates around 20 million houses which is huge. This means that a lot of investments can be expected in the coming years. There is also talk of foreign direct investment coming in which will add to the capabilities of the financial sector in meeting the requirements of housing. As far as availability of finance to the retail customers is concerned, there has been a tremendous improvement in the last few years. The other significant factor that has kicked up a lot of activity in the recent past, in the housing sector, is today's steadily



falling interest rates of loans. The customer who is purchasing a house today has not only the options of competitively low rate of interest, but also choice of different types of loans starting from the house-purchase or house-building loans to house-improvement loans, home equity loans, home extension loans, NRI loans etc. It has never been better than this ever before.

Financial Performance

LIC Housing Finance Ltd. recorded a strong growth of 20 percent in loan disbursements for FY 2015 as compared to FY 2014, to touch a new high of Rs.30,327 crore. Individual loan disbursement was Rs.29,256 crore, registering a growth of 20 percent over the previous year. Further, for the year ended March 2015, the Company's total income was Rs.10,799 crore as against Rs.9,335 crore during the previous year, a growth of 16 percent. Income from operations grew 16 percent from Rs.9,181 crore to Rs.10,699 crore.

The outstanding mortgage portfolio was Rs.108,361 crore as against Rs.91,341 crore, as on March 2014, thus registering a growth of 19 percent. Individual Loan portfolio stood at Rs.105,630 crore as on March 2015, a growth of 19 percent, over the previous year. The Gross NPAs of the Company stood at 0.46 percent on March 2015 as against 0.67 percent last year. Net NPAs were 0.22 percent as against 0.39 percent for the corresponding period in 2014. At the end of the year, the Board was pleased to recommend a dividend of 250 percent as against 225 percent for FY 2014. The solid performance for FY 2014-15 was the result of dedicated efforts of our people to address the needs of our customers through value creation and innovative services round the year.

Corporate Governance

Your Company complies with the Corporate Governance guidelines for listed companies enunciated in the Listing Agreement executed with Stock Exchanges.

Opportunities Ahead

A majority of Indians still find it hard to fulfill the desire to own a home. Surprisingly, this is a decade when luxury items like LED TVs and smart phones are becoming affordable and housing is getting more and more expensive.

Many people in India still live in below average standard homes. This does not mean that the average income of Indians is reducing, but only that housing prices have been increasing exponentially. There is a huge gap between supply and demand and people have fewer choices when it comes to living standards. The main concern is that there is a huge shortage of supply in this segment. 95 percent of this shortage is still concentrated in the economically weaker section (EWS) of the Indian population. If the current backlog is maintained, then by 2020 the country will be facing an extra demand for more than 30 million additional homes. Fortunately, the Government's Mission 'Housing for all' by 2022, suggests a mutually beneficial template that will be a win-win for home buyers and housing finance providers. We do hope that this mission will fulfil our egalitarian objective of a dignified living while helping us deliver sustainable growth for the years ahead.

Acknowledgements

The Board of Directors places on record its deepest appreciation of the valuable services and dedicated efforts rendered by the employees of LIC Housing Finance and other stakeholders, in achieving the high performance objectives during the year 2014-15.

I look forward to the continued support of all our stakeholders in taking your Company forward on the journey of sustainable and profitable growth.

With best wishes,

Surya Kumar Roy

Chairman

An Interview with the Managing Director & CEO

Ms. Sunita Sharma

"A renewed focus on customer relationship management is on the cards that will be a critical ingredient for customer acquisition and business success. Creativity and innovation will be critical tools to enrich our product portfolio and deliver strong financial performance."



How would you describe the performance of FY 2015?

The unwavering commitment to live up to the trust associated with our name and guided by the power of unrelenting focus coupled with a spirit of innovation, the Company, during the year, sanctioned Rs.31,712.90 crore and disbursed Rs.30,327.32 crore registering a growth of 18.74 percent in sanctions and a growth of 20 percent in disbursements over the previous year. For the year ended March 2015, the Company's total income from operations was Rs. 10,699 crore as against Rs.9,181 crore during the previous year, a growth of 16 percent. Net profit after providing for Rs.130.86 crore as Deferred Tax Liability on Special Reserve was Rs.1,386.19 crore as compared to Rs.1,317.19 crore last year, a growth of 5 percent. The outstanding mortgage portfolio as on March 31, 2015 was Rs.1,08,361 crore as against Rs.91,341 crore last year, thus registering a growth of 19 percent. Our continued focus on efficiency and productivity has further reduced the non interest expense to total income ratio to 3.58 percent. Further, the net interest margin stood at 2.24 percent in FY 2015. Our prudent approach to mortgage lending is evident in the asset quality held and the containment of Gross NPA ratio to 0.46 percent as against 0.67 percent last year. Out of that, Gross NPAs in the individual loan segment stood at best ever level of 0.24 percent one of the best in its class.

What were the steps taken by the Company during the year to improve its operational and financial performance?

We consolidated our position and strengthened the competitiveness on service delivery to grow the business qualitatively. Our focus continued to be on winning and retaining customers through continuous efforts to upgrade Information Technology platform to ensure prompt and effective service to them. Further, we expanded our operations by establishing new business centres and increased distribution by appointing new agents as well as incentivising and motivating the marketing intermediaries. What's more, besides making efforts towards reducing overall cost of funds, we initiated steps to improve recovery ratio and ensure lowest NPA level. Our appropriate and competitive pricing of existing loan schemes helped attract new customers.

What is your perspective about the future prospects of the Company?

In view of the huge shortage in urban housing units in the country, the Government of India has been providing continued support to make the sector attractive and giving it due recognition. With the Union Government launching Mission 'Housing for all by 2022', with a focus on promoting affordable housing for weaker sections of the society, the management reasonably foresees good potential for growth in the business of the Company. The creation of 100 smart cities and DMIC would provide further opportunities to the company.

How does the Company plan to deliver more value to customers in the coming years?

The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. To create a depth in leadership and for sustainable competitive advantage, the Company is retaining, developing and inducting the best available talent, with skill upgradation training programmes in different operational areas. We continue to leverage technology to keep pace with a digitally evolving society that will result in improved responsiveness to customer expectations and service deliverables. Apart from this, a renewed focus on customer relationship management is on the cards which will prove to be a critical ingredient for customer acquisition and business success. Alongside our IT initiatives, innovation will be the key driver to enhance our future competitiveness in the marketplace and ensure sustained success.

Awards & Accolades



2014
Best Housing Finance Company
by BFSI Awards



2015
Best Housing Finance Company
by BFSI Awards



2015
Best Data Quality in
Housing Finance
Companies by CIBIL



2014
Best Housing
Finance Company
by IBFA



2014
Best Housing Finance Company
by Realty Plus Excellence Awards

Don't talk, **act.**

Don't say, **show.**

Don't promise, **prove.**

Customer confidence has to be earned. Actions should prove to be louder than words. Trust needs to be built, because relationships can only grow on the bedrock of trust. The first step to confidence begins with attentive listening to customers and trying to understand their precise and differentiated needs. It is the understanding and anticipation of their needs that help us to innovate and introduce several path-breaking and new products to the marketplace. Innovation has been the key to our diversified product portfolio but, in the end, it has been our commitment to handhold the customer at every step of the way to being a home owner that makes us a symbol of dependability and a promise of comfort, which can be measured through our loan disbursements that have exceeded Rs.1,68,851 crore since our inception.

Building homes. Nurturing relationships



Sometimes the best way to help someone is just to be near them.

Buying a home is one of the largest purchases and the biggest decisions one makes in life. Our guide to buying a home aims at being a great source of information for both the first time home buyer and those thinking about a second home. We'll take you through the entire process: from figuring out how large a mortgage you can afford, right through your closing. We'll explain it all to you in simple terms, which should remove the mystery around buying a home. Our highly trained agents serving through 219 Marketing Offices spread across the country, make sure owning a home, which is a big financial step, is undertaken with you experiencing our resolve for your security. With premier standards of professional services advising you, suggesting ideal mortgage options with the finest terms, helping you make the right decision and assuring your welfare, it is no surprise over 18 lac families in India own their homes with our economic, emotional and moral support.

Building homes. Nurturing relationships



Nothing is more exciting and bonding in relationships than creating happiness together

Nothing is more exciting and bonding in relationships than creating happiness together. Whether you're a first-time home buyer or have plenty of experience, purchasing a house is just plain stressful. From identifying the property and negotiating the price right through to making legal checks and registering the property can lead to some serious headaches. To make this process less stressful, our Property Services Division assists prospective home buyers in providing location advice to suit budgets, apply for well-matched loan and offer previews of a suitable properties. We believe the process of buying a home should not undermine the excitement of home ownership. Therefore, we will make the home buying process more transparent. We give you choices to help you save money and time. What's more, we will give you the information you need when you need it to help make decisions and promise to be with you from start to finish.

Building homes. Nurturing relationships



Confidence doesn't come when you have all the answers.

It comes when you are ready to face all the questions.

Whether you're first-time homebuyer or are looking to purchase your second home or investment property, we want the process to be transparent and seamless for you. In this regard, we leverage technology to bring convenience to our customers, which entails, streamlining processes, being better informed of our range of products, monitoring of account balances, applying for loan and improving customer engagement.

With a view to strengthen our relationship with customers, we have begun leveraging the full power of a digital Customer Relationship Management (CRM) system. This system aims at improving the relationship with existing customers, finding new prospective customers, and winning back former customers. This system helps in collecting, organizing, and managing the customer information. By using this strategy, all dealings involving servicing, marketing, and selling products to our customers can be carried out in an organized and systematic way. We can also provide better services to customers through improved understanding of their requirements. In this way, we are better equipped to receive continuous feedback from customers regarding our products and services.

Building homes. Nurturing relationships



BOARD OF DIRECTORS

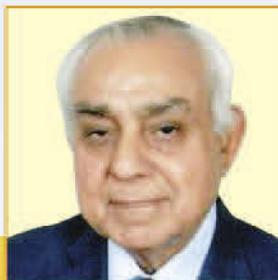


SHRI SURYA KUMAR ROY

Chairman



DR. B. N. SHUKLA
Director



SHRI JAGDISH CAPOOR
Director



MS. SAVITA SINGH
Director



SHRI T. V. RAO
Director



DR. D. BHANDARI
Director



SHRI D. SARKAR
Director



SHRI V. K. KUKREJA
Director



SHRI S. B. MAINAK
Director



MS. SUNITA SHARMA
MD & CEO

PROFILE OF BOARD OF DIRECTORS

1. SHRI SURYA KUMAR ROY

Chairman

Shri Surya Kumar Roy took charge as Chairman, Life Insurance Corporation of India, on 29th June, 2013. He has more than thirty years of experience in LIC of India. He did his MA and LLM from University of Delhi and University of Warwick, respectively. He then acquired his Ph.D from the University of Burdwan, on International Labour Migration.

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

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

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

2. DR. B. N. SHUKLA

Director

Dr. B. N. Shukla, B.A. Honours with Economics, Master's Degree in Personnel Management and Industrial Relations, Ph.D Degree in Industrial Relations from Patna University. Worked as a Research Scholar in Shree Ram Centre For Industrial Relations, New Delhi for two years in various Research Projects. Joined Patna University as a Lecturer in 1966, and became University Professor and Head of the Department, Department of Personnel Management and Industrial Relations. He was also a visiting faculty to the Department of Industrial Relations, Sydney University, Australia; Department of Management Studies, Queens University, Montreal, Canada; and to the School of Industrial Relations, Cornell University, USA.

He also worked as a Functionary in International Labour Organisation (ILO), Geneva and as a Consultant in the ICATVT, Turin, Italy. Was Member, Banking Service Recruitment Board (BSRB), Patna from 1990 to 1996. Worked as a Professor in Industrial Relations and then became the Director, for a short period, of L.N. Mishra Institute of Economic Development and Social Change, Patna. He was also Member Zonal Advisory Board, Eastern Zone, LIC; Former Member of Consumer's Affairs Committee LIC of India. Presently he is also Member of Bihar Central Standing Labour Advisory Board and Member, Bihar Minimum Wages Advisory

Board. He is also Member, Board of Governors, Chandragupt Institute of Management Patna.

3. SHRI JAGDISH CAPOOR

Director

Shri Jagdish Kapoor joined Reserve Bank of India in 1962 as a Junior Officer and held various positions across different Departments of the Bank. Appointed Executive Director in 1995 and Deputy Governor of the Bank in Jan 1997 and held charge of Industrial & Export Credit, Foreign Exchange, Currency Management, Cooperative banking sector, Administration, HRD and Training. Retired in July 2001.

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

During his tenure as Deputy Governor at RBI, he was appointed Chairman of Deposit Insurance and Credit Guarantee Corporation and also Chairman of Reserve Bank of India Note Mudran Limited (currency printing). These were concurrent charges.

During his service with RBI, he was also appointed on the Boards of several banks like Bank of Baroda, National Housing Bank, Export Import Bank of India, Infrastructure Development and Finance Co, State Bank of India and National Bank for Agriculture and Rural Development.

After retirement from RBI, he was appointed Chairman of HDFC Bank (2001-10), Chairman, Agriculture Finance Corporation (2002-05) and on the Board of Bombay Stock Exchange (2003-10) initially as member and later as Chairman. These were non-executive positions.

Presently, he is serving on the boards of several companies –prominent among them being Manappuram Finance Ltd, Thrissur, LIC Pension Fund Ltd., Mumbai and BanyanTree Bank in Mauritius.

He is also a member of the Board of Governors of the Indian Institute of Management, Indore.

4. MS. SAVITA SINGH

Director

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

PROFILE OF BOARD OF DIRECTORS

Law Graduate from Mumbai University, Mumbai. She also has professional affiliates with the Bar Council of Maharashtra and Goa.

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

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

5. SHRI T. V. RAO

Director

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

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

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

Shri T. V. Rao has widely travelled representing the institutions he was working from time to time and participated in various international seminars on topics like Mortgage backed Securitisation, Derivative Products, Structured Finance etc. He was a member of the International Trade Committee of the Federation of Karnataka Chambers of Commerce and Industry. He is an Independent Director on the Board of NATCO Pharma Ltd., Hyderabad Electronica Finance Ltd.,

Pune, Canfin Homes Ltd., Bangalore, STCI Finance Ltd., Mumbai, Kisan Mouldings Ltd., Mumbai and Public Representative Director on the Board of BgSE Financials Ltd., Bangalore.

6. DR. DHARMENDRA BHANDARI

Director

Dr. Dharmendra Bhandari served as a member of the Faculty of Commerce in the University of Rajasthan, Jaipur from 1983 and took early retirement as Associate Professor in 2002. He did his Ph.D in Commerce and is also a Chartered Accountant. He has more than 30 years of academic and professional experience in the Financial Sector.

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

Dr. Bhandari is currently on the Board of JP Morgan Mutual Fund (India) Pvt Ltd; SBI Capital Markets etc. Dr. Bhandari has served as Director of several public sector Banks such as Dena Bank, Bank of Maharashtra, and Bank of Baroda. He has also served as Director on the Board of several companies such as Tata Timken, Birla Corp; etc.

7. SHRI DEBABRATA SARKAR

Director

Shri Debabrata Sarkar is a Fellow in Chartered Accountant with Masters' degree in Commerce from Calcutta University. He also has to his credit CAIIB. Shri Debabrata Sarkar joined Bank of Baroda as Manager (Credit) in July, 1982 and handled various responsibilities in the areas of General Banking Operations, International Banking, Credit, Treasury Operations and Internal Audit. He worked as Chief Manager (Internal Audit) at Bank of Baroda, Port Louis, Mauritius to look after internal audit of Mauritius, Seychelles & South Africa. In the year 2002 Shri Debabrata Sarkar was posted as Head of Treasury Operations at Mumbai and from the year 2005 to 2008,

PROFILE OF BOARD OF DIRECTORS

worked as Zonal Head at Surat (Gujarat), Chennai and Mumbai. Thereafter he was posted as General Manager (Corporate Credit) at Central Office, Mumbai. On promotion he became an Executive Director in December, 2009 and posted at Allahabad Bank, Kolkata. In April, 2012, Shri Debabrata Sarkar was promoted and posted as Chairman & Managing Director in Union Bank of India, Mumbai and continued till his retirement in November, 2013.

8. SHRI V. K. KUKREJA

Director

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

He started his career as an Accounts Officer and worked for National Textile Corporation and Central Electronics Limited (Ministry of Science and Technology) in brief tenures. He joined Life Insurance Corporation of India (LICI) as Direct Recruit Officer (C A Batch) in Jan 1983. By 1996 he had been elevated to the post of Dy. General Manager in LIC Mutual Fund. In the year 2005 he was made Chief (Investment operations) in the Mumbai Head office of LICI where he managed Equity, Debt and G-Secs Portfolios and also managed the entire treasury operations. He also rose to become the Executive Director (Investment-RMR) in 2009 and established new Dept. Risk Management and Research. He retired from services of LIC of India as Executive Director on 30th September, 2012.

Shri. V. K. Kukreja has also been Nominee Director on the boards of various companies in sectors such as Power Generation & Distributions, Commodity Exchange, Co-operative Housing Finance and Brokerage. He was also a committee member on Committees of various Companies / Funds, in sectors such as Private Equity, Infrastructure, IRDA etc.

Global exposure:-

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

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

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

9. SHRI S. B. MAINAK

Director

Shri S. B. Mainak, Managing Director of Life Insurance Corporation of India, is a Chartered Accountant. He joined LIC as a Direct Recruit Officer (CA batch) in the year 1983.

During his stint in LIC he has acquired a wide range of experience working not only in Investment, Finance and Accounts, but also in Marketing assignment as Sr/Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in Investment department and in Academics during a stint in National Insurance Academy(NIA), Pune as Professor (Life Insurance) and Head of Finance Department of NIA where he has been instrumental in creating new teaching programs relating to finance & accounts, investments, GAAP accounting, IIFRS and marketing strategy for officials of Insurance Companies.

Currently he is on the Board of ITC Limited, Mahindra & Mahindra Limited, National Stock Exchange of India Limited, , LIC Nomura Mutual Fund Trustee Company Private Limited, LIC Housing Finance Limited, LIC Cards Services Limited, LIC (Nepal) Limited, LICHFL Asset Management Company Ltd. Further, he is Dy. President of Insurance Institute of India and Member of Governing Board of National Insurance Academy, Pune. He was earlier appointed by the Government of India on the Board of Satyam Computer Services Ltd. as Independent Director for restructuring the company.

He has been earlier conferred with "NDTV Profit Business Leadership Award" 2009, "CNN-IBN Indian of the Year Award" 2009 and "Dataquest IT Persons of the Year" 2009 for his active role in restructuring of Satyam Computer Services Ltd.

10. MS. SUNITA SHARMA

MD & CEO

As the first woman to head LIC Housing Finance Ltd, the country's second-largest mortgage lender in its 25th year, Ms. Sunita Sharma has the responsibility of guiding the organization to its next level of growth.

A Masters Degree in Science from Delhi University, she joined the Life Insurance Corporation as Direct Recruit Officer of 11th batch in 1981. A person who always enjoys taking on challenging assignments, her career with LIC of India spans across various functions like Investments,

PROFILE OF BOARD OF DIRECTORS

Marketing, Personnel etc. She prides herself a Team Player and believes in the power of human potential that is required to scale up any business. She has shown initiative, courage and conviction when it comes to decision making and taking things to a logical end while always leading from the front. Her intellect, energy and integrity are integral to her personality counted by her colleagues. Her dynamic personality is her main strength and she does not hesitate when it comes to reaching out and convincing people within the organization and outside. These qualities foster loyalty with many in her team volunteering to work with her.

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

- She headed its Investments Department in the rank of Executive Director looking after equity research and risk management in 2013.
- As Head of Pension & Group Schemes in the rank of Executive Director of LIC of India, during her span of 4 years, the premium income more than trebled to Rs.46,000 crore from Rs.10,549 crore between 2008 & 2012.

- As Chief (Personnel) in LIC of India, she was responsible for conceptualizing and designing HR strategies for LIC of India.
- As Regional Manager (Estates & Office Services) she played a key role in LIC acquiring property worth more than Rs.2,000 crore.
- As Regional Manager (Northern Region) of LIC Housing Finance covering the states of Delhi NCR, Rajasthan, Chandigarh, Punjab and Himachal Pradesh, she played a pivotal role in establishing new business model of separating sales and credit functions.

In February 2015, ABP Real Estate Awards presented her with "WOMEN SUPERACHIEVER IN REAL ESTATE SECTOR". In December, 2013 the Institute of Economic Studies (IES), New Delhi conferred her with "UDYOG RATTAN AWARD" for excellence. Besides her present role as MD & CEO of LIC Housing Finance Ltd., she is also the Managing Director of LIC HFL Care Homes Ltd. and is on the Boards of LICHFL Financial Services Ltd., LICHFL Asset Management Company Ltd., LIC Nomura Mutual Fund Asset Management Company Ltd., Bhushan Steel Ltd., and Larsen and Toubro Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACROECONOMIC OUTLOOK

GDP

The growth in GDP during 2014-15 is estimated at 7.4 percent as compared to the growth of 6.9 percent in 2013-14. The economic growth rate had been revised upwards to 6.9 percent for 2013-14, as against 4.7 percent estimated earlier, after the government updated the base year for measuring national accounts to 2011-12 from the earlier 2004-05.

In Q3 FY15, growth rates in various sectors are as follows: 'agriculture, forestry and fishing' (-0.4 percent), 'mining and quarrying' (2.9 percent), 'manufacturing' (4.2 percent), 'electricity, gas and water supply and other utility services' (10.1 percent) 'construction' (1.7 percent), Trade, hotels, transport, communication and services related to broadcasting' (7.2 percent), 'financial, real estate and professional services' (15.9 percent), and public administration, defence and other Services' (20.0 percent).

According to the RBI the GDP growth estimates of the Central Statistics Office (CSO) for 2014-15 already project a robust pick-up. But leading and coincident indicators suggest a downward revision of these estimates when fuller information on real activity for the last quarter becomes available. Uncertainty surrounding the arrival and distribution of the monsoon and unanticipated global developments are two major risks to baseline growth projections. Output growth assuming normal monsoons, supportive policy environment and no major structural change or supply shocks is projected at 7.8 percent for 2015-16.

According to the Economic Survey 2014-15, a political mandate for reform and a benign external environment have created a historic moment of opportunity to propel India onto a double-digit growth trajectory. Decisive shifts in policies controlled by the Centre combined with a persistent, encompassing, and creative incrementalism in other areas could cumulate to Big Bang reforms. As a result of certain macro-economic improvements, India's position now compares favourably with other countries. India presently ranks amongst the most attractive investment destinations. Amongst BRICS only China scores above India.

The Survey further states that India needs to balance the short-term imperative of boosting public investment to revitalise growth with the need to maintain fiscal discipline. Expenditure control and expenditure switching, from consumption to investment would be the key. "The balance sheet syndrome with Indian characteristics" creates a web of difficult challenges that could hold back private investment. Private investment must remain the primary engine of long-run growth. But in the interim, to revive growth and to deepen physical connectivity, public investment especially in the railways, will have an important role to play.

The Survey identifies four factors that pose risks to the external sector:

- Renewed financial market volatility in response to US Federal Reserve monetary tightening which is expected later this year;
- Possible turmoil if the viability of the Euro-zone were to come into question in the event of a Greek exit;
- A spike in oil prices related to geopolitical events; and
- A slowly deteriorating international trade environment.

Industrial production growth

In Feb'15, IIP reported increase of 5.0 percent as against a decrease of 2.0 percent in Feb'14. The cumulative growth for the period April-Feb 2014-15 was 2.8 percent as against -0.1 percent over the corresponding period of the previous year.

In terms of industries, fifteen (15) out of the twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown positive growth during the month of February 2015 as compared to the corresponding month of the previous year. The industry group 'Wearing apparel; dressing and dyeing of fur' has shown the highest positive growth of 62.0 percent, followed by 35.8 percent in 'Electrical machinery and apparatus n.e.c.' and 19.6 percent in 'Wood and products of wood & cork except furniture; articles of straw & plating materials'. On the other hand, the industry group 'Office, accounting & computing machinery' has shown the highest negative growth of (-) 44.6 percent, followed by (-) 43.4 percent in 'Radio, TV and communication equipment & apparatus' and (-) 8.2 percent in 'Other transport equipment'.

Monetary Measures

On April 7th, 2015 Reserve Bank in its Policy Statement stated The Monetary Policy Framework Agreement signed by the Government of India and the Reserve Bank in February 2015 will shape the stance of monetary policy in 2015-16 and succeeding years. The Reserve Bank will stay focussed on ensuring that the economy disinflates gradually and durably, with CPI inflation targeted at 6 percent by January 2016 and at 4 percent by the end of 2017-18. Although the target for end-2017-18 and thereafter is defined in terms of a tolerance band of +/- 2 percent around the mid-point, it will be the Reserve Bank's endeavour to keep inflation at or close to this mid-point, with the extended period provided for achieving the mid-point mitigating potentially adverse effects on the economy. RBI kept the policy repo rate under Liquidity Adjustment Facility (LAF) at 7.5 percent; Cash Reserve Ratio (CRR) of scheduled banks was kept unchanged at 4.0 percent of Net Demand and Time Liabilities (NDTL). The reverse repo rate under LAF remains unchanged at 6.5 percent, and the Marginal Standing Facility (MSF) rate and the Bank Rate would be at 8.5 percent. Going forward, the accommodative stance of monetary policy will be maintained, but monetary policy actions will be conditioned by incoming data.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Public finance

The revenue receipts in 2013-14 was Rs.1,015,279 crore, 8.9 percent of the GDP. The gross tax revenue in 2013-14 are provisionally estimated to be Rs.1,133,832 crore which is 10 percent of the GDP. The gross tax revenue has shown a decrease of 0.2 percent in terms of GDP over the previous year. The shortfall is mainly due to the poor performance of indirect taxes, according to the economic survey report.

Fiscal deficit and revenue deficit during 2015 was 117.5 percent and 133.3 percent respectively, of budget estimates respectively. Plan and Non-Plan expenditure were 85.8 percent and 87.2 percent of revised estimates respectively.

Fiscal Deficit Financing

Fiscal Deficit (actuals up to February 2015) of Rs.5,12,628 crore, largely financed through Domestic Financing. Out of Domestic Financing of Rs.5,96,839 crore, market borrowing was Rs.4,85,780.83 crore which is 98 percent of its budget estimates. The government's disinvestment programme in the new financial year started with REC's Rs.1,550 crore share sale. The new government's first full Budget in February announced a Rs.69,500 crore plan to sell stakes in government companies. Of this, the government has budgeted Rs.41,000 crore through stake sales in public sector units and Rs.28,500 crore via strategic disinvestment.

Balance of payment/Current Account Deficit (CAD)

India's Current Account Deficit (CAD) narrowed to \$8.2 billion (1.6 percent of GDP) in Q3, fiscal 2015 from \$10.1 billion (2.0 percent of GDP) in Q2. Compared to a year ago, however, CAD doubled (from \$4.2 billion) due to a rise in goods imports (4.7 percent y-o-y) coupled with a decline in goods exports (-1 percent y-o-y). Consequently, merchandise trade deficit widened sharply to \$39.2 billion from \$33.1 billion a year ago. However, a rise in net services exports to \$20.3 billion in Q3, fiscal 2015 vis-à-vis \$18.1 billion a year ago, provided some cushion to the CAD. Capital flows at \$23.4 billion (up from \$18.7 billion last quarter), were more than sufficient to finance the CAD and resulted in an accretion of \$13.2 billion to India's foreign exchange reserves. Reserve build-up in Q3 was significantly higher than \$6.9 billion in the previous quarter.

The widening of trade deficit was entirely driven by a sharp worsening of India's non-oil trade deficit as non-oil imports have been rising on the back of domestic recovery while non-oil exports continue to languish due to weak global demand. In contrast, the oil trade deficit (oil exports-oil imports) narrowed by nearly \$7 billion as sharp decline in oil prices lowered India's oil imports bill, which alone account for 1/3rd of India's total goods imports. Oil prices (Brent) averaged to \$76.4/barrel in October-December 2014 compared to \$109.2/barrel in the same period a year ago.

CRISIL Research projects a forecast of India's CAD at \$32 billion (1.5 percent of GDP) for FY15, similar to FY14. Lower oil prices will help reduce oil imports and offset the impact of higher gold imports following the withdrawal of 80:20 rule. India's current account deficit had widened to a five-quarter high of 2.1 percent of GDP in the second quarter. Global crude prices have declined by 50 percent in the last eight months which has led to a 28.6 percent contraction in India's biggest import item but it also pulled down petroleum exports which fell 20.1 percent in the month. Export growth is likely to remain weak as lower oil prices create downside for petroleum product exports, which account for 20 percent of India's overall exports. Moreover global demand continues to remain weak.

Currency and Reserves

Foreign currency reserves increased. After the rupee appreciated in the month of May 2014 in terms of one US\$ to Rs.58.78 (21.05.2014) mainly due to large FII inflow, it is now hovering around Rs.62.00-Rs.63.00 (Rs.62.39 on 13.04.2015). In the last year CY2013, Rupee touched a low of Rs.68.4 in Aug'13.

Inflation

Consumer price inflation (CPI) with changed base year from 2010 to 2012 inched up to 5.37 percent in February, higher than the previous month's 5.1 percent. RBI had expected CPI to be at 8 percent in January 2015 and 6 percent in January 2016.

The Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation with the new year has revised the Base Year of the Consumer Price Index (CPI) from 2010=100 to 2012=100. In this revised series, many methodological changes have been incorporated, in order to make the indices more robust. As per the new series, higher weight has been assigned to education and health services, while the weight of food and fuel items were reworked and house rent index data has been widened.

The Wholesale Price Index (WPI)-based inflation fell to -2.06 percent (provisional) in February 2015 against -0.39 percent (provisional) in the previous month. Fuel and power, having a weight of 14.91 percent declined by 4.4 percent to 181.3 (provisional) from 189.7 (provisional) for the previous month. The Primary Articles having a weight of 20.12 percent, declined by 1.9 percent to 241.9 (provisional) from 246.6 (provisional) for the previous month.

With inflation falling and industrial growth still not picking up, RBI had responded by reducing the policy repo rate by 25 bps (on 04.03.15) to 7.50 percent. CRR was kept unchanged.

FII's Investment

In Equity market, FIIs invested Rs.2,752 crore in the month of Apr 2015 (up to 11.04.2015). This year the net investment

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

totals Rs.38,569 crore (up to April 11th, 2015). In Debt market, FIIs took out Rs.338 crore in the month of Apr 2015 (up to April 11th, 2015). This year the net investment totals Rs.42,075 crore (up to April 11th, 2015).

Last year RBI added \$24 billion to foreign exchange reserves as the central bank kept absorbing the FII flows from domestic markets through state-run banks. The rise in 2014 is the highest since 2009 on a year-to-year basis. Till April 3, the reserves totaled \$343 billion.

Foreign investors had earlier pulled out a record Rs.48,968 crore (close to \$8 billion) from debt as domestic 10-year G-sec rates increased and the rupee weakened. The last time the Indian debt market witnessed an exodus was in 2005, when FIIs withdrew nearly Rs.5,208 crore (\$1.2 billion). The worst sell-off happened in June 2013 when FIIs pulled out Rs.31,341 crore (\$5.3 billion) in a single month after Ben Bernanke hinted the market with the announcement that the US Fed could announce a tapering by the end of the year. The rupee lost 12.37 percent in 2013 as it slipped from Rs 55 at the beginning of the year. It even hit a record low of Rs.68.84 on August 28th, 2013. The 10-year G-sec yield rose from 8.05 percent in January 2013 to 8.83 percent at the end of the year, driving bond prices lower.

Total FDI inflows (Equity inflows + Re-invested earnings + Other Capital) during Financial Year 2014-15 (from April'14 to Sep'14) are US\$ 21.511 billion, as per RBI's Monthly bulletin dtd: November 10th, 2014. The Indian equity markets improved and BSE SENSEX touched its all-time high level of 30,024 on March 4th, 2015. BSE Sensex up by about 27 percent in the last one year.

Bank Credit and Deposit growth

According to RBI data on 10th April 2015 (Outstanding as on March 20th, 2015), Bank credit grew Y-on-Y by 9.5 percent as compared to 13.9 percent last year. In aggregate, Deposit growth was 11.4 percent as against 14.1 percent last year. Investment grew by 13.2 percent as against 10.3 percent last year. Credit quality of companies has remained under stress mainly in power, construction, engineering, and steel, and led to higher non-performing assets (NPAs).

Debt

Yields on the 10-year benchmark government bond continued to remain at medium to high levels. The 10 yr benchmark yield may remain volatile.

CONCLUSION

RBI's focus is on growth as well as inflation. They have taken various measures to increase liquidity, reduce the volatility in foreign exchange market and curb inflation. Latest disinflationary pressures had provided for an accommodative stance of monetary policy.

Many important structural reforms are embedded in the Union Budget 2015-16, which will help improve supply over the medium term. In the short-run however, the postponement of fiscal consolidation to 3 percent target by 1 year will add to aggregate demand.

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

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

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

The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive. While rapid urbanization and growing cities provide various opportunities, there is a fallout in terms of proliferation of slums, high prices of land and building materials which render houses unaffordable for the segment at the bottom of the pyramid. The technical committee constituted by the Ministry of Housing and Urban Poverty Alleviation has estimated housing shortage at 18.78 million during the 12th Five Year Plan period of which over 95 percent of this housing shortage is estimated in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories.

With increasing urban population it is estimated that it would generate unprecedented demand for quality real estate and infrastructure. Approximately 123 million of urban population by 2020 is likely to require professional assistance for construction of houses. This would lead to a whopping 95 billion square feet of potential demand of real estate space across residential, retail, commercial, industrial and civil amenities over 2010-20. This would mean an average demand of 8.7 billion square feet, potentially needs to be built every year.

Transportation infrastructure projects have a major impact on adjoining realty markets which can be leveraged to develop affordable housing. Investments in such projects, will also reduce demand friction around the Central Business Districts (CBDs) and allow for greater regional accessibility.

Mid segment residential units continued to remain favourite amongst developers with a two-third share in total launches; also, unit launches in this segment increased by 5 percent from the previous year. Unit launches in the high-end segment dipped by 29 percent in a year; whilst in the affordable segment they declined by 38 percent from the previous year. Although luxury units contributed only 1 percent to total unit launches, they increased by five times from the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the leading rating firm ICRA, 60 percent of housing loan credit is covered by HDFC, LIC Housing, SBI Group, ICICI Group and Axis Bank. Around Rs.3.7 lakh crore – housing loan book is with housing finance companies while the banking sector holds loan book to the tune of Rs.6.3 lakh crore. Approximately Rs.18,000 crore to Rs.28,000 crore – External capital is required for housing finance companies to grow at 20-22 percent in next five years.

Capital value trends at the end of 2014:

Pune saw the highest increase in capital values with most markets registering an increase, in capital values. Quoted capital values appreciated in the range of 2-14 percent from the previous year in majority of Pune's submarkets. Quoted capital values in the high-end segment of Chennai's central submarket comprising locations such as Boat Club and Poes Garden, also appreciated by 8 percent from the previous year primarily due to dearth of new supply amidst continued demand. Bengaluru, Hyderabad, Mumbai and Kolkata witnessed a mixed trend with capital values in many submarkets remaining sticky throughout the year. Due to continued demand and because of improving infrastructure, quoted mid segment capital values appreciated by 3-7 percent in a few submarkets of Bengaluru. Quoted capital values in a few submarkets of Hyderabad and Mumbai appreciated by 2-9 percent, primarily due to unit launches at higher prices. Quoted capital values in Ahmedabad and Chennai remained largely stable for majority of the submarkets from the previous year. Mid segment units in south submarket (Maninagar- Ahmedabad) appreciated by 5 percent year on year and GST (Grand Southern Trunk Road - Chennai) also improved by 10 percent in 2014.

Delhi-NCR was the only city that registered correction in its quoted capital values during the year. Apart from Noida, which witnessed an appreciation of 5-6 percent in both mid and high-end properties, quoted capital values corrected in the range of 2-11 percent due to high levels of unsold inventory in other submarkets within the NCR.

Looking ahead:

The Indian government has recently announced its vision of 'Housing for all by 2022', the year in which India will celebrate 75 years of its independence. To achieve this target, the government will need to come up with an optimum mix of budgetary support and policies to strengthen investors' sentiments and make housing projects, especially in the affordable segment, financially accessible to people from all walks of life. Making around 2 crore urban houses and 4 crore rural houses is a huge project in itself, and will require not only a sustained government interest and investment but will also need substantial private sector investment and involvement. Affordable housing is a focus area of the government. Moreover, the government has relaxed its FDI policy for projects, demonstrating its commitment to provide housing for all its citizens.

Looking at the scale of demand, India needs to do a lot more to promote affordable housing and achieve the government's vision of 'Housing for all by 2022'. Some of the initiatives, if taken by government could help to realise this dream, and they are: properties should be sold to individuals in the appropriate income brackets, otherwise, there may be speculation in prices; housing policies should be revamped from time to time to keep them relevant; specific tax holiday benefits alongwith subsidies on interest rates and waiver of stamp duty, could be provided for affordable housing projects, and reserved zones for affordable housing in city plans, would enable adequate supply of land. According housing 'Infrastructure status' would benefit the sector by providing easier access to funds. Increased moratorium period on repayment of loans, along with concessional rates, would help in making investment attractive.

Investing in real estate has become increasingly popular over the last few decades. Real estate is considered to be one of the sound investment options. Real estate market offers plenty of opportunities for making big gains. India is likely to witness an infrastructural boom, providing real estate with an advantageous edge as an investment vehicle.

However, it is important to mention that caution should be exercised at all cost while investing in real estate, considering many facets including possible capital appreciation during the project life cycle and studying the reputation of the developers for delivery within stipulated time as well as legal issues related to the project.

Competition:

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

Making housing loans available for a greater part of the home value for the customers of affordable homes, is a welcome step. Many banks used to earlier give loans for 80 percent of the value of house / flat, are now ready to give 90-95 percent of the home value in case of affordable housing and the repayment period can be as much as 30 years, thus reducing the EMI, as per the new RBI guidelines.

Interest rates on a home loan are one of the most important factors that influence the buying decision of an affordable homebuyer. With the RBI's decision to cut the repo rate by 25 basis points, property buyers are enthusiastic since now, an affordable home can become even more affordable for them as interest rates are likely to come down. Banks and Housing Finance Companies are likely to lower their interest rates in order to enable the home buyers to avail home loans at competitive rate.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

Opportunities:

The aspiration to own a home remains a basic concern for every individual. In fact, developers remain positive that it is this 'need-based concern' which would ultimately help them to tide over the present lull phase. Catering to this basic concern, several housing finance companies and banks extend various loan schemes.

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

For the last few quarters, developers have been gearing up in order to buck the market trend and devise various measures to incentivise their property sales to prospective buyers. As buyers are getting more price sensitive, developers are also offering discounts on the rates per square feet charged from the customers.

Positive aspects of Real Estate Investment

- A sound investment: The best thing about investing in real estate is that there is likely appreciation with the passage of time.
- Less risk involved: Investors are less likely to end up with a loss by investing in real estate. Real estate is relatively free from drastic fluctuations and rarely loses value over the long term. On the other hand, factors such as surrounding infrastructure developments, i.e. a new road, school or hospital etc., can increase the value of real estate many times.
- More choice: There is a wide array of choices for investing in real estate across India. It can be land, commercial / residential space.
- Profitability: Investment churns up profit in many ways as returns, including appreciation, resale and rents.

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

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

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

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

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

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

Threats (bottlenecks)

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

Residential real estate is defying the conventional wisdoms of economics where a constant price hike is not benefitting the real estate companies either. With pressure on both, the demand and supply side, residential real estate has gone into a vicious cycle of ever increasing cost, falling demand, liquidity crunch and last but not the least, delay in approvals

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

adding to the woes of the developers. Home sales have slowed down, private equity has dried up, the primary market is subdued and banks have been reluctant to lend to builders. A combination of consumer activism, agitation by farmers, bureaucratic delays, labour shortage and legal wrangles, have contributed to the holding up of projects.

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

Segment-wise Reporting

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

Outlook

The general feeling is that the demands of the sector may well be addressed in the future but the roadmap and the vision of the government, vis-à-vis the fortunes of the realty sector are well intended. Most importantly, the Finance Minister has committed to implementing the GST from 1st April, 2016 and has also committed to remove exemption and decrease the corporate tax rate from 30 percent to 25 percent over the next four years, which would ultimately leave more investable surplus in the hands of the corporates, which will be ploughed back into the business and thereby, contribute to the country's GDP. Further, the move to monetise gold by parking the same with banks, will create investable surplus in the hands of individuals and the move to abolish wealth tax will be a big boost in this regard.

From the real estate industry point-of-view, the government has made one much needed announcement and that is with respect to FIIs being permitted to invest in Alternate Investment Funds (which includes REIT i.e. Real Estate Investment Trusts). These funds will have a 'pass through status' which means the post tax income earned by these trusts, will be passed through to the investors with no additional tax. The government's vision 'Housing for All by 2022' will encourage more investment in the affordable housing; however, this needs to be backed by strong policy framework and faster clearances. Measures like revisiting and revitalising Public Private Participation model, increasing funding for infrastructure, introduction of a pre-defined permissions regime, and proposal to rationalise capital gains tax regime for REITs, etc., will have a positive impact on the sector.

According to rating firm ICRA, Housing loan growth is set for a major appreciation in the current financial year 2015-

16 as government's focus on affordable housing could lead to improved mortgage penetration. Approximately 22 percent home loan growth is expected in the current fiscal 2015-16.

Housing being a state subject, increase in the devolution of central taxes towards the state may help states to allocate more money towards affordable housing. In fact, the allocation of Rs.22,407 crore towards urban development and housing, the bulk of which is expected to fund affordable housing and smart cities is a welcome move, especially in Mumbai, which needs it for affordable housing. From the point of view of personal income, the budget proposal may result in the increase in disposable income for the common man by providing health cover, transport allowance and pension contribution.

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

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

Risk is inherent part of the Company's business. Effective Risk Management is critical to any Housing Finance Company for achieving financial soundness. In view of this, aligning Risk Management to Company's Organisational Structure and business strategy has become an integral part in Company's business. Over a period of last 3 years, LIC Housing Finance Ltd. has taken various initiatives for strengthening risk management practices.

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

- Reduce potential costs of financial distress by making LIC Housing Finance less vulnerable to adverse movements in liquidity, interest rates, exchange rates (wherever applicable).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Credit Risk:

- Minimise the credit risk by adopting scientific techniques for credit evaluation, prescribing exposure limits, portfolio composition and periodic review of the portfolio; LIC Housing Finance operates in the mid-market end-user segment where the delinquency rates have been lower. A large chunk of borrowers are in the salaried segment. The Company has been following stringent credit assessment processes like adoption of the application scoring system (scorecard), compulsory CIBIL checks, field investigation, legal and technical due diligence etc. which have helped to reduce incremental delinquencies. The prudential norms with regard to exposure, credit concentration etc specified by National Housing Bank (NHB) also facilitate in managing and diversifying the credit risk.

Interest Rate Risk and Market Risk:

- Every financial institution has an inherent interest risk arising on account of volatility in the interest rates and also Asset Liability Management mismatches. The lending rates of the company are linked to floating benchmark rate of the company which captures the interest rate movements. The liquidity, interest rate risks and foreign exchange risks are actively managed through various tools such as Asset Liability Management, time-bucket analysis, liquidity statements, forex exposure reports. Being in a competitive sector, the company is also exposed to risk of competition from other market players, however the management believe that by virtue of its strong brand and pan India presence, vide range of products and experience in the sector, the company will be able to compete successfully with other players in the market.

Operational Risk:

- Operations risk is the risk that deficiencies in internal controls will result in unexpected loss. This risk is associated with human error, system failures and inadequate procedures and controls. The company's strong internal controls and audit processes commensurate with the size of the company and nature of business ensures that operational risks are minimised. The internal audit is carried out by the internal audit department and by a firm of chartered accountant appointed by the management.

Asset Liability Management:

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

The average loan to value is in the range of 50-60 percent (as against the regulatory limit of 90 percent for loans up to Rs.20 lakh and 80 percent for loans above Rs.20 lakh and up to Rs.75 lakh and 75 percent for loans above Rs.75 lakh) and its instalment to income ratio ranges between 30-40 percent, both being amongst the lower ones in the industry. The low average ticket size of the loan of Rs.19 lakh and pan India spread of business adequately disperses the risk.

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

Internal Control Systems & their Adequacy

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

Discussion of Financial Performance with respect to Operational Performance

Financial / Fund Management

The Company's borrowing is planned taking into consideration ALM gaps, interest rate mismatches and the prevailing market conditions. LIC Housing Finance has got highest rating for bank borrowings, non convertible debentures, commercial papers and public deposit schemes 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 movement of the benchmark and also as a tool to manage the asset liability mismatch.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

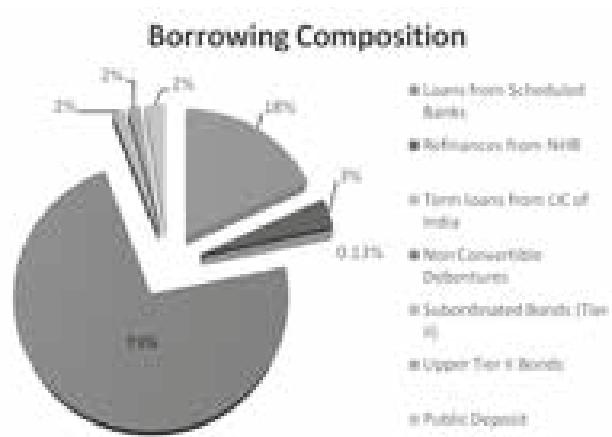
As derivative transactions are linked with risk, the status of each and every transaction is regularly monitored and the Company unwinds transactions at the appropriate time to mitigate the risk associated with it.

The prime lending rate of the Company is regularly reviewed and revised as it is a benchmark for asset pricing. Since more than 98 percent of the asset portfolio is on the floating/fix-o-floating rate, the Company re-prices the loan assets consequent upon the revision in prime lending rate of the company at specified intervals.

The Company also reviews the fund position on daily basis and parks surplus funds in liquid mutual fund schemes, fixed 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, 2015 & the ratings assigned by rating agencies is as under:

Particulars	Percent to total Borrowing	Rating
Loans from Scheduled Banks	18.08 percent	CRISIL AAA / Stable \ CRISIL A1+
Refinances from NHB	3.55 percent	----- Not Applicable-----
Term loans from LIC of India	0.13 percent	----- Not Applicable-----
Non Convertible Debentures	72.63 percent	CRISIL AAA / Stable \ CARE AAA
Subordinated Bonds (Tier II)	1.55 percent	CRISIL AAA / Stable \ CARE AAA
Upper Tier II Bonds	1.55 percent	CRISIL AAA / Stable \ CARE AAA
Public Deposit	2.51 percent	CRISIL FAAA / Stable
Total	100.00 percent	



Performance / Operation Highlights

During the year, the Company sanctioned Rs.31,712.90 crore and disbursed Rs.30,327.32 crore registering a growth of 18.74 percent in sanctions and growth of 20 percent in disbursements over the last year. For the year ended 31st March, 2015, the Company's total income from operations was Rs.10,669.34 crore as against Rs.9,181.38 crore of previous year. Net profit for year ended 31st March, 2015 was Rs.1,386.19 crore as compared to Rs.1,317.19 crore of the previous year, showing a growth of 5.24 percent. The outstanding mortgage portfolio as at 31st March, 2015 was Rs.1,08,360.73 crore as against Rs.91,340.89 crore as at 31st March, 2014 thus registering a growth of 18.63 percent.

Key Elements of statements of profit and loss account for the year ended 31st March, 2015

- Profit before tax grew by 15.14 percent and Profit after tax grew by 5.24 percent on year to year basis. The increase of 40.80 percent on account of tax expenses is attributed to creation of deferred tax liability in respect of Special Reserve amount appropriated during the period under review has been charged to Statement of Profit & Loss. The creation of deferred tax liability in respect of transfer to Special Reserve has been introduced during the year.
- Net interest margin for the year was 2.24 percent.
- Tax provision for the year amounted to Rs.715.75 crore as compared to Rs.508.32 crore in the previous year.
- Net interest income grew by 17.77 percent year-on-year basis.
- For the year ended 31st March, 2015 dividend @ 250 percent is being recommended as against dividend @ 225 percent in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 219 Marketing Offices as on 31st March, 2015 across the country and representative offices in Dubai and Kuwait. The Company continues to serve the customers at their door step through Home Loan Agents, Direct Selling Agents and Customer Relation Associates. During the year, the Company also participated in property exhibitions in various parts of the country and the same has been an impetus for successful marketing.

Recovery Management

The gross non performing assets (NPA) as on 31st March, 2015 stood at Rs.494.68 crore as against Rs.609.00 crore as on 31st March, 2014 registering a decrease of 18.77 percent. The gross NPA ratio of the company stood at 0.46 percent as on 31st March, 2015 as against 0.67 percent as on 31st March, 2014. Net NPAs excluding provision on standard assets as per NHB norms as at 31st March, 2015 stood at 0.22 percent (Rs.234.43 crore) as against 0.39 percent (Rs.353.58 crore) on the corresponding dates last year. The provision cover on the NPAs stood at 52.61 percent (excluding provision on standard loans as per NHB norms) as on 31st March, 2015.

Human Resources Development

The Company has staff strength of 1,588 employees who have been contributing to the progress and growth of the Company. The manpower requirement of the offices of the company is assessed and recruitment is conducted accordingly. Personal skills of the employees are fine tuned and knowledge is enhanced by providing them internal and external training 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, 2015 was Rs.68.24 crore and net profit per employee Rs.87.29 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

Your Directors are pleased to present the Twenty Sixth Annual Report together with the audited financial statements for the year ended 31st March, 2015 of LIC Housing Finance Limited ('the Company').

Financial results

	(Rs. in crore)	(Rs. in crore)
	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Profit before Tax	2,101.94	1,825.50
Tax Expense	715.75	508.32
Profit after Tax	1,386.19	1,317.18
Appropriations:		
Special reserve & Statutory reserve u/s 29C of NHB Act	385.00	370.00
General reserve	300.00	200.00
Proposed dividend	252.33	227.10
Tax on dividend	49.90	38.48
Balance carried forward to next year	398.96	481.60
	1386.19	1317.18

Dividend

Considering the performance during the financial year 2014-15, your Directors recommend payment of dividend for the financial year ended 31st March, 2015 of Rs.5/- per equity share of face value of Rs.2/- per share i.e. @ 250 percent, as against Rs.4.50/- per equity share of face value of Rs.2/- per share for the previous year i.e. @ 225 percent. The total dividend outgo for the current year would amount to Rs.302.23 crore including Dividend Distribution Tax of Rs.49.90 crore which is 21.80 percent of PAT, as against Rs.265.58 crore including dividend distribution tax of Rs.38.48 crore, for the previous year, which was 20.16 percent of PAT.

Performance

Income and profit

The Company earned total revenue of Rs.10,798.66 crore, registering an increase of 15.68 percent. The percentage of administrative expenses to the housing loans, which was 0.33 percent in the previous year, has marginally increased to 0.34 percent during the year 2014-15.

Profit before tax and after tax stood at Rs.2101.94 crore and Rs.1386.19 crore respectively as against Rs.1,825.50 crore and Rs.1,317.18 crore, respectively, for the previous year.

Profit before tax increased by 15.14 percent over the previous year while profit after tax showed growth of 5.24 percent over that of the previous year. The increase of 40.80% on account of tax expenses is attributed to creation of deferred tax liability in respect of special reserve amount appropriated during the period under review has been charged to the Statement of Profit & Loss. The creation of deferred tax liability in respect of transfer to Special Reserve has been introduced during the year.

Lending operations

Individual loans:

The main thrust continues on individual housing loans with a disbursement growth of 20.45 percent during the year. During the year, the Company sanctioned 1,52,102 individual housing loans for Rs.29,326.75 crore and disbursed 1,61,791 loans for Rs.29,255.91 crore. Housing loan to Individual i.e. retail loans constitute 92.48 percent of the total sanctions and 96.46 percent of the total disbursements for the year 2014-15 as compared to 95.24 percent and 96.12 percent respectively during the year 2013-14. The gross retail loan portfolio grew by over 19.29 percent from Rs.88,645.99 crore as on 31st March, 2014 to Rs.1,05,742.16 crore as on 31st March, 2015.

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

Amount sanctioned : Rs.1,81,676.12 crore

Amount disbursed : Rs.1,68,851.77 crore

More than 20,97,489 customers have been serviced by the Company up to 31st March, 2015 since inception.

Project loans:

The project loans sanctioned and disbursed by the Company during the year were Rs.2,386.15 crore and Rs.1,071.41 crore respectively. Corresponding figures for the previous year were Rs.1,271 crore and Rs.981.50 crore pertaining to sanction and disbursement respectively. These loans are generally for short durations, giving better yields as compared to individual housing loans.

Awards and Recognitions:

During the year under review, the Company was awarded in various ways / by various institutions and some of the awards presented to the Company are listed below:

- 'Best Data Quality' in Housing Finance Companies by CIBIL.
- 'Best Housing Finance Company by BFSI Awards for second consecutive year.
- 'Best Housing Finance Company by IBFA and by Realty Plus Excellence.

DIRECTORS' REPORT

Marketing and Distribution

During the year under review, efforts were taken to further strengthen the distribution network. The distribution network of the Company consists of 16 Back Offices (BO), 132 Area Offices (AO), 80 Business Centres (BC), 7 Extension Counters (EC), 1 Customer Service Point, 4 Property Service Division (PSD) where role of Property Service Division includes all activities involved in enabling a prospective home buyer select the property upto taking the possession of the same. Basically, it is one-stop-shop solution for all the advisory services. The distribution network also includes 38 offices of LIC HFL Financial Services Ltd., wholly owned subsidiary company engaged in distribution of various financial products including housing loan. The Company has representative offices in Dubai and Kuwait.

Repayments

During the FY 2014-15, Rs.12,158.76 crore was received by way of schedule repayment of principal through monthly instalments as well as prepayment of principal ahead of schedule, as compared to Rs.10,884.43 crore received last year.

Non-Performing Assets and Provisions

The amount of gross Non-Performing Assets (NPA) as at 31st March, 2015 was Rs.494.68 crore, which is 0.46 percent of the housing loan portfolio of the Company, as against Rs.609.00 crore i.e. 0.67 percent of the housing loan portfolio as at 31st March, 2014. The net NPA as at 31st March 2015 was Rs.234.43 crore i.e. 0.22 percent of the housing loan portfolio vis-à-vis Rs.353.58 crore i.e. 0.39 percent of the housing loan portfolio as at 31st March, 2014. The total cumulative provision towards housing loan portfolio including provision for standard assets as at 31st March, 2015 was Rs.704.25 crore as against Rs.706.81 crore in the previous year. During the year, the Company has written off Rs.29.68 crore of housing loan portfolio as against Rs.0.0039 crore during the previous year.

Resource Mobilisation

The Company raised funds aggregating to Rs.33,719.59 crore through Non-Convertible Debentures (NCD), term loans/Foreign Currency Non Resident (FCNR)(B) loan / Line of Credit (LoC) / Working Capital Demand Loan (WCDL) from banks, NHB refinance, commercial paper and Public Deposits.

Non Convertible Debentures (NCD)

During the year, the Company issued NCD amounting to Rs.24,791 crore on a private placement basis which have been listed on Wholesale Debt Segment of National Stock Exchange of India Ltd. The NCDs have been assigned highest rating of 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA' by CARE. As at 31st March, 2015, NCDs amounting to Rs.70,117/- crore were outstanding. The Company has been

regular in making payment of principal and interest on the NCDs.

As at 31st March, 2015, there were no NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the said NCDs became due for redemption. Hence the amount of NCD remaining unclaimed or unpaid beyond due date is Nil.

Subordinate Bonds & Upper Tier II Bonds

During the year, the Company has not issued any Subordinate Bonds and Upper Tier II Bonds. As at 31st March, 2015, the outstanding Subordinate Bonds and Upper Tier II Bonds stood at Rs.3,000/- crore. Considering the balance term of maturity as at 31st March, 2015, Rs.2,300/- crore of the book value of the Subordinate Bonds and Upper Tier II Bonds is considered as Tier II Capital as per the Guidelines issued by NHB for the purpose of Capital Adequacy.

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

The total loans / LOC outstanding from the Banks as at 31st March, 2015 are Rs.17,454.03 crore as compared to Rs.20,241.41 crore as at 31st March, 2014. The Refinance from NHB as at 31st March, 2015 stood at Rs.3,428.93 crore as against Rs.3,384.72/- crore as at 31st March, 2014. During the year, the Company has availed Rs.765.50 crore Refinance from NHB under Rural Housing Fund, Urban Housing Fund and Refinance scheme for Women.

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

Public deposits

As at 31st March, 2015, the outstanding amount on account of public deposits was Rs.2,421.91 crore as against Rs.1,193.97 crore in the previous year. During the FY 2014-15 amount of Rs.1,609.94 crore is collected in the Public Deposits Scheme. The number of depositors has increased from 16,401 to 24,990.

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

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

313 deposits amounting to Rs.8.95 crore which were due for repayment on or before 31st March, 2015 were not claimed by the depositors till that date. Since then, 152 depositors have claimed or renewed deposits of Rs.4.26 crore. Depositors are

DIRECTORS' REPORT

appropriately intimated for renewal / claim of their deposits through an authorised agency. Further, adequate follow-up is made in respect of those cases where deposits are lying unclaimed.

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

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

Regulatory Compliance

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

Your Company has been maintaining capital adequacy as prescribed by the NHB. The capital adequacy was 15.30 percent (as against 12 percent prescribed by the NHB) as at 31st March, 2015 after considering the loan to value ratio for deciding risk weightage.

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

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

Statutory Auditors

Pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification, or re-enactment thereof, Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W), shall hold office until the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment. The Company has received a confirmation from them to the effect that their re-appointment, if made at the ensuing AGM

would be in terms of Section 139 and 141 of the Companies Act, 2013 and Rules made thereunder.

The Board recommends the re-appointment of Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Registration No.:101872W) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Registration No.:109574W) as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Twenty Sixth Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting on a remuneration to be determined by the Board of Directors in consultation with them (plus applicable service tax), for the purpose of audit of the Company's accounts at the Corporate Office as well as at 10 Back Offices to be selected in consultation with the Joint Statutory Auditors.

During the year, Messrs Chokshi & Chokshi, converted itself into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 and is now known as Messrs Chokshi & Chokshi LLP, in terms of General Circular No.9/2013 dated 30th April, 2013 of the Ministry of Corporate Affairs, if a firm of CAs, being an auditor in a company under the Companies Act, 1956, is converted into an LLP, then such an LLP would be deemed to be the auditor of the said company. The Board of Directors of the Company has taken due note of this change.

Corporate Governance

A certificate from Mr. N. L. Bhatia, Company Secretary (Membership No.: FCS 1176) Partner, Messrs N. L. Bhatia & Associates, Practising Company Secretaries 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 supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The report on Corporate Governance is appended as a separate section in this Annual Report.

Management Discussion and Analysis Report

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

Business Responsibility Report

The Securities and Exchange Board of India through its circular CIR/CFD/DIL/8/2012 dated August 13th, 2012, had mandated the top 100 listed entities, based on the market capitalization on Bombay Stock Exchange Limited and

DIRECTORS' REPORT

National Stock Exchange of India Limited as at March 31st, 2012, to include the Business Responsibility Report as part of the Annual Report. Accordingly, Business Responsibility Report is presented in a separate section forming part of the Annual Report.

Depository system

For transaction of its shares in dematerialised form, the Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). The shareholders have a choice to select the Depository Participant. As at 31st March, 2015, 9,946 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) circular, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Auditors' observations

No adverse remark or observation has been given by the Joint Statutory Auditors in their report dated 18th April, 2015.

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

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

Outlook for 2015-16

The initiatives taken by the Company during the financial year 2014-15 are expected to improve its operational and financial performance. During FY 2015-16, the Company proposes:

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

- Incentivising and motivating the marketing intermediaries systematically for improving productivity.
- Raising funds through loans at attractive terms.
- Making efforts towards reducing overall cost of funds.
- Steps to improve the recovery ratio and ensuring lowest NPA level. Improving receivable management through support system.
- Timely review of credit appraisal system to improve the loan asset quality.
- Continuous efforts to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- Swift, appropriate and competitive pricing of its existing loan schemes to attract new customers.

The management perspective about future of the Company

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition. The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive. While rapid urbanization and growing cities provide various opportunities, there is fallout in terms of proliferation of slums, high prices of land and building materials which render houses unaffordable for the segment at the bottom of the pyramid. The technical committee constituted by the Ministry of Housing and Urban Poverty Alleviation has estimated housing shortage at 18.78 million units during the 12th Five Year Plan period of which over 95 percent is estimated in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories.

With increasing urban population it is estimated that it would generate unprecedented demand for quality real estate and infrastructure. Approximately 123 million of urban population by 2020 is likely to require professional assistance for construction of houses. This would lead to a whopping 95 billion square feet of potential demand of real estate space across residential, retail, commercial, industrial and civil amenities over 2010-20. This would mean an average demand of 8.7 billion square feet which potentially needs to be built every year.

Compliance under Companies Act, 2013

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

Extract of Annual Return:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and

DIRECTORS' REPORT

Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 as on 31st March, 2015 is attached as Annexure 1 to this Report.

Board Meetings held during the year:

During the year under review, 6 Board meetings were held. Detailed information on the meetings of the Board are included in the Report on Corporate Governance which forms part of this Annual Report.

Directors' Responsibility Statement:

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

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

Statement on Declaration from Independent Directors:

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

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

The Nomination and Remuneration Committee at its meeting held on 25th July, 2014 and the Board of Directors

at its meeting held on 16th March, 2015 respectively, had laid down Criteria for determining Director Qualification, positive attributes and independence of a Director, remuneration of directors, key managerial personnel and also criteria for evaluation of directors, chairperson, non-executive directors and Board as a whole and also the evaluation process of the same.

The performance of the members of the Board, and the Board as a whole were evaluated at the meeting of Independent Directors held on 16th March, 2015.

In terms of the provisions of section 149 of the Companies Act, 2013 and clause 49 of the Listing Agreement, a company shall have atleast one Woman Director on the Board of the Company. The Company has Ms. Savita Singh as Director on the Board since 25th May, 2012 and Ms. Sunita Sharma as Managing Director & CEO since 5th November, 2013.

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

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

Particulars of loans, guarantees or investments under Section 186:

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

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

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

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

DIRECTORS' REPORT

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

State of the company's affairs:

The year 2014-15 was a significant year in Company's lifecycle. The Company earned total revenue of Rs.10,798.65 crore, registering an increase of 15.68 percent. The percentage of administrative expenses to the housing loans, which was 0.33 percent in the previous year, has marginally increased to 0.34 percent during the year 2014-15.

Profit before tax and after tax stood at Rs.2,101.94 crore and Rs.1,386.19 crore respectively as against Rs.1,825.50 crore and Rs.1,317.18 crore, respectively, for the previous year. Profit before tax increased by 15.14 percent over the previous year while profit after tax showed growth of 5.24 percent over that of the previous year. The increase of 40.80 percent on account of tax expenses is attributed to creation of deferred tax liability in respect of Special Reserve amount appropriated during the period under review has been charged to the Statement of Profit & Loss. The creation of deferred tax liability in respect of transfer to Special Reserve has been introduced during the year.

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

The Company has transferred Rs.385 crore to Special Reserve and Statutory reserve u/s 29C of NHB Act and an amount of Rs.300 crore to General Reserve.

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

Rs.252.33 crore is proposed to be paid by way of dividend to shareholders of the Company i.e. Rs.5/- per equity share of face value of Rs.2/- per share.

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

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. March 31, 2015 and the date of the Directors' Report i.e. 30th June, 2015.

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

(A) Conservation of energy –

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

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

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

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

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

- ii) The steps taken by the Company for utilizing alternate sources of energy- The Company is in the process of exploring use of alternate source of energy.

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

(B) Technology absorption –

- i) The efforts made towards technology absorption – Not applicable.

- ii) The benefits derived like product improvement, cost reduction, product development or import substitution – Not applicable.

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of financial year)- Not applicable.

- a) The details of technology imported – Not applicable.

- b) The year of import – Not applicable.

- c) Whether the technology has been fully absorbed – Not applicable.

- d) If not fully absorbed areas where absorption has not taken place and the reason thereof – Not applicable.

- iv) The expenditure incurred on Research and Development – Not applicable.

(C) Foreign Exchange Earnings and Outgo-

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

During the year ended March 31st, 2015, the Company earned Rs.17.30 lakh and spent Rs.102.38 lakh in foreign currency. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

DIRECTORS' REPORT

Risk Management Policy for the Company:

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

Corporate Social Responsibility (CSR) Policy:

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

Composition of the Corporate Social Responsibility Committee is as follows;

Shri S. B. Mainak	Chairman	Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Kapoor	Member	Independent Director
Shri T. V. Rao	Member	Independent Director

Annual evaluation made by the Board of its own performance:

The Nomination and Remuneration Committee at its meeting held on 25th July, 2014 and the Board of Directors at its meeting held on 16th March, 2015 respectively, had laid down Criteria for evaluation of directors, chairperson, non-executive directors, Board level committee and Board as a whole and also the evaluation process of the same.

The Board of Directors had carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (SEBI) under clause 49 of the Listing Agreement at the meeting of Independent Directors held on 16th March, 2015.

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

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

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

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

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

Pursuant to Section 129 of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and also of its subsidiaries, in the same form and manner as that of the Company which shall be laid before the ensuing Twenty Sixth Annual General Meeting of the Company alongwith the laying of the Company's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Company. Further, pursuant to the provisions of Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company alongwith its subsidiaries for the year ended 31st March, 2015 form part of this Annual Report.

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

Directors:

The Company has eleven Directors consisting of seven Independent Directors, three Non-Executive Directors including Chairman; and Managing Director & CEO as Executive Director as on the date of adoption of this report.

Appointments / Resignations of Directors:

Dr. Dharmendra Bhandari was appointed as Additional Director of the Company by the Board with effect from

DIRECTORS' REPORT

19th August, 2014. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a member proposing the name of Dr. Dharmendra Bhandari for the office of a Director. Dr. Dharmendra Bhandari has submitted a declaration under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Director under Section 149(6) of the said Act. In the opinion of the Board, Dr. Dharmendra Bhandari fulfils the conditions specified in the Act, for such appointment.

The proposal for appointment of Dr. Dharmendra Bhandari as Independent Director is being placed before the shareholders for approval, the relevant details are forming part of the Notice of the AGM.

Shri Debabrata Sarkar was appointed as Additional Director of the Company by the Board with effect from 30th June, 2015. As required under Sections 160 of the Companies Act, 2013, a Notice has been received from a member proposing the name of Shri Debabrata Sarkar for the office of a Director. Shri Debabrata Sarkar has submitted a declaration under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Director under Section 149(6) of the said Act. In the opinion of the Board, Shri Debabrata Sarkar fulfils the conditions specified in the Act, for such appointment.

The proposal for appointment of Shri Debabrata Sarkar as Independent Director is being placed before the shareholders for approval, the relevant details are forming part of the Notice of the AGM.

Shri V. K. Kukreja was appointed as Additional Director of the Company by the Board with effect from 30th June, 2015. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a member proposing the name of Shri V. K. Kukreja for the office of a Director. Shri V. K. Kukreja has submitted a declaration under Section 149(7) of the Companies Act, 2013 confirming that he meets the criteria prescribed for Independent Director under Section 149(6) of the said Act. In the opinion of the Board, Shri V. K. Kukreja fulfils the conditions specified in the Act, for such appointment.

The proposal for appointment of Shri V. K. Kukreja as an Independent Director is being placed before the shareholders for approval, the relevant details are forming part of the Notice of the AGM.

Taking into account the invaluable contribution, suggestions, advice given by Dr. B. N. Shukla during his tenure in the various meetings of the Board / Committees held, the Board extended the term of office of Dr. B. N. Shukla, Non-Executive Independent Director by a period of one year beyond the total term of office of nine years.

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

Shri S. Ravi and Shri K. Narasimha Murthy have ceased to be directors of the Company on account of completion of extended term of one year of office of Director.

Director Retiring by Rotation:

Shri S. B. Mainak, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Appointment / Resignation of the Key Managerial Personnel:

Ms. Sunita Sharma, Managing Director & CEO, Mr. Nitin K. Jage, General Manager & Company Secretary and Mr. P. Narayanan, CFO are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 of which Managing Director & CEO and General Manager & Company Secretary was already in office before the commencement of the Companies Act, 2013 and their appointment as Key Managerial Personnel were formalised.

Further, Mr. N. K. Mittal, who was CFO of the Company till 27th November, 2014 was also Key Managerial Personnel as per the provisions of the Companies Act, 2013 and were already in office before the commencement of the Companies Act, 2013. Consequent upon his transfer to LIC of India, he tendered his resignation as CFO and in his place Mr. P. Narayanan was appointed as CFO with effect from 28th November, 2014.

Committees of the Board

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

The Company has following Committees of the Board:

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

DIRECTORS' REPORT

Composition of Audit Committee is as follows:

Shri S. Ravi*	Chairman	Independent Director
Dr. B. N. Shukla	Member	Independent Director
Shri T. V. Rao	Member	Independent Director

*Ceased to be Director w.e.f. 25th June, 2015 on account of completion of term of office of Directorship.

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

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

Subsidiaries and group companies

As on 31st March, 2015, the Company has four Subsidiaries namely, LICHFL Care Homes Limited, LICHFL Asset Management Company Limited, LICHFL Trustee Company Private Limited and LICHFL Financial Services Limited. The Consolidated financial statements incorporating the results of the Company's all subsidiaries for the year ended 31st March, 2015, are attached along with the statement pursuant to Section 129 of the Companies Act, 2013, with respect to the said subsidiaries. Brief write up / performance and financial position of each of the subsidiaries are as under:

1. LICHFL Care Homes Limited:

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

The Company had a brief turnaround in the financial year 2011 - 12 making a profit of Rs.241.71 lakh. Though for fiscal 2013-14, there was a loss of Rs.276.43 lakh, the Company has posted profit of Rs.583.22 lakh for the financial year 2014 - 15.

The project in Bangalore Phase II has been completed and handing over of the keys was done on 12th August, 2013.

With life expectancy going up and number of elderly citizens rising year after year, it is expected that demand for care-homes would also increase. As a result, the Company is set on a growth trajectory keeping LIC & LIC HFLs' vision for fulfillment of Corporate Social Responsibility as the main focus.

2. LICHFL Asset Management Company Limited

LICHFL Asset Management Company Limited was incorporated on 14th February, 2008 for undertaking the

business of managing, advising, administering venture/mutual funds, unit trusts, investment trusts set up, formed or established in India or abroad and to act as financial and investment advisor.

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

During the year, the Company has earned a Net profit of Rs.5.66 crore compared to Rs.6.10 crore that of previous year.

3. LICHFL TRUSTEE Company Private Limited

LICHFL Trustee Company Private Limited was incorporated on 5th March, 2008 for undertaking the business of trusteeship. In the year 2010 the Company has registered LICHFL Urban Development Fund with SEBI as Venture Capital Fund (VCF) under the SEBI (Venture Capital Funds) Regulations, 1996. The Fund launched its maiden Scheme LICHFL Urban Development Fund (Fund) and 30th March, 2013 was declared as Final Closure Date of the Fund after successfully garnering fund raising of Rs.529.35 crore as against the target of Rs.500 crore. LICHFL Asset Management Company Ltd is the Investment Manager for the fund. The Fund has closed seven investment deals upto 31st March, 2015.

4. LICHFL Financial Services Limited

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

"SARVESHAM POORNAM BHAVATU" – the vision of the company is to provide complete financial solutions to Customers. Towards this, the company began distribution of Life Insurance products of LIC of India, Housing Loans of LIC Housing Finance Limited, Mutual

DIRECTORS' REPORT

Funds of all fund houses, General Insurance of United India Insurance Company Limited, Credit Cards of LIC Cards Services Limited and Fixed Deposits of LIC Housing Finance Limited. More business verticals will be added depending on market opportunities and customer needs.

The Company is a Corporate Agent for LIC of India and earned revenue of Rs.44.50 lakh from it. As a Corporate Agent for LICHFL for the Home Loan products, it earned revenue of Rs.600.88 lakhs from it. The revenue from General Insurance Business was Rs.15.61 lakh. The retail income from Mutual Funds, Public Deposits, Credit cards and NPS was Rs.18.25 lakh.

The company provides complete financial solution to secure not only the present but also the future of the customer and his family. In this endeavour the marketing officials assist at every step – from financial planning to manage every aspect of right investment, both for the short term and for longer terms.

The Company has earned a Profit after Tax of Rs.2.50 crore for the financial year 2014-15 and recommended dividend @ 10 percent for FY 2014-15, for the fifth straight year. The Company during the year under review consolidated its' operations in 38 locations across the country. The systematic approach alongwith the new initiatives taken during the earlier years are expected to drive the revenues in a positive direction and improve the operational and financial performance.

The Company has plans to expand on a selective basis and concentrate on strengthening the strong areas in the area of distribution of Home Loans and Life Insurance. The Company has started to make an impact in certain locations in the generation of revenue from the Home Loans. The Company will also focus on expanding the client base in the other verticals. The Company would evaluate the right opportunities for growth, profitability and value addition to its shareholders.

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

As on 31st March, 2015, the Company has one associate company, namely LIC Nomura Mutual Fund Asset Management Company Limited.

The Annual Report which consists of the financial statements of the Company on standalone as well as consolidated financial statements of the group for the year ended 31st March, 2015 has been sent to all the members of the Company. It does not contain Annual Reports of Company's subsidiaries. The Company will make available Annual Report of all subsidiaries upon request by any member of the Company. These Annual Reports will also be available on Company's website viz www.lichousing.com.

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

Internal Financial Control Systems and their Adequacy:

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

Vigil Mechanism / Whistle Blower Policy:

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

Employee stock option:

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

Employee Remuneration:

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

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

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

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

Executive Director (MD&CEO)	Ratio to median remuneration
Ms. Sunita Sharma	6:1

b. The percentage increase in remuneration of each director, CEO, CFO, CS in the financial year:

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

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

DIRECTORS' REPORT

	% increase in remuneration in the financial year
Executive Director (MD&CEO)	3.17
Company Secretary#	17.95
Chief Financial Officer	3.97

#car wdv amount and foreign LTC is included in the income.

- c. **The percentage increase in the median remuneration of employees in the financial year : 14.43 percent**
- d. **The number of permanent employees on the rolls of the Company : 1588**
- e. **The explanation on the relationship between average increase in remuneration and Company performance:**

The Company's profit before tax has increased by 15.14 percent during the year.

- f. **Comparison of the remuneration of the key managerial personnel against the performance of the Company:**
0.055% of the net profit for the year.
- g. **Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	31 March, 2015	31 March, 2014	% Change
Market capitalisation (Rs.in crore)	22066.39	11894.91	85.51
Price Earnings Ratio	15.92	9.03	76.30

- h. **Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:**

Particulars	31 March, 2015	15 November, 1994 (IPO)	% Change
Market Price (in Rs.)	437.25	12*	3543.75

*Adjusted face value on account of sub-division

- i. **Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point**

out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in managerial remuneration for the year was 3.17%. The average annual increase in the salaries of the employees other than managerial personnel during the year was 14.40% on account of new recruitment and promotion.

- j. **Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

Particulars	% of Net Profit After tax for F.Y. 2014-15
MD & CEO	0.025%
CS	0.017%
CFO	0.013%

- k. **The key parameters for any variable component of remuneration availed by the directors:**

The annual performance review based on the key result area, profitability of the Company.

- I. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

None.

- m. **Affirmation that remuneration is as per the Remuneration policy of the Company:**

The Company affirms remuneration is as per the Remuneration policy of the Company.

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

Secretarial Auditor and Secretarial Audit Report:

Pursuant to section 204 of the Companies Act, 2013, the Company had appointed P S Gupchup, Practicing Company Secretary as its Secretarial Auditor to conduct the secretarial audit of the Company for the F.Y. 2014-15. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. Report of the Secretarial Auditor for the F.Y. 2014-15 in Form MR-3 is annexed to this report as Annexure 6.

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

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

DIRECTORS' REPORT

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

Human resources

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

performance targets. It has been sponsoring its employees for training programmes / seminars / conferences organised by reputed professional institutions.

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

Acknowledgments

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

For and on behalf of the Board

Chairman

Place: Mumbai
Date: 30th June, 2015

DIRECTORS' REPORT

Annexure 1 to the Directors' Reports.

EXTRACT OF ANNUAL RETURN As on financial year ended 31st March, 2015

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

I. Registration And Other Details:

CIN:-	L65922MH1989PLC052257
Registration Date:	19/06/1989
Name of the Company:	LIC Housing Finance Limited
Category / Sub-Category of the Company	Public Company
Address of the Registered Office and Contact Details:	Bombay Life Building, 2 nd Floor, 45 / 47 Veer Nariman Road, Mumbai - 400 001. Phones: 022-22040006, 22049682 & 22049919. Fax: 022-22049839.
Whether Listed Company	Yes
Name, Address and Contact Details of Registrar and Transfer Agent, If Any	Sharex Dynamic (India) Pvt. Ltd., Unit No.1, Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri(East), Mumbai - 400072. Phones: 022-28515606, 28515644. Fax: 022-22641349.

II. Principal Business Activities of the Company:

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1.	Housing Finance	65922	100%
2.			
3.			
4.			

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held
1	LICHFL Cares Homes Limited	U85310MH2001PLC133341	Subsidiary	100%
2	LICHFL Financial Services Limited	U67100MH2007PLC175564	Subsidiary	100%
3	LICHFL Asset Management Company Limited	U65900MH2008PLC178883	Subsidiary	94.62%
4	LICHFL Trustee Company Private Limited	U67190MH2008PTC179718	Subsidiary	100%
5	LIC Nomura Mutual Fund Asset Management Company Limited	U67190MH1994PLC077858	Associate	20%

DIRECTORS' REPORT

IV. Share Holding Pattern

i) Category-wise Share Holding

Category of Shareholders	No. of Shares Held at the beginning of the year 01/04/2014				No. of Shares Held at the end of the year 31/03/2015				% Change During The Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1). Indian									
(a). Individual	0	0	0	0	0	0	0	0	0
(b). Central Govt.	0	0	0	0	0	0	0	0	0
(c). State Govt(S).	0	0	0	0	0	0	0	0	0
(d). Bodies Corp.	0	0	0	0	0	0	0	0	0
(e). Banks/FI	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0
(f). Any Other	0	0	0	0	0	0	0	0	0
Sub-Total (A) (1):-	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0
(2). Foreign									
(a). Individual NRI	0	0	0		0	0	0		0
(b). Other - Individual	0	0	0		0	0	0		
(c). Bodies Corp.	0	0	0		0	0	0		0
(d). Banks / FI	0	0	0		0	0	0		0
(e). Any Other	0	0	0		0	0	0		0
Sub-Total (A) (2):-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0.00
(B) Public Shareholding									
1. Institutions									
(a). Mutual Funds	21192637	12000	21204637	4.202	20267445	12000	20279445	4.018	-0.184
(b). Banks / FI	1025263	11000	1036263	0.205	1232259	11000	1243259	0.246	0.041
(c). Central Govt.	0	0	0	0	0	0	0	0	0
(d). State Govt.(s)	1950243	7500	1957743	0.388	1173738	7500	1181238	0.234	-0.154
(e). Venture Capital Funds	180122	0	180122	0.036	246600	0	246600	0.049	0.013
(f). Insurance Companies	10626608	0	10626608	2.106	8158992	0	8158992	1.617	-0.489
(g). FIIs	188489403	25000	188514403	37.355	183074138	25000	183099138	36.281	-1.074
(h). Foreign Venture Capital Funds	0	0	0		0	0	0		0.000
(i). Others (Specify)	0	0	0		0	0	0		0.000

DIRECTORS' REPORT

Sub-Total (B)(1):-	223464276	55500	223519776	44.292	214153172	55500	214208672	42.445	-1.847
--------------------	-----------	-------	-----------	--------	-----------	-------	-----------	--------	--------

2. Non-Institutions

(a).Bodies Corp.									
(i). Indian	16521522	90500	16612022	3.292	23208194	90500	23298694	4.617	1.325
(ii). Overseas	0	0	0	0	0	0	0	0	0
(b). Individuals									
(i) Individual Shareholders Holding Nominal Share Capital Upto Rs.1 Lakh	42140041	5564323	47704364	9.453	34245191	5232848	39478039	7.823	-1.63
(ii) Individual Shareholders Holding Nominal Share Capital In Excess of Rs.1 Lakh	4730995	0	4730995	0.937	5073966	0	5073966	1.005	0.068
(c). Other (Specify)									
Non Resident Indians	2103171	1000	2104171	0.417	2101930	1000	2102930	0.417	0
Overseas Corporate Bodies	951918	0	951918	0.189	13533211	0	13533211	2.682	2.493
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	2864181	0	2864181	0.568	1779207	0	1779207	0.353	-0.215
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodiees - D R	0	0	0	0	0	0	0	0	0
Sub-Total (B)(2):-	69311828	5655823	74967651	14.856	79941699	5324348	85266047	16.897	2.041
Total Public Shareholding (B)=(B)(1)+(B)(2)	292776104	5711323	298487427	59.148	294094871	5379848	299474719	59.342	-0.19
C. Shares Held By Custodian For Gdrs & Adrs	2733078	0	2733078	0.542	1745786	0	1745786	0.346	-0.196

DIRECTORS' REPORT

Grand Total (A+B+C)	498951677	5711323	504663000	100.00	499283152	5379848	504663000	100.00	0.00
------------------------	-----------	---------	-----------	--------	-----------	---------	-----------	--------	------

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2014			Share holding at the end of the Year 31/03/2015			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / en- cumbered to total shares	
1	Life Insurance Corporation of India	203442495	40.313	Nil	203442495	40.313	Nil	Nil

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Share holding at the end of the Year	
		No. of shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	203442475	40.313	203442475	40.313
	Date wise increase / decrease in promoters Shareholding during the year specifying the reason for increase / decrease (e.g. allotment/transfer/bonus/sweat equity etc)	No Change	No Change	No Change	No Change
	At the end of the year	203442475	40.313	203442475	40.313

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

Sr. No.	Name	No. of Shares at the beginning (01-04- 2014) / end of the year (31-03-2015)	% of total Shares of the company	Date	Increase / Decrease in share- holding	Reason	No. of Shares	% of total Shares of the com- pany
1	FID Funds (Mauritius) Limited	5341462	1.058	01-04-2014				
				11-04-2014	380428	Purchase	5721890	1.134
	-Closing Balance			31-03-2015	-	-	5721890	1.134
2	HSBC Global Investment Funds A/C HS	15141769	3.000	01-04-2014				
				04-04-2014	-323378	Sale	14818391	2.936
				25-04-2014	-340365	Sale	14478026	2.869
				23-05-2014	-36655	Sale	14441371	2.862
				30-05-2014	-449041	Sale	13992330	2.773
				04-07-2014	-124984	Sale	13867346	2.748

DIRECTORS' REPORT

				18-07-2014	-448942	Sale	13418404	2.659
				29-08-2014	-2462725	Sale	10955679	2.171
				05-09-2014	-676408	Sale	10279271	2.037
				30-09-2014	-133268	Sale	10146003	2.010
				27-02-2015	-18300	Sale	10127703	2.007
				06-03-2015	-767587	Sale	9360116	1.855
				13-03-2015	-65277	Sale	9294839	1.842
	-Closing Balance			31-03-2015	-	-	9294839	1.842
3	HDFC Standard Life Insurance Compan	2619312	0.519	01-04-2014				
				04-04-2014	78461	Purchase	2697773	0.535
				18-04-2014	2461402	Purchase	5159175	1.022
				25-04-2014	1099693	Purchase	6258868	1.240
				02-05-2014	308000	Purchase	6566868	1.301
				09-05-2014	65140	Purchase	6632008	1.314
				16-05-2014	-24244	Sale	6607764	1.309
				23-05-2014	-278283	Sale	6329481	1.254
				30-05-2014	-230026	Sale	6099455	1.209
				20-06-2014	100000	Purchase	6199455	1.228
				30-06-2014	200582	Purchase	6400037	1.268
				04-07-2014	100000	Purchase	6500037	1.288
				11-07-2014	206768	Purchase	6706805	1.329
				18-07-2014	189475	Purchase	6896280	1.367
				01-08-2014	8180	Purchase	6904460	1.368
				15-08-2014	200000	Purchase	7104460	1.408
				05-09-2014	-17262	Sale	7087198	1.404
				10-10-2014	72000	Purchase	7159198	1.419
				17-10-2014	-207063	Sale	6952135	1.378
				24-10-2014	-272611	Sale	6679524	1.324
				31-10-2014	-424000	Sale	6255524	1.240
				14-11-2014	-19132	Sale	6236392	1.236
				28-11-2014	-372150	Sale	5864242	1.162
				05-12-2014	-134416	Sale	5729826	1.135
				12-12-2014	-143319	Sale	5586507	1.107
				19-12-2014	-203277	Sale	5383230	1.067
				31-12-2014	4576	Purchase	5387806	1.068
				02-01-2015	1485	Purchase	5389291	1.068
				16-01-2015	-500829	Sale	4888462	0.969
				23-01-2015	229475	Purchase	5117937	1.014
				30-01-2015	-36658	Sale	5081279	1.007
				06-02-2015	198146	Purchase	5279425	1.046
				13-02-2015	16497	Purchase	5295922	1.049

DIRECTORS' REPORT

				27-02-2015	262625	Purchase	5558547	1.101
				06-03-2015	25000	Purchase	5583547	1.106
				13-03-2015	68	Purchase	5583615	1.106
				20-03-2015	276000	Purchase	5859615	1.161
				27-03-2015	97000	Purchase	5956615	1.180
				31-03-2015	376480	Purchase	6333095	1.255
	-Closing Balance			31-03-2015	-	-	6333095	1.255
4	The New India Assurance Company Limited	6286608	1.246	01-04-2014				
				02-05-2014	-10000	Sale	6276608	1.244
				09-05-2014	-2478	Sale	6274130	1.243
				16-05-2014	-115000	Sale	6159130	1.220
				23-05-2014	-136623	Sale	6022507	1.193
				30-05-2014	-35899	Sale	5986608	1.186
				05-09-2014	-10000	Sale	5976608	1.184
				12-09-2014	-50000	Sale	5926608	1.174
				19-09-2014	-25000	Sale	5901608	1.169
				30-09-2014	-57852	Sale	5843756	1.158
				03-10-2014	-30000	Sale	5813756	1.152
				10-10-2014	-30000	Sale	5783756	1.146
				17-10-2014	-35000	Sale	5748756	1.139
				24-10-2014	-40000	Sale	5708756	1.131
				31-10-2014	-62500	Sale	5646256	1.119
				07-11-2014	-20000	Sale	5626256	1.115
				14-11-2014	-30000	Sale	5596256	1.109
				21-11-2014	-50000	Sale	5546256	1.099
				28-11-2014	-40000	Sale	5506256	1.091
				05-12-2014	-65500	Sale	5440756	1.078
				12-12-2014	-28324	Sale	5412432	1.072
				19-12-2014	-5000	Sale	5407432	1.071
				31-12-2014	-74690	Sale	5332742	1.057
				02-01-2015	-30000	Sale	5302742	1.051
				09-01-2015	-110000	Sale	5192742	1.029
				16-01-2015	-46250	Sale	5146492	1.020
				23-01-2015	-60000	Sale	5086492	1.008
				30-01-2015	-30000	Sale	5056492	1.002
				06-02-2015	-20000	Sale	5036492	0.998
				13-02-2015	-25000	Sale	5011492	0.993
				20-02-2015	-47500	Sale	4963992	0.984
				27-02-2015	-35000	Sale	4928992	0.977
				06-03-2015	-70000	Sale	4858992	0.963

DIRECTORS' REPORT

	-Closing Balance			31-03-2015	-	-	4858992	0.963
5	Government Of Singapore	3114224	0.617	01-04-2014	-	-	-	-
				04-04-2014	150231	Purchase	3264455	0.647
				11-04-2014	-96445	Sale	3168010	0.628
				02-05-2014	-99473	Sale	3068537	0.608
				30-05-2014	149714	Purchase	3218251	0.638
				06-06-2014	-77663	Sale	3140588	0.622
				20-06-2014	-13769	Sale	3126819	0.620
				30-06-2014	-28371	Sale	3098448	0.614
				04-07-2014	-9968	Sale	3088480	0.612
				11-07-2014	-2742	Sale	3085738	0.611
				01-08-2014	-133121	Sale	2952617	0.585
				29-08-2014	-34505	Sale	2918112	0.578
				05-09-2014	-37019	Sale	2881093	0.571
				12-09-2014	2772	Purchase	2883865	0.571
				03-10-2014	19640	Purchase	2903505	0.575
				10-10-2014	35317	Purchase	2938822	0.582
				17-10-2014	-2863	Sale	2935959	0.582
				24-10-2014	-2240	Sale	2933719	0.581
				31-10-2014	60509	Purchase	2994228	0.593
				07-11-2014	120309	Purchase	3114537	0.617
				21-11-2014	-3675	Sale	3110862	0.616
				28-11-2014	-9303	Sale	3101559	0.615
				05-12-2014	-19391	Sale	3082168	0.611
				12-12-2014	9092	Purchase	3091260	0.613
				19-12-2014	-4344	Sale	3086916	0.612
				31-12-2014	-24849	Sale	3062067	0.607
				16-01-2015	7425	Purchase	3069492	0.608
				23-01-2015	1010639	Purchase	4080131	0.808
				30-01-2015	344144	Purchase	4424275	0.877
				13-02-2015	78412	Purchase	4502687	0.892
				20-02-2015	-3688	Sale	4498999	0.891
				06-03-2015	4719	Purchase	4503718	0.892
				13-03-2015	348695	Purchase	4852413	0.962
				20-03-2015	24046	Purchase	4876459	0.966
				27-03-2015	20641	Purchase	4897100	0.970
	-Closing Balance			31-03-2015	-	-	4897100	0.970
6	Mawer Investment Management Ltd.	100	0	01-04-2014				
				22-08-2014	495756	Purchase	495856	0.098
				29-08-2014	2371576	Purchase	2867432	0.568

DIRECTORS' REPORT

				05-09-2014	1288118	Purchase	4155550	0.823
				12-09-2014	1344450	Purchase	5500000	1.090
				14-11-2014	564274	Purchase	6064274	1.202
				21-11-2014	185726	Purchase	6250000	1.238
				31-12-2014	400000	Purchase	6650000	1.318
				31-03-2015	423930	Purchase	7073930	1.402
	-Closing Balance			31-03-2015	-	-	7073930	1.402
7	Stichting Pensioenfonds ABP	1597010	0.316	01-04-2014	-	-	-	-
				04-04-2014	52322	Purchase	1649332	0.327
				18-04-2014	1610000	Purchase	3259332	0.646
				25-04-2014	190000	Purchase	3449332	0.683
				02-05-2014	-147871	Sale	3301461	0.654
				09-05-2014	-22063	Sale	3279398	0.650
				16-05-2014	527000	Purchase	3806398	0.754
				23-05-2014	1340000	Purchase	5146398	1.020
				13-06-2014	-101408	Sale	5044990	1.000
				20-06-2014	-43576	Sale	5001414	0.991
				18-07-2014	265000	Purchase	5266414	1.044
				01-08-2014	-67692	Sale	5198722	1.030
				15-08-2014	610000	Purchase	5808722	1.151
				30-09-2014	-529894	Sale	5278828	1.046
				09-01-2015	-467000	Sale	4811828	0.953
				13-03-2015	162369	Purchase	4974197	0.986
				31-03-2015	-162369	Sale	4811828	0.953
	-Closing Balance			31-03-2015	-	-	4811828	0.953
8	Bank Muscat S A O G A/C Bank Muscat	11496000	2.278	01-04-2014				
	-Closing Balance			31-03-2015			11496000	2.278
9	Morgan Stanley Asia (Singapore) PTE	9025309	1.788	01-04-2014				
				31-12-2014	447167	Purchase	9472476	1.877
				02-01-2015	13402	Purchase	9485878	1.880
				09-01-2015	-740070	Sale	8745808	1.733
				16-01-2015	-643646	Sale	8102162	1.605
				23-01-2015	-1295496	Sale	6806666	1.349
				30-01-2015	178229	Purchase	6984895	1.384
				06-02-2015	416308	Purchase	7401203	1.467
				13-02-2015	-12634	Sale	7388569	1.464
				20-02-2015	26718	Purchase	7415287	1.469
				27-02-2015	-25776	Sale	7389511	1.464

DIRECTORS' REPORT

				06-03-2015	-65072	Sale	7324439	1.451
				13-03-2015	-249926	Sale	7074513	1.402
				20-03-2015	73140	Purchase	7147653	1.416
				27-03-2015	-279474	Sale	6868179	1.361
				31-03-2015	-237933	Sale	6630246	1.314
	-Closing Balance			31-03-2015	-	-	6630246	1.314
10	Swiss Finance Corporation (Mauritius)	4500173	0.892	01-04-2014				
				04-04-2014	-1143925	Sale	3356248	0.665
				11-04-2014	-464884	Sale	2891364	0.573
				18-04-2014	-62000	Sale	2829364	0.561
				25-04-2014	49150	Purchase	2878514	0.570
				02-05-2014	200000	Purchase	3078514	0.610
				09-05-2014	-487550	Sale	2590964	0.513
				16-05-2014	-219807	Sale	2371157	0.470
				23-05-2014	-255100	Sale	2116057	0.419
				30-05-2014	-250816	Sale	1865241	0.370
				06-06-2014	465984	Purchase	2331225	0.462
				13-06-2014	11200	Purchase	2342425	0.464
				20-06-2014	45300	Purchase	2387725	0.473
				30-06-2014	99105	Purchase	2486830	0.493
				04-07-2014	130435	Purchase	2617265	0.519
				11-07-2014	-60910	Sale	2556355	0.507
				18-07-2014	4900	Purchase	2561255	0.508
				01-08-2014	298385	Purchase	2859640	0.567
				08-08-2014	6000	Purchase	2865640	0.568
				15-08-2014	-829	Sale	2864811	0.568
				22-08-2014	147000	Purchase	3011811	0.597
				29-08-2014	-3765	Sale	3008046	0.596
				05-09-2014	6707	Purchase	3014753	0.597
				12-09-2014	-218000	Sale	2796753	0.554
				19-09-2014	80270	Purchase	2877023	0.570
				30-09-2014	-39770	Sale	2837253	0.562
				03-10-2014	-4000	Sale	2833253	0.561
				10-10-2014	-10833	Sale	2822420	0.559
				17-10-2014	75729	Purchase	2898149	0.574
				24-10-2014	19000	Purchase	2917149	0.578
				31-10-2014	-376646	Sale	2540503	0.503
				07-11-2014	10000	Purchase	2550503	0.505
				14-11-2014	-323000	Sale	2227503	0.441
				21-11-2014	-28000	Sale	2199503	0.436
				28-11-2014	60622	Purchase	2260125	0.448

DIRECTORS' REPORT

			05-12-2014	290151	Purchase	2550276	0.505
			12-12-2014	2146239	Purchase	4696515	0.931
			19-12-2014	2051155	Purchase	6747670	1.337
			31-12-2014	845192	Purchase	7592862	1.505
			02-01-2015	322906	Purchase	7915768	1.569
			09-01-2015	314535	Purchase	8230303	1.631
			16-01-2015	919931	Purchase	9150234	1.813
			23-01-2015	17677	Purchase	9167911	1.817
			30-01-2015	348497	Purchase	9516408	1.886
			06-02-2015	300426	Purchase	9816834	1.945
			13-02-2015	30354	Purchase	9847188	1.951
			20-02-2015	108370	Purchase	9955558	1.973
			27-02-2015	-4210	Sale	9951348	1.972
			06-03-2015	58330	Purchase	10009678	1.983
			13-03-2015	-134118	Sale	9875560	1.957
			20-03-2015	-1069014	Sale	8806546	1.745
			27-03-2015	-519515	Sale	8287031	1.642
			31-03-2015	44000	Purchase	8331031	1.651
	-Closing Balance		31-03-2015	-	-	8331031	1.651

(v) Shareholding Of Directors And Key Managerial Personnel:

Sl. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
Director/s					
1	Dr. Dharmendra Bhandari				
	At the beginning of the year		0.00	500	0.00
	Date wise	500	Nil	500	Nil
	Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end the year	500	Nil	500	Nil

No other Director or Key Managerial Personnel hold any share at the beginning or at the end of the year as well as during the year no purchase or sale of the Company's shares were done by them.

DIRECTORS' REPORT

V. Indebtedness

Indebtedness of the Company including Interest Outstanding/Accrued but not due for payment

(Rs. in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
--	--	--------------------	----------	--------------------

Indebtedness at the beginning of the financial year:01.04.2014

i) Principal amount	77,846.13	3,000.00	1,193.97	82,040.10
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due*	2,633.38	157.38	86.09	2,876.85
Total (i+ii+iii)	80,479.51	3,157.38	1,280.06	84,916.95

Change in Indebtedness during the financial year

*Addition	31,806.50	287.41	1,609.94	33,703.85
*Reduction	18,533.72	287.41	382.00	19,203.13
Net Change	13,272.78	0.00	1,227.94	14,500.72

Indebtedness at the end of the financial year:31.03.2015

i) Principal amount	91,118.91	3,000.00	2,421.91	96,540.82
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	3,129.00	113.98	145.61	3,388.58
Total (i+ii+iii)	94,248.00	3,113.88	2,567.52	99,929.40

* Includes premium payable on redemption of zero coupon debentures and amount payable on swap.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Ms. Sunita Sharma, Managing Director & CEO and Key Managerial Personnel

Sl. No.	Particulars of Remuneration	Ms. Sunita Sharma, Managing Director & CEO	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29,65,318.00	29,65,318.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,660.00	39,660.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission		
	- as % of profit	0.00	0.00
	- others, specify...	0.00	0.00
5	Others, please specify (like Company contribution)	1,54,076.00	1,54,076.00
	Total (A)	31,59,054.00	31,59,054.00
	Ceiling as per the Act		10,51,08,520.00

DIRECTORS' REPORT

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
		Independent Directors	S. Ravi (₹)	K. Narasimha Murthy (₹)	Dr. B. N. Shukla (₹)	Jagdish Kapoor (₹)	T. V. Rao (₹)	
1	Fee for attending Board / Committee meetings	1,95,000.00	3,30,000.00	1,60,000.00	5,85,000.00	2,05,000.00	50,000.00	15,15,000.00
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (1)	1,95,000.00	3,30,000.00	1,60,000.00	5,85,000.00	2,05,000.00	50,000.00	15,15,000.00
2	Other Non-Executive Directors	Savita Singh						
	Fee for attending Board / Committee meetings (₹)	65,000.00						65,000.00
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	65,000.00						65,000.00
	Total (B) = (1+2)	15,80,000.00						15,80,000.00
	Total Managerial Remuneration	47,39,054.00						47,39,054.00
	Overall ceiling as per the Act							2,31,23,87,458.00

C. Remuneration To Key Managerial Personnel

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			
		Nitin K. Jage, GM & CS (₹)	N. K. Mittal, CFO (upto Nov'2014) (₹)	P. Narayanan, CFO (from Dec'2014) (₹)	Total (₹)
1	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	24,43,407.00	12,26,487.00	3,95,118.00	40,65,012.00
	b) Value of perquisites u/s 17(2) of Income tax Act, 1961	37,033.00	36,798.00	3,293.00	77,124.00
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	others, specify	Nil	Nil	Nil	Nil
5	Others, please specify (like Company contribution)	1,58,482.00	83,016.00	34,687.00	2,76,185.00
	Total	26,38,922.00	13,46,301.00	4,33,098.00	44,18,321.00

DIRECTORS' REPORT

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority[RD/ NCLT/COURT]	Appeal made, if any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Others Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

DIRECTORS' REPORT

Annexure 2 to the Directors' Reports.

NOTE ON INTERNAL FINANCIAL CONTROL

1. **Background:** As per the Section 134(5)(e) of the Companies Act 2013, The Directors' Responsibility Statement referred to in sub-section (3)(c) shall state that — “the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.”
2. **Explanation:** For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;
3. **Policies and Procedures:** The Company has laid down policies and procedures. As part of the Internal Control Framework (ICF), the Company has in place standard operating procedures (SOP) covering the key activities / functions / processes (Retail Loans, Project Loans, Borrowings, Treasury, Accounting, etc.)
4. **Compliance Reporting:** The Company has in place process to ensure compliance with the provisions of all applicable laws and the same is reported in the form of quarterly compliance reports by the process owners to the MD & CEO / Audit Committee / Board.
5. **Risk Management System:** The Company has in place a Risk Management Policy / Framework / Risk Registers. The risk management function within the Company is responsible for review of existing risks and identifying potential risks and risk mitigation measures. There is a system of quarterly / half-yearly reporting to the Risk Management Committee / Audit Committee / Board.
6. **Internal Audit System:** The review of internal controls is part of the internal audit process for determining the existence, adequacy, effectiveness and adherence to the Company's internal controls, besides review of processes, adherence to SOPs and compliance with statutory provisions/ regulatory guidelines. The internal audit of back offices is conducted by the Internal Audit Department and Internal audit of Corporate Office is conducted by an independent firm of chartered accountants.
7. **Adequacy and Effectiveness of Internal Financial Control:** The Standard Operating Procedures, Compliance Reporting, Risk Management System and Internal Audit System adopted by the Company facilitate orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. All these ensure the existence of internal financial controls within the Company are adequate and operating effectively.

DIRECTORS' REPORT

Annexure 3 to the Directors' Reports.

FORM No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - a) Name(s) of the related party and nature of relationship: NA
 - b) Nature of contracts/arrangements/transactions: NA
 - c) Duration of the contracts / arrangements / transactions: NA
 - d) Salient terms of the contracts or arrangements or transactions including the value if any: NA
 - e) Justification for entering into such contracts or arrangements or transactions: NA
 - f) Date(s) of approval by the Board: NA
 - g) Amount paid as advance, if any: NA
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: 19th August, 2014.
2. Details of material contracts or arrangements or transactions at arm's length basis:
 - a) Name(s) of the related party and nature of relationship: Annexed as Annexure 5 to this report
 - b) Nature of transactions: As annexed as Annexure 5 to this report.
 - c) Duration of the transactions: On going basis.
 - d) Salient terms of the contracts or arrangements or transactions including the value if any: as per Annexure 5
 - e) Date(s) of approval by the Board: 21st April, 2014
 - f) Amount paid as advance, if any: Nil

For and on behalf of the Board of Directors

Surya Kumar Roy

Chairman

Place: Mumbai

Date: 30th June, 2015

DIRECTORS' REPORT

Annexure 4 to the Directors' Reports.

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

1. Brief outline of the Company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

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

2. Composition of the CSR Committee:

Shri S. B. Mainak	Chairman of the Committee	Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Kapoor	Member	Director
Shri T. V. Rao	Member	Director

3. Average net profit of the Company for last three financial years:

Rs.1481 crore

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above):

The Company during the financial year 2014-15 is required to spend Rs.29.62 crore towards CSR.

5. Details of CSR spent during the financial year:

- a) Total amount spent for the financial year: Rs.4 crore
- b) Amount unspent, if any: Rs.25.62 crore
- c) Manner in which amount spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (Rs.)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (Rs.)	Cumulative Expenditure upto the reporting period (Rs.)	Amount Spent: Direct or through implementing agency
1.	Contribution to Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief, welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women	Pan India	-	20000000	20000000	Direct
2.	Swachh Bharat Kosh	Environment protection	Pan India	-	20000000	20000000	Direct

DIRECTORS' REPORT

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

It may be mentioned here that though the CSR spent at Rs.4 crore is lower than the recommended minimum 2 percent, the CSR spent has been towards Swachh Bharat Kosh and Prime Minister National Relief Fund which in all probability will be utilised by the Government for the cleaning of holy river Ganga and for interest and benefit of the persons affected by natural calamities. Further, the Company has initiated all the possible steps to set up internal process of evaluation and implementation of various CSR proposals requisite for CSR spent in the next financial year as it is seized of its responsibility to pursue the objectives of CSR in a meaningful way.

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

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

For and on behalf of the Board of Directors

Sunita Sharma

Surya Kumar Roy

Managing Director & CEO

Chairman

Place: Mumbai
Date: 30th June, 2015

DIRECTORS' REPORT

Annexure 5 to the Directors' Reports.

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

(₹ in Lacs)

Related Party	Nature of transactions	Current Year Rupees
LIC of India	Issue of non convertible debentures	200000.00
	Repayment of non convertible debentures	25000.00
	Repayment of Secured loan	9024.87
	Interest expenses on Secured and Unsecured loans	109739.84
	Dividend Payment	9154.91
	Rent Expenses	454.48
	Reimbursement of Municipal Taxes, etc.	10.84
	Reimbursement of Electricity Expenses	29.44
	Payment for Staff training, Conference, etc.	20.19
	Payments towards Renovation & Repairs Work carried out by them	8.41
	Reimbursement of Gratuity for staff on deputation from LIC	26.83
	Balance as at the year-end (Credit)	1373022.34
LICHFL Care Homes Limited	Dividend Income	-
	Payment of Expenses	55.76
	Reimbursement of Expenses	(1.59)
	Balance as at the year-end (Debit)	111.47
LICHFL Financial Services Limited	Dividend Income	66.50
	Investment in Share capital	-
	Commission Expenses on Loan Business	600.72
	Commission Expenses on Public Deposit	2.96
	Payment of Expenses	5.43
	Reimbursement of Expenses	(5.44)
	Balance as at the year-end (Credit)	88.95
LICHFL Asset Management Company Limited	Payment of Expenses	16.32
	Reimbursement of Expenses	(16.43)
	Balance as at the year-end (Debit)	0.01
LICHFL Urban Development Fund	Investment	440.00
	Income from Investment	(617.28)
	Investment as at the year-end (Debit)	1875.00
Ms. Sunita Sharma	Managerial remuneration (previous year from Nov'13 to Mar'14)	31.59

DIRECTORS' REPORT

Annexure 6 to the Directors' Reports.

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

LIC Housing Finance Limited

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

Based on my verification of the LIC Housing Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by LIC Housing Finance Limited ("The Company") for the period ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment(ODI) and External Commercial Borrowings(ECB);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as may be applicable:-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – Not Applicable
 - e. The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable;

DIRECTORS' REPORT

- vi. The National Housing Bank Act, 1987;
- vii. The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time;
- viii. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB), Directions 2014 and
- ix. Guidelines and circulars issued under the National Housing Bank Act, 1987 from time to time.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India- Not applicable for FY 2014-15.
- ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above and the Company is in the process of filing the documents relating to issue of Non-Convertible Debentures on private placement basis with the appropriate authorities.

I further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period

1. The Company has raised Rs.24,791/- crore by way of non-convertible debentures on private placement basis
2. The members in pursuance to Section 180(1)(c) of the Companies Act, 2013 had approved borrowing limits to the extent of Rs.2,00,000 crores and under Section 180(1)(a) approved creation of charges to the extent of the aforesaid borrowing limits.

Place : Mumbai

Date : 18th April, 2015

P. S.GUPCHUP

ACS No. 4631

CP No. 9900

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms and integral part of this report.

DIRECTORS' REPORT

Annexure A

To

The Members,

LIC Housing Finance Limited.

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

1. Maintenance of Secretarial Records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai

Date : 18th April, 2015

P. S. GUPCHUP

ACS No. 4631

CP No. 9900

FORM AOC-I

Pursuant to first proviso to Sub-Section(3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate company / joint ventures

Part A' Subsidiaries

Sr. No.	Name Of The Subsidiary Company	Reporting Period	Reporting Currency	Issued, Subscribed And Paid Up Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Amt In Rs.				
										Profit/ (Loss) Before Taxation	Tax Expenses / (Credit)	Profit / (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	LICHFL Care Homes Limited	April 2014 - March 2015	INR	85,500,000	19,07,01,174	49,65,45,143	49,65,45,143	Nil	11,94,71,259	5,83,22,481	2,02,68,857	3,80,53,624	Nil	100
2	LICHFL Financial Services Limited	April 2014 - March 2015	INR	95,000,000	66,111,630	182,513,470	182,513,470	Nil	129,127,040	37,817,900	12,797,950	25,019,950	10%	100
3	LICHFL Asset Management Company Limited	April 2014 - March 2015	INR	91,944,000	156,510,655	275,413,907	275,413,907	Nil	120,192,042	83,735,722	27,142,139	56,643,583	20%	94.62
4	LICHFL Trustee Company Private Limited	April 2014 - March 2015	INR	900,000	439,036	1,369,803	1,369,803	Nil	530,832	349,464	107,489	241,975	Nil	100

Part B' Associate

1	LIC Nomura Mutual Fund Asset Management Company Limited	April 2014 - March 2015	INR	110,000,000	911,522,760	1,082,785,357	1,082,785,357	Nil	416,936,076	(64,095,698)	-	(64,095,698)	Nil	20
---	---	-------------------------	-----	-------------	-------------	---------------	---------------	-----	-------------	--------------	---	--------------	-----	----

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

LIC Housing Finance is committed to set of highest standard of Corporate Governance right from its inception. Its philosophy on Corporate Governance includes fiscal accountability, ethical corporate behaviour and fairness to all stakeholders namely customers, lenders, regulators, employees, vendors, investors and the society at large. Transparency and accountability are fundamental principles to the sound Corporate Governance that ensures organisation being managed and monitored in a responsible manner for creating value for stakeholders.

The Company has strong legacy of transparency and ethical governance practices. The Company has adopted Code of Conduct for its employees and Directors which is hosted on the Company's website. The Company complies all the requirements stipulated under clause 49 of the Listing Agreement entered into with the Stock Exchanges in regards to Corporate Governance.

Board of Directors

Composition

The Board of Directors as on 31st March, 2015 comprised of ten Directors — nine Non-Executive and one Executive Director. Ms. Sunita Sharma, Managing Director & CEO is an Executive Director. The Executive and Non-Executive

Directors are competent and knowledgeable personalities in their respective fields. None of the Directors on the Board hold Directorship in more than 10 public companies and neither of them is a member of more than 10 committees or chairman of more than 5 committees in which they are Director. Necessary disclosure in this regard as on 31st March, 2015 have been made by the Directors. The Directors are not related to each other. The Independent Directors have confirmed that they meet the criteria as mentioned under clause 49 of the Listing Agreement and section 149 (6) of the Companies Act, 2013.

The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its Directors, management, subsidiaries or associates. In 2014-15, the composition of the Board was in conformity with clause 49 of the Listing Agreement. Details of Board meetings and the last Annual General Meeting attended by Directors, number of other Directorships (excluding Directorships of Private Limited Company, Section 8 Company and Companies incorporated outside India) / Committee Chairmanship and membership (viz. Audit Committee and Stakeholders Relationship Committee as per SEBI's Corporate Governance Code) held by them as on 31st March, 2015 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 25 th Annual General Meeting	Attendance at the Board meetings (No. of meetings held – 6)	No. of Director- ships of other Companies (other than LIC Housing Finance Ltd.)	No. of Committees (as per Clause 49) Member- ship and Chairmanship (other than LIC Housing Finance Ltd.)	
						Member	Chairperson
1.	Shri Surya Kumar Roy	Non Executive Chairman	Present	6	3	-	-
2.	Shri S. B. Mainak	Non Executive	Present	4	6	-	-
3.	Ms. Sunita Sharma	Executive	Present	6	6	1	1
4.	Shri K. Narasimha Murthy	Independent and Non- Executive	Present	5	8	2	5
5.	Shri S. Ravi	Independent and Non- Executive	Present	6	10	3	3
6.	Shri B. N. Shukla	Independent and Non- Executive	Present	4	-	-	-
7.	Shri Jagdish Kapoor	Independent and Non- Executive	Present	4	11	-	4
8.	Ms. Savita Singh	Non- Executive	Present	4	1	-	-
9.	Shri T. V. Rao	Independent and Non-Executive	Present	5	5	3	1
10.	Dharmendra Bhandari*	Independent and Non-Executive	Not Applicable	3	6	2	2

*appointed on 19th August, 2014 (after AGM)

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Changes during the Year

Dr. Dharmendra Bhandari was appointed as Additional Director (Independent Category) of the Company by the Board with effect from 19th August, 2014.

Taking into account the invaluable contribution, suggestions, advice given by Dr. B. N. Shukla during his tenure in the various meetings of the Board / Committees held, the Board extended the term of office of Dr. B. N. Shukla, Non-Executive Independent Director by a period of one year beyond the total term of office of nine years.

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

Shri S. B. Mainak

Shri S. B. Mainak, who was appointed as Director of the Company on 3rd July, 2014 retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Shri S. B. Mainak, Managing Director of Life Insurance Corporation of India, is a Chartered Accountant. He joined LIC as a Direct Recruit Officer (CA batch) in the year 1983.

During his stint in LIC he has acquired a wide range of experience working not only in Investment, Finance and Accounts, but also in Marketing assignment as Senior Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in Investment department and in Academics during a stint in National Insurance Academy (NIA), Pune as Professor (Life Insurance) and Head of Finance Department of NIA where he has been instrumental in creating new teaching programs relating to finance & accounts, investments, GAAP accounting, IIFRS and marketing strategy for officials of Insurance Companies.

Currently he is the Board of ITC Limited, Mahindra & Mahindra Limited, National Stock Exchange of India Limited, LIC Nomura Mutual Fund Trustee Company Private Limited, LIC Housing Finance Limited, LIC Cards Services Limited, LIC (Nepal) Limited, LICHFL Asset Management Company Ltd. Further, he is Dy. President of Insurance Institute of India and Member of Governing Board of National Insurance Academy, Pune. He was earlier appointed by the Government of India on the Board of Satyam Computer Services Ltd. as Independent Director for restructuring the company.

He has been earlier conferred with "NDTV Profit Business Leadership Award" 2009, "CNN-IBN Indian of the Year Award" 2009 and "Dataquest IT Persons of the Year" 2009 for his active role in restructuring of Satyam Computer Services Ltd.

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

Sr. No.	Name of the Companies/ Bodies corporate/firms/ Association of individuals	Nature of interest or concern/ Change in interest or concern	Share-holding	Date on which interest or concern arose/ changed
1.	Life Insurance Corporation of India	Managing Director	Nil	09.07.2013
2.	LIC Nomura Mutual Fund Trustee Company Pvt. Ltd.	Non Executive Chairman	Nil	19.08.2013
3.	LIC Cards Services Ltd.	Non Executive Director	1	28.06.2013
4.	LIC (Nepal) Ltd.	Non Executive Director	Nil	17.09.2013
5.	National Stock Exchange of India Ltd.	Director	Nil	27.08.2009
6.	Mahindra & Mahindra Ltd.	Additional Director	Nil	13.11.2013
7.	ITC Ltd.	Non Executive Director	Nil	25.04.2014
8.	LICHFL Asset Management Co. Ltd.	Non Executive Chairman	Nil	11.07.2014
9.	Kenindia Assurance Co. Ltd.	Alternate Director	Nil	13.07.2014
10.	Technical Advisory Committee of Reserve Bank of India	Appointed as Member	Nil	21.04.2015

Board meetings

The meetings of the Board of Directors are scheduled in advance. The detailed agenda and other relevant notes are circulated to the Directors well in advance. Members of the senior management team also attend the meetings to provide additional information and clarification if required. During FY 2014-15, six Board meetings were held as listed below:

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Sr. No.	Dates on which the Board meetings were held	Total strength of the Board	No. of Directors present
1	21.04.2014	9	8
2	25.07.2014	9	7
3	19.08.2014	9	8
4	18.10.2014	10	9
5	14.01.2015	10	8
6	16.03.2015	10	8

Sitting fee

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

Board committees

The Board has constituted various committees to facilitate a more focused attention on important issues. The Committees deliberates and decides on the issues falling within their terms of reference.

Audit Committee

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

Composition

Shri S. Ravi*	Chairman	Independent Director
Dr. B. N. Shukla	Member	Independent Director
Shri T. V. Rao	Member	Independent Director

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

Dates of Audit Committee Meetings & Attendance Record of Members:

Sr. No.	Dates on which Audit Committee meetings were held	Shri S. Ravi	Dr. B. N. Shukla	Shri T. V. Rao
1	21.04.2014	Attended	Attended	Not Attended
2	25.07.2014	Attended	Attended	Attended

3	18.10.2014	Attended	Not Attended	Attended
4	24.11.2014	Attended	Attended	Attended
5	14.01.2015	Attended	Attended	Attended
6	15.03.2015	Attended	Not Attended	Attended

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

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

Role and Powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration, and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause(c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgement by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE



- (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency on utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence, performance and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties.
- ix. Scrutiny of inter-corporate loans and investments.
- x. Valuations of undertakings or assets of the company wherever it is necessary.
- xi. Evaluation of internal financial controls and risk management systems.
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with the internal auditors of any significant findings and follow up thereon;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower Mechanism;
- xix. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (The term related party transactions shall have the same meaning as provided in clause 49(VII) of the Listing Agreement).
- Powers**
- To investigate any activity within its terms of reference.
 - To seek information from any employee.
 - To obtain outside legal or other professional advice.
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.
- The Audit Committee mandatorily reviews the following:
1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions submitted by management;
 3. Management letters / letters of internal control weakness issued by the statutory auditors;
 4. Internal audit reports relating to internal control weakness;
 5. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit committee.
- Meetings are scheduled well in advance. The Audit Committee considers and recommends quarterly and yearly financial results for approval by the Board. The Joint Statutory Auditors and Internal Auditor of the Corporate Office are invited to attend the meeting. The head of the internal audit function attends the Audit Committee meetings; the Committee also invites senior executives to be present.
- Executive Committee**
- The Executive Committee formed by the Board has been empowered with the following:
1. To frame the norms, policies, guidelines, conditions, parameters for all housing loan schemes including Project Finance schemes.
 2. To relax / waive / alter the norms/ guidelines/ condition of the housing loan schemes including Project Finance schemes on case to case basis.
 3. To sanction loan to Builders and Developers under Project Loans beyond the limits delegated to Managing Director & CEO as per Financial Power Standing Order, 1990 (as amended upto 25th April, 2012 (FPSO) on recommendation of the HOD Committee as constituted by the Managing Director & CEO from time to time.
 4. To sanction loan under Rental Securitization of the loan amount more than the amount delegated to Managing Director & CEO as per FPSO.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

5. To sanction loan under Individual loan schemes beyond the loan amount delegated to Managing Director & CEO as per FPSO.
6. To approve any new loan scheme that Company may launch.
7. To revise the interest rate in the existing schemes & new schemes of Individual/ Project loans.
8. To modify/ restructure existing & new schemes for Individual / Project loans.
9. To revise terms and conditions of the existing & new Individual/ Project loans.
10. To take over the portfolio of the Housing Loans subject to the limits as specified by the Board from time to time.
11. To waive Interest, Additional Interest and other charges beyond the limits delegated to Managing Director & CEO in respect of the One Time Settlement under FPSO.
12. To waive principal amount irrespective of the waiver amount involved in respect of One Time Settlement beyond the limits delegated to Managing Director & CEO under FPSO.
13. To approve the Reserve price under SARFAESI Act, 2002 beyond the limits delegated to Managing Director & CEO under FPSO.
14. To approve LICHFL- PLR and to review & revise the same from time to time.
15. To approve the purchase / construction of the property for office building / staff quarters beyond the limits delegated to Managing Director & CEO generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as they may believe or may be advised to be reasonably satisfactory.
16. To borrow money for the purpose of the business of the Company subject to the limit specified by the Board from time to time.
17. To approve the payment for arrangers for fund mobilization.
18. To approve the payment of processing or any other fees payable to Banks/FIs.
19. To approve the availing of re-finance from National Housing Bank.
20. To delegate its powers to Managing Director & CEO any or all of the powers listed above for a specific period.
21. Approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).
22. Approve / ratify restructuring / reschedulement of project loan.
23. Approve revision of rate of interest in respect of project loans on case to case basis.
24. Approve/ ratify issue of NOC, release of charge in respect of project loan.
25. Approve the cases under Consortium/ Joint financing.
26. Approve takeover of existing project loan/ term loan of other institution/s.

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

Composition of the Executive Committee:

Shri S. B. Mainak (w.e.f 3 rd July, 2014)	Chairman	Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri K. Narasimha Murthy*	Member	Independent Director
Shri Jagdish Kapoor	Member	Independent Director
Shri Sushobhan Sarker (upto 31 st May, 2014)	Ex-Chairman	Director

*Ceased to be Director w.e.f. 25th June, 2015 on account of completion of term of office of Directorship.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Dates of Executive Committee Meetings & Attendance Record of Members:

Sr. No.	Dates on which Executive Committee meetings were held	Shri S. B. Mainak	Shri K. Narasimha Murthy	Shri Jagdish Kapoor	Ms. Sunita Sharma	Shri Sushobhan Sarker
1	16.05.2014	Not Applicable	Attended	Attended	Not Attended	Attended
2	19.06.2014	Not Attended	Attended	Attended	Attended	Not Applicable
3	25.07.2014	Attended	Attended	Not Attended	Attended	Not Applicable
4	27.08.2014	Attended	Attended	Attended	Attended	Not Applicable
5	30.09.2014	Attended	Attended	Attended	Attended	Not Applicable
6	18.10.2014	Attended	Attended	Attended	Attended	Not Applicable
7	25.11.2014	Attended	Attended	Attended	Attended	Not Applicable
8	13.12.2014	Attended	Attended	Attended	Attended	Not Applicable
9	31.12.2014	Attended	Attended	Attended	Attended	Not Applicable
10	01.01.2015	Attended	Attended	Not Attended	Attended	Not Applicable
11	14.01.2015	Attended	Not Attended	Attended	Attended	Not Applicable
12	02.02.2015	Attended	Attended	Not Attended	Attended	Not Applicable
13	12.02.2015	Attended	Attended	Attended	Attended	Not Applicable
14	27.02.2015	Not Attended	Not Attended	Attended	Attended	Not Applicable
15	16.03.2015	Attended	Attended	Not Attended	Attended	Not Applicable
16	24.03.2015	Attended	Attended	Attended	Attended	Not Applicable
17	31.03.2015	Not Attended	Attended	Attended	Attended	Not Applicable

Stakeholders Relationship Committee

The Stakeholders Relationship Committee looks into issues related to shareholders like transfer / transmission of shares, issue of duplicate shares, non-receipt of dividend and annual report and other related matters. The Committee also advises to improve investor services and to provide prompt and adequate information. Further, to expedite share transfer in physical form, the Board has delegated power for approving the share transfer to the Committee of Officers of the Company.

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

Sr. No.	Dates on which Stakeholders Relationship Committee meetings were held	Shri S. Ravi	Dr. B. N. Shukla	Ms. Sunita Sharma
1	15.03.2015	Attended	Not Attended	Attended

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

Composition of the Stakeholders Relationship Committee is as follows:

Shri S. Ravi*	Chairman	Independent Director
Dr. B. N. Shukla	Member	Independent Director
Ms. Sunita Sharma	Member	Managing Director & CEO

*Ceased to be Director w.e.f. 25th June, 2015 on account of completion of term of office of Directorship.

Compliance Officer

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

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Details of shareholders' complaints

During 2014-15, 218 complaints / request for revalidation were received from investors and the same were replied/resolved to their satisfaction. As on 31st March, 2015, 2 complaints were pending which were addressed subsequently.

During the year, 589 dematerialisation requests for 3,31,535 shares and 149 requests for transfer involving 81,500 shares were received. The requests for dematerialisation and transfer were promptly attended and there were no request pending for approval as on 31st March, 2015. As on that date 49,92,83,152 equity shares, i.e. 98.934 percent of the Company's share capital were dematerialised.

Other Committees:

Debenture Allotment Committee

The Debenture Allotment Committee was formed and delegated the power to raise fund by allotting Non Convertible Debentures to the successful applicants from time to time in different tranches.

Composition of the Debenture Allotment Committee is as follows:

Shri S. B. Mainak (w.e.f 03.07.2014)	Chairman	Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Kapoor	Alternate Member	Independent Director

During the year Twenty Four Debenture Allotment Committee meetings were held and the dates of the meetings held were 20.06.2014, 02.07.2014, 07.07.2014, 24.07.2014, 30.07.2014, 04.08.2014, 25.08.2014, 02.09.2014, 10.09.2014, 24.09.2014, 16.10.2014, 29.10.2014, 10.11.2014, 17.11.2014, 24.11.2014, 28.11.2014, 08.12.2014, 11.12.2014, 08.01.2015, 21.01.2015, 30.01.2015, 24.02.2015, 03.03.2015 & 30.03.2015.

Attendance at Debenture Allotment Committee meetings

Name of the Director	No. of meetings attended
Shri S. B. Mainak	6
Shri Jagdish Kapoor	18
Ms. Sunita Sharma	24

Nomination & Remuneration Committee (NRC)

Nomination & Remuneration Committee was formed comprising of three Non-Executive Directors and the Chairman of the Committee is an Independent Director as per clause 49 of the Listing Agreement.

The terms of reference of Nomination & Remuneration Committee is:

- To determine the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
- To approve remuneration payable to all managerial personnel including the Executive Directors;
- To determine the elements of remuneration package of Executive Directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.;
- To determine details of fixed component and performance linked incentives, alongwith the performance criteria;
- Service contracts, notice period, severance fees;
- Stock options details, if any.

Composition of the Nomination & Remuneration Committee is as follows:

Shri Jagdish Kapoor	Chairman	Independent Director
Shri S. B. Mainak	Member	Director
Shri B. N. Shukla	Member	Independent Director

REMUNERATION POLICY

The Company had made this policy in order to align with various provisions under clause 49 of the Listing Agreement entered into with the Stock Exchanges in India as per SEBI Regulations published vide its circular no.CIR/CFD/Policy Cell/2/2014 dated 17.04.2014 as amended and published vide its circular no.CIR/CFD/Policy Cell/7/2014 dated 15.09.2014.

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

Accordingly, the remuneration policy relating to the remuneration of directors, key managerial personnel and other employees is as below:

Remuneration to Non Executive Independent Directors:

Non Executive Independent Directors would be paid such amount of sitting fees as decided from time to time for every Board and Committee Meetings they attend. Apart from sitting fees no other remuneration / commission would be payable to them.

Remuneration to Non Executive Promoter Directors:

Non Executive Promoter Directors would not be paid any sitting fees for Board and Committee Meetings they attend. The Promoter Directors are being paid salary and other benefits by LIC of India.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE



Remuneration to Executive Promoter Director:

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

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

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

In the present set up of the Company key managerial personnel other than Managing Director & CEO are Company Secretary and Chief Financial Officer. Chief Financial Officer who is an officer on deputation from LIC of India is being paid remuneration as applicable to an Officer in the cadre of Senior Divisional Manager of LIC of India by the Company whose salary and other benefits are decided by LIC of India from time to time. Remuneration payable to Company Secretary and other employees would be as decided by the Board of the Company as per Service Terms, Conduct Rules etc. 1990 as amended from time to time.

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

Sr. No.	Dates on which NRC Committee meetings were held	Shri S. B. Mainak	Shri Jagdish Kapoor	Dr. B. N. Shukla
1	25.07.2014	Attended	Not Attended	Attended
2	19.08.2014	Not Attended	Attended	Attended
3	27.08.2014	Attended	Attended	Attended
4	12.02.2015	Attended	Attended	Not Attended

Criteria of making payments to Non-Executive Directors:

The Directors (other than Shri S. K. Roy, Chairman, Shri Sushobhan Sarker, Ex-Director, Shri S. B. Mainak, Director and Ms. Sunita Sharma, Managing Director & CEO) were paid sitting fees for Board / Committee meetings attended.

The details of sitting fees paid to the Directors during the period from 1st April, 2014 to 31st March, 2015 is mentioned below:

Names of Non-Executive Directors	Sitting fees (in Rs.)
Shri K. Narasimha Murthy	3,30,000
Shri S. Ravi	1,95,000
Dr. B. N. Shukla	1,60,000
Ms. Savita Singh	65,000
Shri Jagdish Kapoor	5,85,000
Shri T.V. Rao	2,05,000
Shri Dharmendra Bhandari	50,000

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

The remuneration paid to Managing Director & CEO of Company for FY 2014-15 is as under:

Ms. Sunita Sharma (from 1st April, 2014 to 31st March, 2015), was paid remuneration as under:

Particulars	Rupees
Gross Salary, Sodexo and Productivity Linked Incentive* (PLI), PL encashment, medical lumpsum	29,65,318/-
Contribution to pension and gratuity funds	1,54,076/-
Perquisites in cash or in kind	39,660/-
Total	31,59,054/-

* It may be mentioned here that PLI for FY 2013-14 was paid during the FY 2014-15 calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

The evaluation criteria for performance evaluation of independent directors as well as remuneration policy laid down by the Nomination and Remuneration Committee is appended in this Report.

Meeting of Independent Directors

Separate meeting of the Independent Directors of the company was held during the FY 2014-15 and in the said meeting, the Independent Directors reviewed the performance of Non Independent Directors and the Board as a whole. They reviewed the performance of the Chairperson of the company, taking into account the views of Executive Director and Non Executive Directors.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Annual evaluation made by the Board of its own performance:

The Nomination and Remuneration Committee at its meeting held on 25th July, 2014 and the Board of Directors at its meeting held on 16th March, 2015 respectively, had laid down Criteria for evaluation of directors, chairperson, non-executive directors, Board level committee and Board as a whole and also the evaluation process of the same.

The Board of Directors had carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (SEBI) under clause 49 of the Listing Agreement at the meeting of Independent Directors held on 16th March, 2015.

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

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

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

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

Familiarisation Programme for Independent Directors

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

Corporate Social Responsibility (CSR)

In accordance with the provision of Section 135 of the Companies Act, 2013, the Board of Directors constituted a Corporate Social Responsibility Committee of Directors at its meeting held on 16th January, 2014. The Corporate Social Responsibility Committee monitor the implementation of the Corporate Social Responsibility Policy and apprise the Board accordingly. As on 31st March, 2015, the Company has contributed Rs.2,00,00,000/- each towards Swachh Bharat Kosh and Prime Minister National Relief Fund.

Composition of the Corporate Social Responsibility Committee is as follows:

Shri S. B. Mainak	Chairman	Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri Jagdish Kapoor	Member	Independent Director
Shri T. V. Rao	Member	Independent Director

Dates of Corporate Social Responsibility Committee Meetings & Attendance of Members:

Sr. No.	Dates on which CSR Committee meetings were held	Shri S. B. Mainak	Ms. Sunita Sharma	Shri Jagdish Kapoor	Shri T. V. Rao
1.	30.09.2014	Attended	Attended	Attended	Attended
2.	12.02.2015	Attended	Attended	Attended	Attended

Risk Management Committee (RM)

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

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

Composition of the Risk Management Committee is as follows:

Dr. B. N. Shukla	Chairman	Independent Director
Ms. Sunita Sharma	Member	Managing Director & CEO
Shri T. V. Rao	Member	Independent Director

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE



Date of Risk Management Committee Meeting & Attendance of Members:

Sr. No.	Date on which RM Committee meetings were held	Dr. B. N. Shukla	Ms. Sunita Sharma	Shri T. V. Rao
1.	16.03.2015	Not Attended	Attended	Attended

HR Committee (HR)

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

Composition of the HR Committee is as follows:

Shri S. B. Mainak	Chairman	Director
Shri T. V. Rao	Member	Independent Director
Dr. B. N. Shukla	Member	Independent Director

Dates of HR Committee Meetings & Attendance Record of Members:

Sr. No.	Dates on which HR Committee meetings were held	Shri S. B. Mainak	Shri T. V. Rao	Dr. B. N. Shukla
1.	02.01.2015	Attended	Attended	Attended
2.	12.02.2015	Attended	Attended	Not Attended
3.	16.03.2015	Attended	Attended	Not Attended

Subsidiary companies

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

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

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

Number of shares and convertible instruments held by Directors:

Except Dr. Dharmendra Bhandari (holds 500 equity shares), none of the Directors of the Company are holding any equity shares or any convertible instruments issued by the Company. The Company has not issued any convertible instruments as on date.

General body Meetings

Annual General Meeting

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

Year	Date	Time	Location
2011-12	24 th July, 2012	3.00 p.m.	'M. C. Ghia Hall', Bhogilal Hargovindas Building, 4 th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001.
2012-13	25 th July, 2013		
2013-14	19 th August, 2014		

Special resolution passed at the three previous Annual General Meetings

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

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

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

- Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis u/s 42 of the Companies Act, 2013.
- Alteration of Articles of Association u/s 14 of the Companies Act, 2013.
- Related party transactions u/s 188 of the Companies Act, 2013.

Special resolution passed through Postal Ballot for the FY 2013-2014:

To mortgage, create charges or hypothecation on such assets of the Company both present and future, movable as well as immovable including the Company's interest as mortgagee in the various properties belonging to the borrowers of the Company and further to issue covenants for negative pledges / negative liens in respect of the said assets and properties in such manner.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Shri N. L. Bhatia, Company Secretary (Membership No.: FCS 1176), Partner Messrs N. L. Bhatia & Associates Practicing Company Secretaries, Mumbai conducted the postal ballot exercise in a fair and transparent manner.

No special resolution is proposed to be conducted through postal ballot for the year under review.

Disclosures

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

The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the Clause 49 of the Listing Agreement, were placed before the Audit Committee on quarterly basis during FY 2014-15. The policy on dealing with Related Party transactions and procedures is disclosed on the company's website: www.lichousing.com and appended in the Annual Report.

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

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

The Company has a Code of Conduct for prevention of insider trading known as LICHFL Code of Conduct for Prevention of insider trading in the shares and securities of the Company by its Directors and designated employees.

The Company has a Code of Conduct for its Directors and the senior management which inter alia, includes the maximum tenure for Independent Director as nine years with extension of one year. It has suitably incorporated the duties of Independent Directors as laid down in the Companies Act, 2013.

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

As provided under 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, 2015.

For LIC Housing Finance Limited

Sunita Sharma

Managing Director & CEO

Mumbai, 18th April, 2015

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.

The Company does not have Employee Stock Option Scheme.

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

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

The Company has formulated policy for determining 'material' subsidiaries and the same is uploaded on the website of the Company: www.lichousing.com/policiesandcodes. However, it may be mentioned here that none of the company's subsidiaries' income or networth (i.e. paid up capital and free reserves) exceeds 20 percent of the consolidated income or networth respectively of the listed holding company (LIC Housing Finance Limited) and its subsidiaries in the immediately accounting year.

CEO / CFO certification

As required by Clause 49 of the Listing Agreement, the Managing Director & CEO and CFO certificate is appended in the Annual Report.

Certificate on Corporate Governance:

As required by Clause 49 of the Listing Agreement, the certificate on compliance of the conditions of Corporate Governance issued by practicing Company Secretary is appended in the Annual Report.

Mandatory / Non-Mandatory requirements

During FY 2014-15, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company is in compliance with all the Non – Mandatory requirements listed in clause 49 of the Listing Agreement except half-yearly financial results including summary of significant events are presently not being sent to the shareholders. However, the quarterly as well as the annual results are well published in the newspapers.

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Financial calendar for 2015-16 (provisional)

1.	Unaudited Financial Result for the first quarter ending 30 th June, 2015	In the month of July, 2015
2.	Unaudited Financial Result for the second quarter ending 30 th September, 2015	In the month of October, 2015
3.	Unaudited Financial Result for the third quarter ending 31 st December, 2015	In the month of January, 2016
4.	Audited Financial Result for the fourth quarter & for the year ending 31 st March, 2016	In the month of April, 2016
5.	Annual General Meeting for the year ending March, 2016	In the month of August, 2016

Means of communication

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

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

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

The audited financial statements viz., Balance Sheet, Statement of Profit and Loss, Cash-Flow Statement, including schedules and notes thereon, press releases and presentations made to analysts were hosted on the Company's website. All material information about the Company, including quarterly and yearly financial results, limited review reports, shareholding pattern are promptly sent through email to the stock exchanges namely Bombay Stock Exchange Limited and National Stock Exchange of India Limited and also uploaded on their portal and sent to Luxembourg Stock Exchange through air mail. Besides, the Company disseminates information through press and investors' meet.

General shareholder information

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

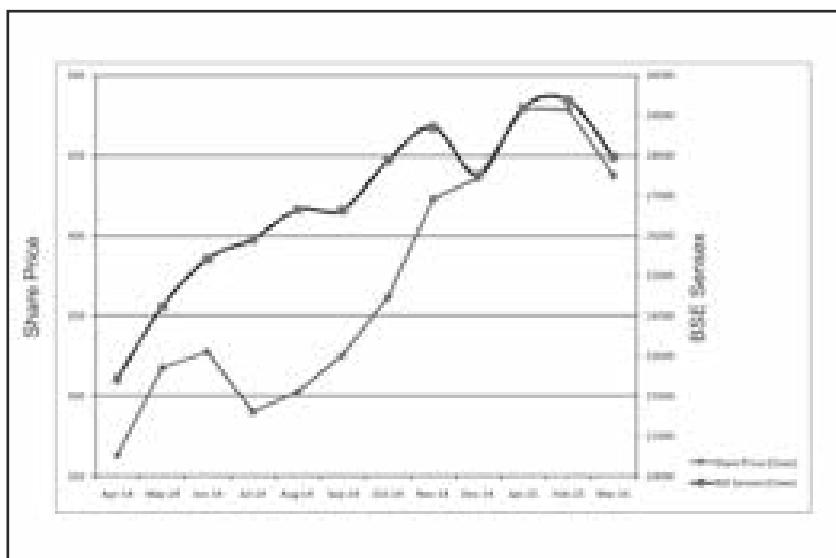
- a) Annual General Meeting :
Date and time: 19th August, 2015 at 3.00 pm.
Venue: 'M.C. Ghia Hall', Bhogilal Hargovindas Building, 4th Floor, 18 / 20 Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Mumbai – 400 001.
- b) Financial year: 1st April, 2014 to 31st March, 2015
- c) Book closure : From 11th August, 2015 to 19th August, 2015 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the Members.
- d) Dividend payment date: On or after 20th August, 2015
- 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 : INE115A01026

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

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 (Rs.)	NSE		Company's share price (Rs.)	Volume of shares (Nos.)	
	Company's share price (Rs.)			High	Low			
	High	Low		High	Low			
April 2014	284.80	230.20	86,67,403	22,939.31	22,197.51	285.00	231.00	
May 2014	352.85	260.75	76,90,895	25,375.63	22,277.04	352.95	260.65	
June 2014	348.60	296.20	6,11,4361	25,725.12	24,270.20	349.00	295.65	
July 2014	337.70	284.60	96,15,534	26,300.17	24,892.00	337.80	284.55	
August 2014	307.45	276.25	38,24,819	26,674.38	25,232.82	307.40	275.50	
September 2014	330.80	299.70	48,43,000	27,354.99	26,220.49	330.95	299.20	
October 2014	364.50	304.10	60,78,869	27,894.32	25,910.77	364.80	303.75	
November 2014	426.95	357.35	55,92,075	28,822.37	27,739.56	427.15	357.00	
December 2014	463.30	377.00	70,61,277	28,809.64	26,469.42	464.00	376.25	
January 2015	505.00	433.80	77,00,134	29,844.16	26,776.12	504.90	432.50	
February 2015	509.40	444.05	62,71,719	29,560.32	28,044.49	509.20	444.00	
March 2015	505.95	415.00	61,84,265	30,024.74	27,248.45	506.30	415.00	

Share price & BSE Sensex during 2014-2015



REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

i) Shareholding as on 31st March, 2015

1) Details of Shareholders holding more than 1 percent of the share capital of the Company as at 31st March, 2015 are given below :

Sr. No.	Name of the shareholders	No. of shares held	Percentage to share capital
1.	LIFE INSURANCE CORPORATION OF INDIA	20,34,42,495	40.313
2.	BANK MUSCAT S A O G A/C BANKMUSCAT INDIA FUND	1,14,96,000	2.278
3.	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GIF MAURITIUS LIMITED	92,94,839	1.842
4.	ABU DHABI INVESTMENT AUTHORITY – GULAB	91,86,515	1.820
5.	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	83,31,031	1.651
6.	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE FRONTLINE EQUITY FUND	75,33,702	1.493
7.	MAWER INVESTMENT MANAGEMENT LTD. A/C MAWER INTERNATIONAL EQUITY FUND	70,73,930	1.402
8	MORGAN STANLEY ASIA (SINGAPORE) PTE.	68,64,846	1.360
9.	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	64,04,022	1.269
10.	FIL INVESTMENTS(MAURITIUS) LTD.	57,21,890	1.134

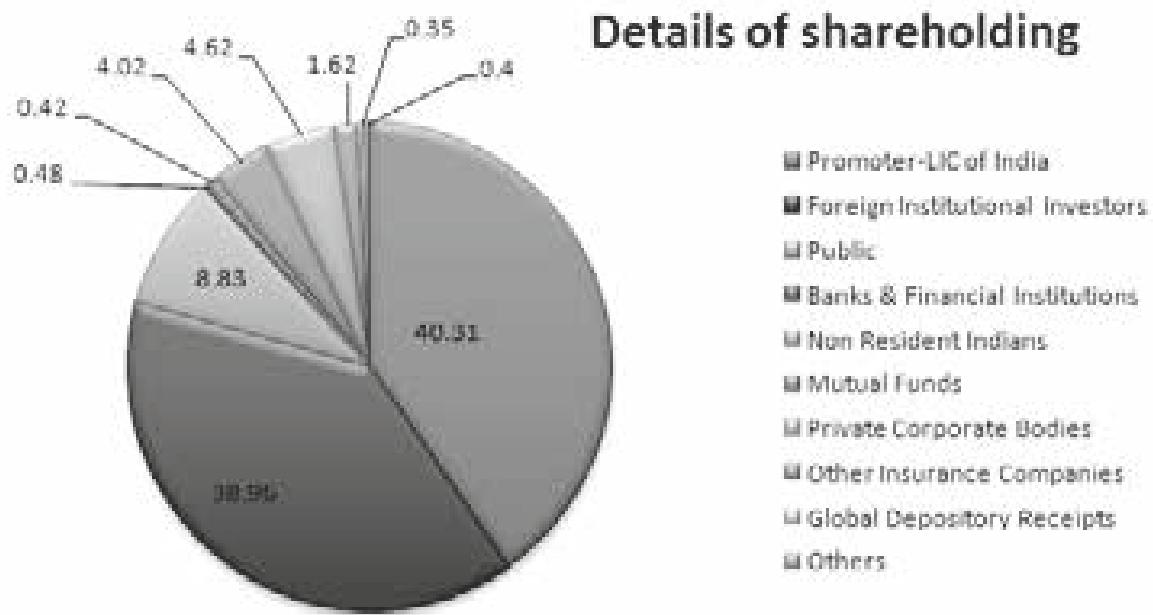
2) Distribution of shareholding as at 31st March, 2015:

NO. OF EQUITY SHARES HELD	FOLIO / SHAREHOLDERS		SHARES	
	NUMBER	PERCENTAGE	NUMBER	PERCENTAGE
UP TO 5,000	1,60,994	98.61	6,36,90,346	6.31
5,001-10,000	1,055	0.65	79,42,346	0.79
10,001-20,000	461	0.28	68,31,156	0.68
20,001-30,000	154	0.09	39,15,312	0.39
30,001-40,000	78	0.05	27,56,276	0.27
40,001-50,000	66	0.04	30,52,666	0.30
50,001-1,00,000	113	0.07	82,93,368	0.82
1,00,001 AND ABOVE	339	0.21	91,28,44,530	90.44
TOTAL	1,63,260	100.00	1,00,93,26,000	100.00

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

3) Details of shareholding based on category as on 31st March, 2015 :

	Physical Form		Demat Form		Total		percent to total Capital
	No. of Share- holders	No. of Shares	No. of Share- holders	No. of Shares	No. of Share- holders	No. of Shares	
Promoter-LIC of India	0	0	1	20,34,42,495	1	20,34,42,495	40.31
Foreign Institutional Investors	10	25,000	384	19,66,07,349	394	19,66,32,349	38.96
Public	9,862	52,31,848	1,48,531	3,93,19,157	1,58,393	4,45,51,005	8.83
Banks & Financial Institutions	4	18,500	19	24,05,997	23	24,24,497	0.48
Non Resident Indians	2	1,000	2,843	21,01,930	2,845	21,02,930	0.42
Mutual Funds	5	12,000	27	2,02,67,445	32	2,02,79,445	4.02
Private Corporate Bodies	62	90,500	1,287	2,32,08,194	1,349	2,32,98,694	4.62
Other Insurance Companies	0	0	3	81,58,992	3	81,58,992	1.62
Global Depository Receipts	0	0	1	17,45,786	1	17,45,786	0.35
Others	1	1,000	218	20,25,807	219	20,26,807	0.40
TOTAL	9,946	53,79,848	1,53,314	49,92,83,152	1,63,260	50,46,63,000	100.00



REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

j) Global Depository Shares (GDS):

Out of the total 50,00,000 GDS issued by the Company, 3,232 GDSs were outstanding as on 31st March, 2015.

k) Plant location: The Company is mainly engaged in providing housing finance and as such is not having any manufacturing plant.

l) Address for correspondence:

Investors and shareholders can correspond with the Company at following address:

A. The Company Secretary
 LIC Housing Finance Limited
 Corporate Office,
 131 Maker Tower, 'F' Premises, 13th Floor,
 Cuffe Parade, Mumbai - 400 005.
 Phones: (91-22) 22178600 / 22178700 /
 22178611
 Fax: (91-22) 22178777.
 Email id : nitin_jage@lichousing.com

And / Or

B. The Registrar and Transfer Agent of the Company at their following address:

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

m) Share transfer system:

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

n) Dematerialisation of shares and liquidity:

The shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the Depository Systems — National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March, 2015, 49,92,83,152 equity shares i.e., 98.934 percent of the Company's share capital were dematerialised.

Procedure for Postal Ballot:

In compliance with clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or e-voting.

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

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

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

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

Voting result of Postal Ballot resolution passed in the FY 2013-14:

Promoter / Public	No of Shares held (1)	No of Votes Polled (2)	% of Votes polled on Outstanding shares (3)=[(2)/(1)] *100	No of Votes - in Favour (4)	No of Votes Against (5)	% of Votes in favour on Votes polled (6)=[(4)/(2)]*100	% of Votes Against on Votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	203442495	203442495	100.00	203442495	0	100.00	0.00
Public Institutional Holders	252849536	491331	0.19	491331	0	100.00	0.00
Public-Others	48370969	83949	0.17	77574	2069	92.41	2.47
Total	504663000	204017775	40.427	204011400	2069	99.997	0.001

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of LIC Housing Finance Limited

We have examined the compliance of conditions of Corporate Governance by LIC Housing Finance Limited (the Company) for the year ended 31st March, 2015 as stipulated in clause 49 of the Listing Agreement of the Stock Exchanges.

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

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 NL Bhatia & Associates

UIN: S1996MH016600

Practicing Company Secretaries

N.L. Bhatia

Partner

CP No. 422

Place: Mumbai

Date: April 18, 2015

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

Date: 18th April, 2015

ANNUAL CERTIFICATION

We the undersigned Sunita Sharma, Managing Director & CEO and P. Narayanan, Chief Financial Officer hereby certify that for the financial year ended 31st March 2015, we have reviewed Annual accounts, financial statement and the cash flow statement and to the best of our knowledge and belief:

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

Managing Director & CEO

Chief Financial Officer

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L65922MH1989PLC052257
2. **Name of the Company:** LIC Housing Finance Limited
3. **Registered Address:** Bombay Life Building, 2nd Floor, 45/47, Veer Nariman Road, Mumbai 400001.
4. **Website:** www.lichousing.com
5. **E-mail id:** lichousing@lichousing.com
6. **Financial Year Reported:** 1st April, 2014 to 31st March, 2015
7. **Sector that the Company is engaged in (Industrial activity code-wise):**
Housing Finance - 59225
8. **List three key products/ services that the Company manufactures/ provides (as in Balance Sheet):**
Housing loan to Individuals, Housing loan to Builders/ Developers, Loan against Property
9. **Total number of locations where business activity is undertaken by the Company:**

Number of National Locations: LICHFL is spread across the entire nation with 7 Regional Offices, 16 Back Offices, 132 Area Offices, 80 Business Centers, 7 Extension Counters, 1 Customer Service Point and 4 Property Service Division.

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

10. **Markets served by the Company:**

India, UAE (Dubai) & Kuwait

Section B: Financial Details of the Company

1. **Paid up Capital:** Rs.100.93 crore
2. **Revenue from Operations:** Rs.10,669.35 crore
3. **Profit after Taxes:** Rs.1,386.19 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 0.29 percent.
5. **List of activities in which expenditure in 4 above has been incurred:**

The Company has contributed towards Swachh Bharat Kosh and Prime Minister National Relief Fund.

Section C: Other Details

1. **Does the Company have any Subsidiary Company/ Companies?**
Yes
2. **Do the Subsidiary Company/ Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary company(s)**
Yes, the subsidiary company also participates in the Business Responsibility initiatives of LICHFL. One subsidiary company namely, LICHFL Care Homes Limited, participate in the BR initiatives.
3. **Do any other entity/ entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30 percent, 30-60 percent, More than 60 percent]**
The Company encourages the suppliers and distributors to participate in the Company's BR initiatives but does not mandate them to participate.

Section D: BR Information

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

The Board of the Company is collectively responsible for the implementation of the BR policies of the Company.

- b. **Details of the BR head:**

Sr. No.	Particulars	Details
1.	DIN Number	02949529
2.	Name	Ms. Sunita Sharma
3.	Designation	Managing Director & CEO
4.	Telephone number	022-22189214
5.	e-mail id	pa.mdceo@lichousing.com

2. **Principle – wise (as per NVGs) BR Policy/ policies (Reply in Y/N):**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

BUSINESS RESPONSIBILITY REPORT

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Business should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	All the policies are in comparison with the best practices in the industry.								
4.	Has the policy been approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.lichousing.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to concerned stakeholders. The company ensures to keep the communication as an on-going process.								
8.	Does the company have in-house structure to implement the policy / policies?	Yes, the company has an in-house structure to implement the policy / policies and the Board of Directors review the same.								
9.	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholder grievances related to the policy / policies?	The company has a full fledged grievance redressal mechanism to address grievances of different stakeholders at different level.								
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The company is yet to carry out independent audit / evaluation by an internal / external agency.								

BUSINESS RESPONSIBILITY REPORT

- 3. Governance related to BR**
- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**
Annually
 - **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**
The Company does not publish a BR or Sustainability Report.
- Section E: Principle-wise performance**
- Principle 1**
- Business should conduct and govern themselves with Ethics, Transparency and Accountability
1. **Does the policy relating to ethics, bribery and corruption cover only the company?**
No
Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?
All companies in LICHFL group are covered by the policy.
 2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**
5298 complaints were received during the year 2014-15, from various stakeholders namely borrowers, shareholders and deposit holders. 5281 complaints, working out to 99.68 percent were satisfactorily resolved.
- Principle 2**
- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- The biggest social responsibility of helping people to have their own shelter is the main objective of the Company. To facilitate the same, LICHFL has been providing loans to home buyers at competitive rates of interest through its various schemes.
1. **List upto 3 products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**
 - a. **Women's Day Special Offer scheme**
To bring about the advancement, development and empowerment of women, LICHFL advances housing loan to women applicants who are the sole owner of the property or the first owner in a jointly owned property. In respect of applications received under the scheme, no processing fees has been charged. Till 31st March, 2015, LICHFL has succeeded in empowering 11524 women to own a house in their name under Women's Day Special Offer scheme.
 - b. **LICHFL Rural Housing Scheme**
In order to encourage customers to own their homes in Rural areas, the Company has announced a special scheme for small farmers, landless labourers, Tenant farmers, share croppers, women / SC,ST / Minority persons in rural areas with income not exceeding Rs.2 lakhs per annum. For this purpose, the property should be located in rural area, the population of which did not exceed 50000 as per the 1991 census.
 - c. **LICHFL Urban Housing Scheme**
LICHFL has designed this scheme to enable those people to own a house whose household income does not exceed Rs.4 lakhs per annum. As the name suggest, the main condition of this scheme is that the property should be located in Urban area defined as per 2011 census.
 - d. **Interest Subvention Scheme on Housing Loan up to Rs.10 lakhs.**
As per the directions of National Housing Bank, LICHFL has implemented the Scheme of 1% Interest Subvention on Housing Loan up to Rs.10 lakhs. The objective of the Scheme is to provide Interest Subsidy on Housing Loan as a measure to improve affordability of housing to eligible borrowers

BUSINESS RESPONSIBILITY REPORT

and generate additional demand for credit. The scheme was in operation for a period of 1 year beginning from Oct 1, 2009 and upto Sept 30, 2010. Under this scheme the cost of the property shall not exceed Rs.20 lakhs and Interest Subsidy of 1% was applicable for first 12 months of eligible loans sanctioned and disbursed during the currency of the scheme viz. Oct 1, 2009 to Sept 30, 2010.

e. **Loan against property**

Housing is a basic need for any human being and each individual strives to own a house of his / her own. LICHFL not only helps an individual in fulfilling his / her dream by providing loan for purchase / construction of house but also provides financial support for meeting other personal / business needs through its scheme of Loan against property.

f. **Energy Efficiency Housing Scheme**

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

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

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

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

Since the Company is not involved in any manufacturing activity, the reporting on sustainable sourcing is not applicable. The only raw material required is the fund for which possible sources have been tapped at appropriate time to enable the company to raise the required fund at competitive interest rates.

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

LICHFL wherever practically possible and feasible, has tried to improve the capacity and capability of local and small vendors by patronizing them to supply / provide different services required by the Company for its day to day administration / operation.

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

Since the Company is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable.

Principle 3

Businesses should promote the well being of all employees

1. **Please indicate the total number of employees:**

Total number of employees as on 31st March, 2015 was 1588.

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

108 are hired on a contractual basis.

3. **Please indicate the number of permanent women employees:**

480 were permanent women employees employed by the company as on 31st March, 2015, which constitute 30.23 percent of the total permanent employee strength of the company.

4. **Please indicate the number of permanent employees with disabilities:**

4 permanent employees with disabilities were engaged by the company as on 31st March, 2015.

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

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

BUSINESS RESPONSIBILITY REPORT

6. **What percentage of your permanent employees is members of this recognized employee association?**

Not applicable.

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

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

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

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

Internal training for updates and new schemes etc. was given to different categories of employees consisting of 39 training programmes covering 682 employees.

Principle 4

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

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

Yes.

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

Yes

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

A proper and effective redressal mechanism is available at different level for the stakeholders to take up their issues, if any. Formal and informal consultations / meetings are held with the different stakeholders at different management level to obtain their ideas, views and opinions for better handling of their interests.

Principle 5

Businesses should respect and promote human rights

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

The policy is applicable to LICHFL, its subsidiaries and vendors. LICHFL is committed to developing a culture where it implements a policy of respect and support for human rights. The employees, all stakeholders and society at large is being considered for recognition of human rights.

BUSINESS RESPONSIBILITY REPORT

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

Not received any complaint from stakeholders in this regard.

Principle 6

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

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

LICHFL is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure.

- 2. Does company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.?**

Not applicable since the company is engaged in providing finance for construction / purchase of house / flat.

- 3. Does the company identify and assess potential environmental risks?**

Yes. LICHFL is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure.

- 4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The Company does not have any project related to Clean Development Mechanism but the Company has contributed Rs.2,00,00,000/- each in Swachh Bharat Kosh and Prime Minister National Relief Fund.

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page, etc.**

Not applicable.

- 6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPSB/ SPCB for the financial year being reported?**

Not applicable.

- 7. Number of show cause/ legal notices received from CPSB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

NIL.

Principle 7

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

- 1. Is your company a member of any trade and chamber or association?**

The Company presently is not a member of any trade and chamber or association but is contemplating to associate itself soon.

- 2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Not applicable.

Principle 8

Businesses should support inclusive growth and equitable development

BUSINESS RESPONSIBILITY REPORT

1. Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof:

LICHFL functions on the principles of inclusive growth and equitable development. By opening offices throughout the length and breadth of the country, including rural areas, the Company is trying in its own way to contribute to the overall development of the country. The Company has implemented rural housing scheme of NHB for development of the rural areas. The Company has been offering appropriate products especially for vulnerable and marginalized sections of the society.

2. Are the programmes/ projects undertaken through in-house team/ own foundation / external NGO / Government structures /and any other organisation?

LICHFL had floated a subsidiary company LICHFL Care Homes Limited, whose main objective is to build assisted living centres for the elderly and providing them with a roof at a competitive price, for a peaceful and enjoyable retired life.

3. Have you done any impact assessment of your initiative?

No assessment of impact of the initiative has been done yet.

4. What is your company's direct contribution to community development projects – Amount in INR and the details of the project undertaken?

The Company has not directly contributed in community development projects. However through its subsidiary LICHFL Care Homes Limited, the Company is engaged in Community Development Project. The main objective of LICHFL Care Homes Limited is to establish & operate assisted community centres for senior citizens in major cities across India. The said Company has been working towards ensuring comfort, privacy and security to the elderly citizens along with their dignity and independence. LICHFL Care Homes Limited had taken up two projects, one in Bangalore and another in Bhubaneswar. The project at Bangalore is an eco-friendly campus promoting Shelter & Freedom from routine chores, social interaction and harmonious

companionship among residents and also providing comprehensive services. The project is consisting of 98 cottage and 144 flats divided into 4 blocks of 2BHK and 3BHK at economical prices. The project in Bhubaneswar consists of 240 flats of 1BHK, 2BHK and 3BHK and is in full swing, expected to be completed soon. All the 240 flats have been sold out.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

This community development initiative is being welcomed and has been successfully adopted by the community mainly because of increase in life expectancy and increase in number of senior citizens year after year. The concept of nucleus family has become prevalent almost throughout India. Parents prefer to maintain their own privacy and enjoy their social life amongst their peer group. Also children employed out of India and their parents not willing to shift out of India prefer such community homes for their parents wherein the senior citizens' social needs, medical needs and emotional needs are taken care of. This fact is confirmed by the response to the project in both Bangalore and Bhubaneswar wherein the projects were fully sold out within a short period.

Principle 9

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

1. What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?

Percentage of customer complaints pending as on 31st March, 2015 – 0.1 percent.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

LICHFL is a housing finance company and hence this is not applicable. However, features of various housing loan schemes have been disclosed to the applicant before financing.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company has not carried out any formal consumer survey/ consumer satisfaction trends. However, the Company keeps track of responses / comments on social media network.

There is no such instance.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of **LIC HOUSING FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches (back offices) at Bhopal, Chandigarh, Chennai, Kolkata, Patna, and Vijayawada.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/information of 6 (Six) back offices included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs.3218802.39 lacs as at March 31, 2015 and total revenues of Rs.317052.95 lacs for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

- As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

INDEPENDENT AUDITORS' REPORT

2. As required by sub-section 3 of Section 143 of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The reports on the accounts of the back offices of the Company audited under sub-section 8 of Section 143 of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27(2) to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Heneel K Patel
Partner
M No. 114103

Place: Mumbai
Date: April 18, 2015

For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants
FRN - 101872W/W100045

Mitil Chokshi
Partner
M No. 47745

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) 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.
- (ii) As the Company does not have inventory, the Clauses (ii)(a) to (ii)(c) of paragraph 3 of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The activities of the company do not involve purchase of inventory and the sale of goods. We have not observed any continuing major weakness in such internal control system during the course of the audit.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 of the Act, to the extent applicable to the Housing Finance Company and the Housing Finance Companies (NHB) Directions, 2010 (as amended) with regard to the deposits accepted from the public. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues with appropriate authorities applicable to it. According to the information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute.
- (c) There is no amount required to be transferred to investor education and protection fund by the Company as at March 31, 2015.
- (viii) The Company does not have any accumulated losses at the end of the year and has not incurred cash losses during the year and in the immediately preceding financial year.
- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.851.15 lacs. However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.

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

Heneel K Patel
 Partner
 M.No.114103

Place: Mumbai
 Date: April 18, 2015

For **CHOKSHI & CHOKSHI LLP**
 Chartered Accountants
 FRN - 101872W/W100045

Mitil Chokshi
 Partner
 M.No.47745

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF LIC HOUSING FINANCE LIMITED

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

Pursuant to the Paragraph 33 of Chapter IV of the Housing Finance Companies (NHB) Directions, 2010 (the "Directions"), we have examined the matters specified in the Paragraph 34 of the Directions in respect of LIC Housing Finance Ltd. (the "Company") for the year ended March 31, 2015.

Management's Responsibility

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

Auditors' Responsibility

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

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

Conclusion

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

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

3. The Company has complied with Section 29C of the National Housing Bank Act, 1987.
4. The Company has complied with the provisions of the Directions.
5. The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank in the Directions.
6.
 - a) Public deposits accepted by the Company are within admissible limits.
 - b) Total borrowings of the Company i.e. deposits inclusive of public deposits together with the amounts referred to in sub-clauses (iii) to (vii) of sub-section (bb) of Section 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 April 4, 2014 is in force. There are no limits of public deposit specified by the rating agency.
 - e) The Company has not defaulted in paying to its depositors the interest and/or principal amounts of deposits after such interest and/or principal became due during the year.
 - f) During the year, the Company has not opened / closed any branch / office for acceptance of public deposits.

Restriction of use

This report is issued pursuant to the requirement as per Paragraph 33 of the Directions and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

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

Heneel K Patel
Partner
M.No.114103

Place: Mumbai
Date: April 18, 2015

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN - 101872W/W100045

Mitil Chokshi
Partner
M.No.47745

BALANCE SHEET

as at March 31, 2015

	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	771,744.15	743,189.99
		781,843.78	753,289.62
Non Current Liabilities			
Long-Term Borrowings	3	8,051,855.04	6,771,232.88
Deferred Tax Liabilities (Net)	12	66,897.81	-
Other Long-Term Liabilities	4	32,274.95	13,488.49
Long-Term Provisions	5	69,665.64	70,599.00
		8,220,693.44	6,855,320.37
Current Liabilities			
Short-Term Borrowings	6	269,800.96	373,811.08
Trade Payables	7	2,745.85	2,559.52
Other Current Liabilities	8	1,942,110.99	1,555,739.72
Short-Term Provisions	9	37,310.50	36,982.06
		2,251,968.30	1,969,092.38
Total		11,254,505.52	9,577,702.37
ASSETS			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		7,370.98	7,149.45
- Intangible Assets		594.46	411.12
Non-Current Investments	11	23,711.87	19,908.25
Deferred Tax Asset (Net)	12	-	25,657.29
Long-Term Loans & Advances	13	11,923.28	14,447.43
Other Non-Current Assets	14	3.65	4.37
		43,604.24	67,577.91
Loans	15		
Non-Current Loans		10,182,457.57	8,588,195.31
Current Loans		653,615.27	545,893.59
		10,836,072.84	9,134,088.90
Current Assets			
Current Investments	16	2.38	23.10
Trade Receivables	17	6,961.91	6,828.62
Cash and Bank Balances	18	293,306.07	302,237.62
Short-Term Loans and Advances	19	3,171.04	4,489.89
Other Current Assets	20	71,387.04	62,456.33
		374,828.44	376,035.56
Total		11,254,505.52	9,577,702.37
Significant Accounting Policies and Notes to Accounts	27		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
 Chartered Accountants
 FRN 109574W

For Chokshi & Chokshi LLP
 Chartered Accountants
 FRN 101872W/W100045

Heneel K Patel
 Partner
 M. No. 114103

Mitil Chokshi
 Partner
 M No.47745

Surya Kumar Roy
 Chairman

S. B. Mainak
 Director

S. Ravi
 Director

Sunita Sharma
 Managing Director &
 Chief Executive Officer

Nitin K. Jage
 General Manager (Tax.)
 & Company Secretary

P. Narayanan
 CFO & General
 Manager Accounts

Place: Mumbai
 Date: April 18, 2015

STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2015

(₹ in Lacs)

	Note No.	As at March 31, 2015	As at March 31, 2014
Income			
Revenue from Operations	21	1,066,934.62	918,138.22
Other Income	22	12,930.89	15,328.23
Total Revenue		1,079,865.51	933,466.45
Expenses			
Finance Costs	23	831,024.58	717,437.57
Employee Benefits Expense	24	12,930.92	10,383.38
Depreciation and Amortisation Expense	10	937.53	762.59
Establishment and Other Expenses	25	24,052.99	20,179.48
Provisions / Write Offs (Net)	26	725.08	2,152.95
Total Expenses		869,671.10	750,915.97
Profit before Tax		210,194.41	182,550.48
Tax expense			
- Current Tax [Refer Note 27(19)]		58,374.00	51,599.69
- Deferred Tax [Refer Note 27(20)]		13,201.54	(767.84)
Profit for the Year		138,618.87	131,718.63
Earnings per equity share [Refer Note 27(18)]			
- Basic and Diluted [in ₹]		27.47	26.10
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	27		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi LLP

Chartered Accountants Chartered Accountants
FRN 109574W FRN 101872W/W100045

Heneel K Patel
Partner
M. No. 114103

Mitil Chokshi
Partner
M No.47745

Surya Kumar Roy
Chairman

S. B. Mainak
Director

S. Ravi
Director

Sunita Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

CASH FLOW STATEMENT

for the year ended March 31, 2015

(₹ in Lacs)

Particulars		March 31,2015	March 31,2014
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit Before Tax		210,194.41	182,550.48
Add / (Less) : Adjustment for			
Depreciation and Amortisation Expenses	937.53	762.59	
Provisions/ Write offs	726.68	2,148.16	
Interest Income on housing loans	(1,054,667.50)	(907,333.66)	
Interest Expenses	829,941.39	716,597.98	
Interest Received on housing loans	1,045,038.14	899,857.33	
Interest Paid	(778,768.15)	(655,201.39)	
Loss on sale of fixed assets (Net)	(3.34)	5.13	
Fixed assets Written off	0.12	2.38	
Old and unclaimed amounts written back	(98.95)	(138.83)	
(Reversal) / Provision for diminution in value of Current investment	(1.82)	(1.36)	
(Profit) / Loss on sale of long term investment	219.09	-	
Income from investments	(617.28)	(44.35)	
Dividend Income from current and long term investment	(66.67)	(142.69)	
		42,639.24	56,511.29
Operating Profit before Working Capital Changes		252,833.65	239,061.77
Adjustment for:			
(Increase) / Decrease in Other Current Assets	(7,880.17)	(4,592.39)	
(Increase) / Decrease in Loans & Advance	(437.04)	(519.84)	
Increase / (Decrease) in Liabilities & Provisions	82,987.59	19,292.94	
		74,670.38	14,180.71
Cash generated from Operations		327,504.03	253,242.48
Direct taxes Paid		(58,631.16)	(51,008.87)
Net Cash from operations		268,872.87	202,233.61
Increase in Housing Loans		(1,704,265.43)	(1,352,489.69)
Net Cash used in operating activities (A)		(1,435,392.56)	(1,150,256.08)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale of Investments		778.37	21.59
Purchase of Investments		(4,764.77)	(1,527.94)
Purchase of Fixed Assets		(1,830.34)	(748.67)
Sale of Fixed Assets		3.63	5.29
Dividend Income from current and long term investment		66.67	142.69
Income/(Loss) from investments		617.28	44.35
Net Cash used in Investing Activities (B)		(5,129.16)	(2,062.69)

CASH FLOW STATEMENT

for the year ended March 31, 2015

(₹ in Lacs)

Particulars		March 31,2015	March 31,2014
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Secured Loans (Net)		1,327,278.09	1,285,349.86
Proceeds from Unsecured Loans (Net)		122,350.71	41,799.47
Dividend Paid		(22,589.50)	(19,071.19)
Transfer to Investor Protection Fund		(46.38)	(29.47)
Dividend Tax Paid		(3,848.27)	(3,234.95)
Net Cash generated from Financing Activities (C)		1,423,144.65	1,304,813.72
 Net Increase in Cash and Cash Equivalents (A+B+C)		(17,377.07)	152,494.95
 Cash and cash equivalents at the beginning of the year		293,103.78	140,608.83
Cash and cash equivalents at the end of the year		275,726.71	293,103.78
Net Increase in Cash and Cash Equivalents		(17,377.07)	152,494.95
 Notes:			
1 Cash & Cash Equivalent includes : [Refer Note No.18]			
Balance with banks*		71,322.05	44,043.01
Cheques, drafts on hand		13,501.36	14,119.14
Cash on hand		539.08	454.77
Investment in Mutual Fund Units (Highly liquid)		190,364.22	234,486.86
Total Cash & Cash Equivalent		275,726.71	293,103.78
 *Balance with Banks includes unclaimed dividend of ₹ 594.17 Lacs (Previous Year ₹ 520.00 Lacs)			

2 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements notified under the relevant provisions of the Companies Act, 2013

As per our attached report of even date

For Shah Gupta & Co. Chartered Accountants
FRN 109574W

For and on behalf of the Board of Directors

Mitil Chokshi
Chartered Accountants
FRN 101872W/W100045

Surya Kumar Roy
Chairman

S. B. Mainak
Director

S. Ravi
Managing Director &
Chief Executive Officer

Heneel K Patel
Partner
M. No. 114103

Mitil Chokshi
Partner
M No.47745

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 1

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2015	As at March 31, 2014
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(d) below	6.37	6.37
	10,099.63	10,099.63

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

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	504,663,000	10,093.26

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

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

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

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Life Insurance Corporation of India	203,442,495	40.31	203,442,495	40.31

(₹ in Lacs)

Note.1(d): Forfeited Shares	As at March 31, 2015	As at March 31, 2014
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 2

	(₹ in Lacs)	
	As at March 31, 2015	As at March 31, 2014
RESERVES AND SURPLUS		
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
As per last Balance Sheet	170,528.55	170,528.55
(c) Special Reserve - I		
In terms of section 36(1)(viii) of income-tax Act, 1961 and Section 29C of National Housing Bank Act, 1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00
(d) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	10.00	9.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	233,939.01	196,940.01
(iii) Total	233,949.01	196,949.01
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the National Housing Bank Act, 1987	1.00	1.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	38,499.00	36,999.00
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	11.00	10.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	272,438.01	233,939.01
(iii) Total	272,449.01	233,949.01
(e) General Reserve		
Opening Balance	204,804.00	184,804.00
Add: Transfer during the Current Year	30,000.00	20,000.00
Closing Balance	234,804.00	204,804.00
(f) Surplus in the Statement of Profit and Loss		
Opening balance	129,962.50	81,801.94
Add: Net Profit for the current year	138,618.87	131,718.63
Less: Appropriations		
Proposed Dividend	25,233.37	22,709.84
Tax on Dividend	4,990.25	3,848.23
Transfer to General Reserve	30,000.00	20,000.00
Transfer to Special Reserve - II	38,499.00	36,999.00
Transfer to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1.00	1.00
Adjustement relating to Deferred tax on Special Reserve [Refer Note 2.1& 27(20)]	79,519.27	-
Adjustment relating to Fixed Assets (Refer Note 10)	321.82	-
Closing Balance	90,016.66	129,962.50
Note 2.1		
As per the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at April 01,2014 created under section 36(1)(viii) of the Income-tax Act, 1961		
	771,744.15	743,189.99

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 3

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures (Refer Note - 3.1)	5,695,500.00	971,000.00	4,516,000.00	764,300.00
(b) Zero Coupon Debentures (Refer Note - 3.2)	302,600.00	42,600.00	65,100.00	-
(c) Term loans (Refer Note - 3.3)				
From banks (Rupee term loan)	1,329,814.14	177,452.38	1,555,712.42	175,928.57
From banks (Foreign Currency term loan)	50,000.00	-		
(d) Loans and advances from related parties:				
Life Insurance Corporation of India (Refer Note - 3.3)	6,050.00	6,525.00	12,575.00	9,024.87
(e) Other loans and advances				
National Housing Bank (Refinance) (Refer Note - 3.3)	281,620.78	61,271.87	267,614.65	70,857.55
Security :				
Loans from banks and other loans and advances (including loans and advances from related party) are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to lenders and debenture holders) of the company except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after 26 th Sept 2001				
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds (Refer Note - 3.4)	100,000.00	50,000.00	150,000.00	-
(ii) Upper Tier II Bonds (Refer Note - 3.5)	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposit (Refer Note - 3.6)	136,270.12	22,681.74	54,230.81	38,403.25
	8,051,855.04	1,331,530.99	6,771,232.88	1,058,514.24

Note - 3.1

The NCD are redeemable at par. The NCD are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to NCD holders) of the company, except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules. In addition to above The NCD are secured by way of a pari passu mortgage and charge in favour of the Debenture trustees on the Company's immovable property to the extent of ₹ 24.29 Lacs.

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

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

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
Non Current :				
10000 NCD's of ₹ 1,000,000 each	31-Mar-25	8.22%	-	100,000.00
4250 NCD's of ₹ 1,000,000 each	3-Mar-25	8.52%	-	42,500.00
6000 NCD's of ₹ 1,000,000 each	24-Feb-25	8.50%	24-Apr-18	60,000.00
6000 NCD's of ₹ 1,000,000 each	30-Jan-25	8.40%	1-Feb-16	60,000.00
10000 NCD's of ₹ 1,000,000 each	8-Jan-25	8.62%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	16-Oct-24	9.22%	-	50,000.00
6500 NCD's of ₹ 1,000,000 each	30-Sep-24	9.24%	13-Sep-15	65,000.00
10000 NCD's of ₹ 1,000,000 each	23-Aug-24	9.39%	26-Aug-15	100,000.00
5000 NCD's of ₹ 1,000,000 each	23-Aug-24	9.47%	-	50,000.00
6050 NCD's of ₹ 1,000,000 each	5-Jul-24	9.29%	-	60,500.00
10000 NCD's of ₹ 1,000,000 each	19-Mar-24	9.80%	-	100,000.00
9000 NCD's of ₹ 1,000,000 each	21-May-23	8.37%	-	90,000.00
5000 NCD's of ₹ 1,000,000 each	25-Apr-23	8.89%	-	50,000.00
5250 NCD's of ₹ 1,000,000 each	09-Apr-23	9.00%	-	52,500.00
5000 NCD's of ₹ 1,000,000 each	12-Mar-23	9.13%	-	50,000.00
7500 NCD's of ₹ 1,000,000 each	01-Jan-23	9.25%	-	75,000.00
5000 NCD's of ₹ 1,000,000 each	17-Dec-22	9.30%	-	50,000.00
2000 NCD's of ₹ 1,000,000 each	13-Dec-22	9.23%	-	20,000.00
4000 NCD's of ₹ 1,000,000 each	12-Nov-22	9.25%	-	40,000.00
3350 NCD's of ₹ 1,000,000 each	25-Oct-22	9.05%	-	33,500.00
5000 NCD's of ₹ 1,000,000 each	14-Sep-22	9.30%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	24-Jul-22	9.35%	-	50,000.00
2000 NCD's of ₹ 1,000,000 each	10-Feb-22	9.43%	-	20,000.00
3000 NCD's of ₹ 1,000,000 each	30-Jan-22	9.45%	-	30,000.00
2000 NCD's of ₹ 1,000,000 each	11-Nov-21	9.90%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	19-Sep-21	9.40%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	07-Jun-21	9.80%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	11-May-21	9.40%	-	50,000.00
2500 NCD's of ₹ 1,000,000 each	07-Mar-21	9.60%	-	25,000.00
10000 NCD's of ₹ 1,000,000 each	18-Jan-21	9.00%	-	100,000.00
1070 NCD's of ₹ 1,000,000 each	04-Jan-21	9.35%	-	10,700.00
3660 NCD's of ₹ 1,000,000 each	23-Nov-20	9.00%	-	36,600.00
4650 NCD's of ₹ 1,000,000 each	13-Oct-20	8.88%	-	46,500.00
6300 NCD's of ₹ 1,000,000 each	10-Aug-20	8.90%	-	63,000.00
2960 NCD's of ₹ 1,000,000 each	31-May-20	8.60%	-	29,600.00
5950 NCD's of ₹ 1,000,000 each	30-Mar-20	8.68%	-	59,500.00

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
8000 NCD's of ₹ 1,000,000 each	21-Jan-20	8.47%	-	80,000.00
3500 NCD's of ₹ 1,000,000 each	14-Jan-20	8.73%	12-Aug-16	35,000.00
4500 NCD's of ₹ 1,000,000 each	14-Jan-20	8.75%	14-Apr-16	45,000.00
10000 NCD's of ₹ 1,000,000 each	11-Dec-19	8.61%	11-Dec-15	100,000.00
7150 NCD's of ₹ 1,000,000 each	28-Nov-19	8.72%	30-Nov-15	71,500.00
5500 NCD's of ₹ 1,000,000 each	18-Nov-19	8.5937%	17-Nov-15	55,000.00
6000 NCD's of ₹ 1,000,000 each	8-Nov-19	8.70%	10-May-17	60,000.00
5000 NCD's of ₹ 1,000,000 each	29-Oct-19	8.97%	28-Oct-16	50,000.00
3500 NCD's of ₹ 1,000,000 each	30-Sep-19	9.24%	30-Sep-15	35,000.00
2500 NCD's of ₹ 1,000,000 each	10-Sep-19	9.45%	-	25,000.00
10000 NCD's of ₹ 1,000,000 each	30-Aug-19	9.44%	-	100,000.00
5750 NCD's of ₹ 1,000,000 each	19-Aug-19	9.3532%	19-Nov-15	57,500.00
10000 NCD's of ₹ 1,000,000 each	24-Jul-19	9.51%	-	100,000.00
5000 NCD's of ₹ 1,000,000 each	25-Mar-19	9.65%	-	50,000.00
8000 NCD's of ₹ 1,000,000 each	8-Mar-19	9.7624%	10-Jun-15	80,000.00
2810 NCD's of ₹ 1,000,000 each	26-Feb-19	9.7705%	-	28,100.00
3700 NCD's of ₹ 1,000,000 each	22-Jan-19	9.63%	-	37,000.00
5000 NCD's of ₹ 1,000,000 each	22-Jan-19	9.60%	-	50,000.00
7000 NCD's of ₹ 1,000,000 each	16-Jan-19	9.73%	-	70,000.00
2730 NCD's of ₹ 1,000,000 each	1-Nov-18	9.65%	-	27,300.00
7750 NCD's of ₹ 1,000,000 each	25-Oct-18	9.55%	25-Apr-15	77,500.00
5000 NCD's of ₹ 1,000,000 each	21-Oct-18	9.60%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	25-Aug-18	9.60%	-	50,000.00
3000 NCD's of ₹ 1,000,000 each	13-Aug-18	11.08%	-	30,000.00
2050 NCD's of ₹ 1,000,000 each	4-Jul-18	8.83%	-	20,500.00
285 NCD's of ₹ 10,000,000 each	27-Jun-18	7.00%	-	28,500.00
5000 NCD's of ₹ 1,000,000 each	22-Jun-18	8.7022%	-	50,000.00
6600 NCD's of ₹ 1,000,000 each	20-Jun-18	8.60%	-	66,000.00
3520 NCD's of ₹ 1,000,000 each	11-Jun-18	8.40%	-	35,200.00
8500 NCD's of ₹ 1,000,000 each	28-May-18	8.34%	-	85,000.00
3000 NCD's of ₹ 1,000,000 each	22-May-18	8.31%	-	30,000.00
4380 NCD's of ₹ 1,000,000 each	14-May-18	8.6547%	-	43,800.00
6000 NCD's of ₹ 1,000,000 each	9-Apr-18	9.11%	-	60,000.00
1500 NCD's of ₹ 1,000,000 each	24-Mar-18	9.75%	-	15,000.00
6020 NCD's of ₹ 1,000,000 each	28-Feb-18	9.077%	-	60,200.00
2000 NCD's of ₹ 1,000,000 each	16-Jan-18	9.14%	-	20,000.00
2500 NCD's of ₹ 1,000,000 each	08-Dec-17	8.68%	-	25,000.00

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
100 NCD's of ₹10,000,000 each	25-Nov-17	7.50%	-	10,000.00
5200 NCD's of ₹1,000,000 each	24-Nov-17	8.79%	-	52,000.00
5000 NCD's of ₹1,000,000 each	22-Oct-17	9.80%	-	50,000.00
7500 NCD's of ₹1,000,000 each	16-Oct-17	9.29%	-	75,000.00
10000 NCD's of ₹1,000,000 each	07-Sep-17	9.57%	-	100,000.00
2500 NCD's of ₹1,000,000 each	1-Sep-17	9.40%	-	25,000.00
3000 NCD's of ₹1,000,000 each	27-Aug-17	9.75%	-	30,000.00
7750 NCD's of ₹1,000,000 each	3-Jul-17	9.18%	3-Jul-15	77,500.00
3600 NCD's of ₹1,000,000 each	20-Jun-17	9.22%	-	36,000.00
6000 NCD's of ₹1,000,000 each	11-Jun-17	9.70%	-	60,000.00
2500 NCD's of ₹1,000,000 each	05-Jun-17	9.75%	-	25,000.00
1500 NCD's of ₹1,000,000 each	28-May-17	8.33%	-	15,000.00
3000 NCD's of ₹1,000,000 each	16-May-17	9.70%	-	30,000.00
2000 NCD's of ₹1,000,000 each	14-May-17	10.25%	-	20,000.00
2000 NCD's of ₹1,000,000 each	13-Apr-17	8.50%	-	20,000.00
7000 NCD's of ₹1,000,000 each	27-Mar-17	9.69%	-	70,000.00
5000 NCD's of ₹1,000,000 each	16-Mar-17	8.69%	-	50,000.00
5000 NCD's of ₹1,000,000 each	23-Feb-17	9.60%	-	50,000.00
2500 NCD's of ₹1,000,000 each	08-Feb-17	8.65%	-	25,000.00
3000 NCD's of ₹1,000,000 each	08-Feb-17	9.62%	-	30,000.00
2500 NCD's of ₹1,000,000 each	24-Jan-17	9.56%	-	25,000.00
2000 NCD's of ₹1,000,000 each	19-Jan-17	9.56%	-	20,000.00
2650 NCD's of ₹1,000,000 each	15-Jan-17	9.10%	-	26,500.00
8000 NCD's of ₹1,000,000 each	11-Jan-17	9.69%	-	80,000.00
4000 NCD's of ₹1,000,000 each	20-Dec-16	9.50%	-	40,000.00
3000 NCD's of ₹1,000,000 each	16-Dec-16	9.55%	-	30,000.00
3500 NCD's of ₹1,000,000 each	07-Dec-16	9.70%	-	35,000.00
2500 NCD's of ₹1,000,000 each	30-Nov-16	9.75%	-	25,000.00
6000 NCD's of ₹1,000,000 each	29-Nov-16	9.84%	-	60,000.00
5300 NCD's of ₹1,000,000 each	24-Nov-16	8.77%	-	53,000.00
4000 NCD's of ₹1,000,000 each	14-Oct-16	9.30%	-	32,000.00
6000 NCD's of ₹1,000,000 each	14-Oct-16	9.45%	-	60,000.00
5000 NCD's of ₹1,000,000 each*	27-Sep-16	11.15%	-	37,500.00
10000 NCD's of ₹1,000,000 each	19-Sep-16	10.18%	-	100,000.00
7650 NCD's of ₹1,000,000 each	6-Sep-16	10.60%	-	76,500.00
5000 NCD's of ₹1,000,000 each**	5-Sep-16	9.60%	-	37,500.00
2400 NCD's of ₹1,000,000 each	30-Aug-16	10.57%	-	24,000.00

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
2000 NCD's of ₹ 1,000,000 each	29-Jul-16	9.833% (5Yr INBMK +1.20% annualised)	-	20,000.00
2000 NCD's of ₹ 1,000,000 each	28-Jul-16	9.300%	-	20,000.00
4000 NCD's of ₹ 1,000,000 each	15-Jul-16	9.74%	-	40,000.00
4250 NCD's of ₹ 1,000,000 each	17-Jun-16	9.90%	-	42,500.00
9750 NCD's of ₹ 1,000,000 each	3-May-16	8.64%	-	97,500.00
2000 NCD's of ₹ 1,000,000 each	11-Apr-16	9.50%	-	20,000.00
				5,695,500.00
<hr/>				
Current				
5000 NCD's of ₹ 1,000,000 each	16-Mar-16	9.74%	-	47,000.00
7500 NCD's of ₹ 1,000,000 each***	13-Mar-16	10.00%	-	25,000.00
5000 NCD's of ₹ 1,000,000 each	9-Mar-16	8.15%	-	50,000.00
7000 NCD's of ₹ 1,000,000 each	26-Feb-16	9.40%	-	70,000.00
2000 NCD's of ₹ 1,000,000 each	27-Jan-16	9.60%	-	20,000.00
1500 NCD's of ₹ 1,000,000 each	5-Jan-16	9.10%	-	15,000.00
1100 NCD's of ₹ 1,000,000 each	20-Dec-15	9.35%	-	11,000.00
2500 NCD's of ₹ 1,000,000 each	17-Dec-15	8.4346%	-	25,000.00
4100 NCD's of ₹ 1,000,000 each	2-Dec-15	9.39%	-	41,000.00
4000 NCD's of ₹ 1,000,000 each	6-Nov-15	8.60%	-	40,000.00
2100 NCD's of ₹ 1,000,000 each	6-Nov-15	9.38%	-	21,000.00
6000 NCD's of ₹ 1,000,000 each	18-Oct-15	9.75%	-	60,000.00
5000 NCD's of ₹ 1,000,000 each*	27-Sep-15	11.15%	-	12,500.00
5950 NCD's of ₹ 1,000,000 each	11-Sep-15	9.75%	-	59,500.00
5000 NCD's of ₹ 1,000,000 each**	05-Sep-15	9.60%	-	12,500.00
7500 NCD's of ₹ 1,000,000 each	3-Aug-15	9.62%	-	75,000.00
2000 NCD's of ₹ 1,000,000 each	31-Jul-15	9.12%	-	20,000.00
3150 NCD's of ₹ 1,000,000 each	20-Jul-15	9.60%	-	31,500.00
3000 NCD's of ₹ 1,000,000 each	15-Jul-15	9.02%	-	30,000.00
1500 NCD's of ₹ 1,000,000 each	08-Jul-15	8.26%	-	15,000.00
4000 NCD's of ₹ 1,000,000 each	29-Jun-15	8.28%	-	40,000.00
1200 NCD's of ₹ 1,000,000 each	28-May-15	9.75%	-	12,000.00
2000 NCD's of ₹ 1,000,000 each	14-May-15	9.696%	-	20,000.00
3000 NCD's of ₹ 1,000,000 each	8-May-15	9.21%	-	30,000.00
5000 NCD's of ₹ 1,000,000 each	4-May-15	8.76%	-	50,000.00
3000 NCD's of ₹ 1,000,000 each	30-Apr-15	9.62%	-	30,000.00

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
3900 NCD's of ₹ 1,000,000 each	27-Apr-15	9.8713%	-	39,000.00
4000 NCD's of ₹ 1,000,000 each	8-Apr-15	9.90%	-	40,000.00
2900 NCD's of ₹ 1,000,000 each	7-Apr-15	9.8463%	-	29,000.00
				971,000.00
				6,666,500.00

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

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

*** Redeemable @ ₹ 3.33 lacs on 13-Mar-16

Note - 3.2

Zero Coupon Debentures (ZCD):

The ZCD are redeemable at Premium. The ZCD are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to the debenture holders) of the company, except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules. In addition to above The NCD are secured by way of a pari passu mortgage and charge in favour of the Debenture trustees on the Company's immovable property to the extent of ₹ 24.29 Lacs

The details of Zero Coupon Debentures are as under:

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
Non Current				
4000 NCD's of ₹ 1,000,000 each *	24-Feb-17	*	-	40,000.00
2260 NCD's of ₹ 1,000,000 each **	20-Mar-18	**	-	22,600.00
10000 NCD's of ₹ 1,000,000 each ***	2-Sep-19	***	2-Sep-16	100,000.00
9000 NCD's of ₹ 1,000,000 each ****	10-Sep-19	****	3-Nov-16	90,000.00
5000 NCD's of ₹ 1,000,000 each *****	26-Nov-18	*****	26-May-15	50,000.00
				302,600.00

* Issued at par and redeemable at ₹ 11,82,928/- per debenture including premium.

** Issued at par and redeemable at ₹ 12,82,073/- per debenture including premium.

*** Issued at par and redeemable at ₹ 15,66,016/- per debenture including premium, subject to Put Option.

**** Issued at par and redeemable at ₹ 15,56,727/- per debenture including premium, subject to Put Option.

***** Issued at par and redeemable at ₹ 11,50,886/- per debenture including premium, subject to Put Option.

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
Current				
1510 NCD's of ₹ 1,000,000 each *	29-Jul-15	*	-	15,100.00
2750 NCD's of ₹ 1,000,000 each **	26-Feb-16	**	-	27,500.00
				42,600.00

* Maturity Value of ₹ 1,302,650.51 per debenture including premium.

** Maturity Value of ₹ 1,110,100/- per debenture including premium.

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

Note - 3.3

Maturity Profile of Term Loans

Description	(₹ in Lacs)			
	As at March 31, 2015			
Non Current:	Term Loans Banks *		Life Insurance Corporation of India	National Housing Bank (Refinance)
	(Foreign currency Term loan)	(Rupee Term Loan)		
	(ROI LIBOR+150bp)	(ROI 8% - 10.25%)	(ROI 6.71%)	(ROI 6% - 10.70%)
Over 1 year to 3 years	50,000.00	458,188.14	6,050.00	103,570.78
Over 3 to 5 years	-	528,825.00	-	73,089.00
Over 5 to 7 years	-	340,396.00	-	64,332.00
Over 7 Years	-	2,405.00	-	40,629.00
Total	50,000.00	1,329,814.14	6,050.00	281,620.78

* Include FCNR B US\$ Loan underlying USD 8,11,68,831.67 equivalent to INR of Rs. 500 crs

Notes - 3.4

The details of Subordinate Bonds are as under:

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
Non Current :				
5000 Bonds of ₹ 1,000,000 each	1-Jul-18	10.35%	-	50,000.00
5000 Bonds of ₹ 1,000,000 each	15-Sep-20	8.95%	-	50,000.00
				100,000.00
Current :				
5000 Bonds of ₹ 1,000,000 each	24-Oct-15	7.50%	-	50,000.00
				50,000.00
				150,000.00

Note - 3.5

The details of Upper Tier II Bonds are as under:

Description	Date of Redemption	Rate of Interest	Earliest Put / Call Option Date	As at March 31, 2015
Non Current :				
5000 Bonds of ₹ 1,000,000 each*	31-Mar-25	8.70%	31-Mar-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	26-Oct-25	8.90%	26-Oct-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	29-Nov-25	9.00%	29-Nov-20	50,000.00
				150,000.00

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

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

Note - 3.6

The Company has designated the following liquid assets amounting to ₹ 33,466.12 Lacs (Previous Year ₹ 20,804.85 Lacs) for the purpose of maintaining Statutory Liquid Ratio and floating charge on fixed deposits with banks has been created in favour of the Trustees for Depositors.

	(₹ in Lacs)	
	As at March 31, 2015	As at March 31, 2014
Government Securities	16,433.07	12,154.55
Fixed Deposits with Banks	17,033.05	8,650.30
	33,466.12	20,804.85

NOTE 4

	(₹ in Lacs)	
OTHER LONG TERM LIABILITIES	As at March 31, 2015	As at March 31, 2014
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	513.27	894.64
(b) Sundry Deposit Repayable	39.93	33.82
(c) Interest Accrued but not due on Borrowings	11,137.47	8,012.62
(d) Premium payable on redemption of Debentures	20,584.28	4,547.41
	32,274.95	13,488.49

NOTE 5

	(₹ in Lacs)	
LONG TERM PROVISIONS	As at March 31, 2015	As at March 31, 2014
(a) Provision for Employee Benefits [Refer Note 27(14)]	2,733.92	1,665.78
Less : Current maturities of Long term employee benefits [Refer Note 8]	(134.09)	(82.57)
	2,599.83	1,583.21
(b) Others		
(i) Provision for Contingencies [Refer Note 27(5)]	195.68	1,142.12
(ii) Provision for Housing loans [Refer Note 27(21)]	65,968.06	66,643.74
(iii) Provision for Dimunition in the value of Investment [Refer Note 11 & 27(21)]	902.07	1,229.93
	69,665.64	70,599.00

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 6

(₹ in Lacs)

SHORT TERM BORROWINGS	As at March 31, 2015	As at March 31, 2014
Secured		
(a) Loans repayable on demand:		
Line of Credit from Banks	187,456.98	292,500.00
Security :		
Loans from banks are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to lenders and debenture holders) of the company except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after 26 th Sept 2001		
(b) Non Convertible Debentures	-	55,000.00
Unsecured		
(a) Public Deposit	82,343.98	26,311.08
	269,800.96	373,811.08

NOTE 7

(₹ in Lacs)

TRADE PAYABLES	As at March 31, 2015	As at March 31, 2014
(a) Micro, Small and Medium Enterprises [Refer Note 27(12)]	-	-
(b) Others*	2,745.85	2,559.52

*includes payable to a related party ₹ 88.95 Lacs (Previous Year ₹ 81.92 Lacs)

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 8

(₹ in Lacs)

OTHER CURRENT LIABILITIES	As at March 31, 2015	As at March 31, 2014
(a) Current maturities of Long-Term Debt (Refer Note 3)	1,331,530.99	1,058,514.24
(b) Current maturities of long term employee benefits (Refer Note 5)	134.09	82.57
(c) Interest accrued but not due on loans and public deposits	301,486.17	273,961.07
(d) Premium payable on redemption of Debentures	4,880.66	-
(e) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	381.37	392.07
(f) Payable on account of Swap		
Floating interest rate payable on Swap	10,684.55	11,100.51
Fixed interest rate receivable on Swap	(9,914.68)	(9,936.40)
	769.87	1,164.11
(g) Unpaid Dividends*	594.18	520.00
(h) Unpaid Deposits	908.94	465.48
(i) Statutory Dues Payable	687.15	567.55
(j) Payable to related parties [Refer Note 27(16)]	3,338.65	3,292.45
(k) Other Payables	10,239.20	9,676.10
(l) Temporary Book Overdraft [Refer Note 27(8)]	287,159.72	207,104.08
	1,942,110.99	1,555,739.72

*The Company has transferred ₹ 46.38 Lacs (Previous year ₹ 29.47 Lacs) to Investor Education and Protection Fund during the year. There was no amount due for transfer to Investor Education and Protection Fund as at March 31, 2015.

NOTE 9

(₹ in Lacs)

SHORT TERM PROVISIONS	As at March 31, 2015	As at March 31, 2014
(a) Provision for Employee Benefits [Refer Note 27(14)]	2,540.91	1,802.37
(b) Others		
(i) Provision for Taxation (Net)	-	4,495.35
(ii) Proposed Dividend	25,233.15	22,709.84
(iii) Tax on Dividend	4,990.22	3,848.23
(iv) Provision for Housing Loans [Refer Note 27(21)]	4,457.37	4,037.42
(v) Provision for Contingencies [Refer Note 27(5)]	88.85	88.85
	37,310.50	36,982.06

NOTES FORMING PART OF BALANCE SHEET

as at March 31, 2015

Note 10 - FIXED ASSET

(₹ in lacs)

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 01, 2014	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2015	Upto March 31, 2014	For the Year	Depreciation adjusted to Retained Earnings	Deductions / Adjustments	As at March 31, 2015
Tangible Assets									
Land	4.32	-	-	4.32	-	-	-	-	4.32
Buildings	5,752.67	100.67	-	5,853.34	310.65	91.45	-	402.10	5,451.24
Leasehold Improvements	1,319.00	51.32	75.40	1,294.92	1,030.20	87.68	10.50	75.21	1,053.17
Furniture & Fixtures	1,071.30	31.92	46.39	1,056.83	765.38	79.00	93.27	46.18	891.47
Vehicles	42.68	18.76	0.06	61.38	12.14	8.12	-	0.06	20.20
Office Equipments	845.98	65.53	48.39	863.12	382.87	104.38	261.59	48.38	700.46
Others									463.11
Computers	2,774.88	1,215.21	50.55	3,939.54	2,160.14	403.31	122.17	50.55	2,635.07
Total	11,810.83	1,483.41	220.79	13,073.45	4,661.38	773.94	487.53	220.38	5,702.47
Previous Year	10,002.94	1,964.01	156.12	11,810.83	4,256.79	547.92	-	143.33	4,661.38
Intangible Assets									
Software	1,656.60	346.93	-	2,003.53	1,245.48	163.59	-	1,409.07	594.46
Total	1,656.60	346.93	-	2,003.53	1,245.48	163.59	-	1,409.07	594.46
Previous Year	1,521.93	134.67	-	1,656.60	1,030.79	214.69	-	1,245.48	411.12
Grand Total	13,467.43	1,830.34	220.79	15,076.98	5,906.86	937.53	487.53	220.38	7,111.54
Previous Year	11,524.87	2,098.68	156.12	13,467.43	5,287.58	762.61	-	143.33	5,906.86

Effective from April 01, 2014, the Company has charged depreciation based on the revised remaining useful life of the assets as per the requirements of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended March 31, 2015, is higher by ₹ 182.60 lacs. Further, based on the transitional provisions as per Note 7(b) of Schedule II, an amount of ₹ 321.82 lacs (net of Deferred Tax) has been adjusted from retained earnings.

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 11

(₹ in Lacs)

NON CURRENT INVESTMENTS		As at March 31, 2015	As at March 31, 2014
Other Non-trade Investments (Refer Note 11.1)			
(Long Term Investments) (At Cost)			
(a) Investments in Equity instruments		3,014.16	2,971.59
(b) Investments in Government Securities		16,433.06	12,134.55
(c) Contribution to Trust		0.10	0.10
(d) Other non-current investments			
(i) Real Estate Venture Fund		4,264.55	4,802.01
		23,711.87	19,908.25
Aggregate amount of quoted investments	At Cost	16,433.06	12,134.55
	At Market Value	16,738.56	10,506.90
Aggregate amount of unquoted investments	At Cost	7,278.81	7,773.70
Aggregate provision for diminution in value of investments (Refer Note 5)		902.07	1,229.93

Note 11.1

(₹ in Lacs)

OTHER NON TRADE INVESTMENTS	No. of Shares / Units		As at March 31, 2015	As at March 31, 2014
	March 31, 2015	March 31, 2014		
(a) Investments in Equity Instruments - Unquoted, Fully paid up				
In Subsidiaries				
LICHFL Care Homes Limited (Face Value ₹ 10/- each)	8,550,000	8,550,000	855.00	855.00
LICHFL Financial Services Ltd. (Face Value ₹ 10/- each)	9,500,000	9,500,000	950.00	950.00
LICHFL Trustee Company Private Ltd. (Face Value ₹ 10/- each)	90,000	90,000	9.00	9.00
LICHFL Asset Management Company Ltd. (Face Value ₹ 10/- each)	8,700,000	8,700,000	870.00	870.00
In Associate				
LIC Nomura Mutual Fund Asset Management Company Ltd. (Face Value ₹ 10,000/- each)	2,200	2,200	220.00	220.00
Others				
LIC Nomura Mutual Fund Trustee Company Private Ltd. (Face Value ₹ 10/- each)	1,600	1,600	0.16	0.16
Goods and Service Tax Network (Face Value ₹ 10/- each)	1,100,000	674,367	110.00	67.43
			3,014.16	2,971.59

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

Note 11.1

(₹ in Lacs)

Other Non Trade Investments	No. of Shares / Units		As at March 31, 2015	As at March 31, 2014
	March 31, 2015	March 31, 2014		
(b) Investments in Government Securities - Quoted, Fully paid up *				
8.33 % Government of India Stock 2036	30,000	30,000	30.00	30.00
8.28 % Government of India Stock 2032	828,000	828,000	789.90	789.90
8.07 % Government of India Stock 2017	100,000	100,000	100.00	100.00
7.35% Government of India Stock 2024	1,600,000	1,600,000	1,592.50	1,592.50
7.59% Government of India Stock 2016	500,000	500,000	500.00	500.00
8.14% Maharashtra SDL 2019	150,000	150,000	150.00	150.00
8.24% Government of India Stock 2027	1,100,000	1,100,000	1,092.45	1,092.45
8.28% Government of India Stock 2027	500,000	500,000	498.05	498.05
7.80% Government of India Stock 2020	6,500,000	6,500,000	6,381.65	6,381.65
8.12% Government of India Stock 2020	1,000,000	1,000,000	1,000.00	1,000.00
8.12% Government of India Stock 2022	20,000	-	19.30	-
8.83% Government of India Stock 2023	2,500,000	-	2,500.00	-
8.83% Government of India Stock 2023	1,700,000	-	1,779.21	-
* Kept with designated bank for repayment to depositors.			16,433.06	12,134.55
(c) Contribution to Trust			0.10	0.10
(d) Other non-current investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund:**				
Kotak India Real Estate Fund -1 (Face Value ₹ 100,000/- each) ***	1,389.55	2,367.01	1,389.55	2,367.01
CIG Reality Fund - 1 (Face Value ₹ 10/- each)	10,000,000	10,000,000	1,000.00	1,000.00
			2,389.55	3,367.01
(e) Other non-current investments-Unquoted, Partly paid up				
(i) Real Estate Venture Fund:**				
LICHFL Urban Development Fund (Face Value ₹ 10,000/- each)	50,000	50,000	1,875.00	1,435.00
			23,711.87	19,908.25

**These are close ended schemes subject to lock in till the closure of the Scheme

*** Provision for diminution in the value of investments @ ₹ 902.07 Lacs (previous year ₹ 1229.93 Lacs)

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 12

(₹ in Lacs)

DEFERRED TAX ASSETS / (LIABILITIES) [NET] [Refer Note 27(20)]		As at March 31, 2015	As at March 31, 2014
(a) Deferred tax assets		25,859.88	25,962.42
(b) Deferred tax liabilities		(92,757.69)	(305.13)
		(66,897.81)	25,657.29

NOTE 13

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES		As at March 31, 2015	As at March 31, 2014
<i>Unsecured, considered good</i>			
(a) Capital Advance		233.11	179.49
(b) Security Deposits		596.04	544.29
(c) Loan against Public Deposit		12.47	41.25
(d) Advances to employees*		340.60	347.67
(e) Share Application Money Pending Allotment		-	42.56
(f) Advance tax and tax deducted at source (Net of provision for tax)		2,795.70	4,803.73
(g) Tax Paid under Protest		7,945.36	8,488.44
		11,923.28	14,447.43

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

NOTE 14

(₹ in Lacs)

OTHER NON CURRENT ASSETS		As at March 31, 2015	As at March 31, 2014
Interest Accured on Advance against Public Deposit		3.65	4.37
		3.65	4.37

NOTE 15

(₹ in Lacs)

LOANS (SECURED) [Refer Note 27(3) & 27(21)]	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
(a) Individuals	10,007,806.18	555,172.89	8,393,074.22	462,784.07
(b) Others	174,651.39	98,442.38	195,121.09	83,109.52
	10,182,457.57	653,615.27	8,588,195.31	545,893.59

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 16

(₹ in Lacs)

CURRENT INVESTMENTS <i>At Lower of cost or market value</i>	No. of Shares / Units		Amount As At	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(a) Investment in Equity instruments				
Aptech Limited (Face Value of ₹ 10 each)	4134	4134	2.38	3.10
(b) Investment in Mutual Funds - Highly liquid investments			190,364.22	234,486.86
Less: Considered as cash and cash equivalents (Refer Note 18 & Note 16.1)			(190,364.22)	(234,486.86)
(c) Investment in Government Securities				
7.37 % Government of India Stock 2014	-	20000.00	-	20.00
			2.38	23.10
Aggregate amount of quoted investments		At Cost	8.47	28.47
		At Market Value	2.38	23.07

Note 16.1

(₹ in Lacs)

Mutual Funds (Highly Liquid)	No. of Units		Amount As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Axis Liquid Fund	323,012.15	493,447.47	5,002.82	7,012.03
Baroda Pioneer Liquid Fund Plan - Plan A	312,233.39	818,439.46	5,003.15	12,036.17
Birla Sun Life Cash Plus- Regular	-	2,831,759.71	-	5,827.76
Birla Sun Life Floating Rate Fund Short term Plan -Regular	-	6,458,801.25	-	11,025.42
BOI AXA	311,068.72	-	5,003.22	-
BNP Paribas Overnight Fund	232,744.40	45,691,335.97	5,002.57	9,009.37
Canara Robeco Liquid - Regular		513,794.20	-	8,011.69
L & T Liquid Fund Growth	391,495.36	423,054.03	7,504.27	7,440.29
DSP Blackrock Liquidity Fund - Institutional Plan	-	218,319.04	-	4,005.45
HDFC Cash Mgmt Fund - Savings Plan	30,009,873.02	11,232,279.70	8,758.02	3,008.69
ICICI Prudential Liquid - Regular	4,836,509.07	3,624,933.46	10,004.66	6,880.52
ICICI Prudential Money Market Fund-Regular	-	11,296,890.22	-	20,030.45
IDBI Liquid Fund - Regular	-	583,375.57	-	8,017.52
IDFC Cash Fund - Regular	-	257,132.91	-	4,008.21
JM High Liquidity Fund	-	27,771,226.62	-	9,718.71
JP Morgan India Liquid Fund Super Inst.Plan	-	66,290,110.59	-	11,019.74
Kotak Floater Short Term	218,315.08	142,938.38	5,005.47	3,005.27
Kotak Liquid Plan A	-	269,412.12	-	7,011.57
LIC Nomura MF Liquid Fund	1,974,976.57	430,557.53	50,023.37	10,010.71
Principal CMF Regular Plan	589,319.43	527,387.21	8,005.69	6,572.68
Reliance Liquid Fund - Treasury plan	293,788.20	573,043.58	10,005.30	17,896.62

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

Reliance Liquidity Fund	-	200,783.29	-	3,879.33
Religare Invesco Liquid Fund	-	795,629.51	-	14,031.73
SBI Premier Liquid Fund - Regular	1,823,087.83	198,868.28	40,029.94	4,008.65
Sundaram Money Fund - Regular	27,150,856.95	11,104,242.93	8,003.85	3,003.73
Tata Liquid Fund - Plan -A	-	296,266.72	-	7,012.56
Templeton India Tma - Super Institutional Plan	239,793.73	261,819.73	5,005.46	5,007.63
Taurus Liquid Fund - Existing Plan- Super Institutional Plan	1,190,596.67	1,272,006.07	18,006.43	17,613.82
UTI Liquid Cash Plan-Institutional Plan	-	95,258.04	-	2,007.41
UTI Money Market Fund- Institutional Plan	-	443,869.52	-	6,373.13
			190,364.22	234,486.86

NOTE 17

(₹ in Lacs)

TRADE RECEIVABLES	As at March 31, 2015	As at March 31, 2014
Secured, considered good		
(a) For a period exceeding six months	-	-
(b) Others		
Interest Accrued and Due on Housing Loans	6,961.91	6,828.62
	6,961.91	6,828.62

NOTE 18

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2015	As at March 31, 2014
(a) Cash and Cash Equivalents		
Balance with Banks*	71,322.05	44,043.01
Cheques, drafts on hand	13,501.36	14,119.14
Cash on hand	539.08	454.77
Mutual Fund - Highly Liquid Investments (Refer Note 16)	190,364.22	234,486.86
(b) Other Bank Balances		
Fixed Deposits with Banks**	17,579.36	9,133.84
	293,306.07	302,237.62

* Balance with Banks includes unclaimed dividend of ₹ 594.18 Lacs (Previous Year ₹ 520.00 Lacs)

** Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 17033.05 Lacs (Previous Year ₹ 8650.30 Lacs) and ₹ 546.30 Lacs (Previous Year ₹ 483.54 Lacs) created for excess sale proceeds recovered under SARFESI

**NOTES FORMING
PART OF BALANCE SHEET**
as at March 31, 2015

NOTE 19

(₹ in Lacs)

SHORT-TERM LOAN AND ADVANCES	As at March 31, 2015	As at March 31, 2014
(a) Advances to Subsidiaries (Related Party)		
<i>Unsecured, considered good</i>	111.48	56.84
(b) Others		
(i) Loans and advances to Employees*	196.36	192.25
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,427.48	1,118.00
Doubtful	24.86	24.63
Less: Provision for Doubtful Advances	(24.86)	(24.63)
	1,427.48	1,118.00
(iii) Loan against Public Deposit	2.40	2.40
(iii) Advance tax and tax deducted at source (Net of provision for tax)	1,433.32	-
(iv) Tax paid under protest to be received	-	3,120.40
	3,171.04	4,489.89

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

NOTE 20

(₹ in Lacs)

OTHER CURRENTS ASSETS	As at March 31, 2015	As at March 31, 2014
(a) Interest Accrued but not due on		
(i) Housing loan	70,103.26	60,607.20
(ii) Investments	438.32	308.56
(iii) Fixed Deposits with Banks	486.32	181.58
(iv) Advance against Public deposit	-	1.43
(b) Others	359.14	1,357.56
	71,387.04	62,456.33

**NOTES FORMING PART OF
STATEMENT OF PROFIT AND LOSS**
for the year ended March 31, 2015

NOTE 21

(₹ in Lacs)

REVENUE FROM OPERATIONS	March 31, 2015	March 31, 2014
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 3446.42 Lacs Previous year ₹ 3494.24 Lacs)	1,054,667.50	907,333.66
(b) Other Financial Services:		
Processing Fees and other charges received	17,929.39	16,513.72
Less: Processing fees and other charges paid	(5,662.27)	(5,709.16)
	12,267.12	10,804.56
	1,066,934.62	918,138.22

NOTE 22

(₹ in Lacs)

OTHER INCOME	March 31, 2015	March 31, 2014
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks (Tax deducted at source ₹ 123.52 Lacs Previous Year ₹ 74.42 Lacs)	1,204.51	703.28
(ii) Interest on Long Term Investments	1,735.99	990.59
	2,940.50	1,693.87
(b) Dividend [Includes Dividend on Current Investments & Dividend from Subsidiary amounting to ₹ 0.17 Lacs & ₹ 66.50 Lacs respectively (Previous Year ₹ 0.19 Lacs & ₹ 142.50 Lacs)]	66.67	142.69
(c) Profit on sale of Investments (Net) *	8,294.89	10,129.72
(d) Others Non Operating Income		
Miscellaneous Income (Tax deducted at source ₹ 13.64 Lacs Previous year ₹ 21.76 Lacs) [Refer Note 27(8)]	1,628.83	3,361.95
	12,930.89	15,328.23
*Profit / (Loss) on sale of Investments		
Highly Liquid Investments	8,513.98	10,129.72
Long Term Investments	(219.09)	-
	8,294.89	10,129.72

**NOTES FORMING PART OF
STATEMENT OF PROFIT AND LOSS**
 for the year ended March 31, 2015

NOTE 23

(₹ in Lacs)

FINANCE COSTS	March 31, 2015	March 31, 2014
(a) Interest Expenses		
(i) On Terms Loans	219,308.61	231,910.91
(ii) On Commercial Papers	1,258.65	-
(iii) On Debentures / Bonds	590,069.27	471,110.00
(iv) On Public Deposits	17,423.84	10,954.94
(v) Interest payable from Swaps (Net)	1,881.03	2,622.13
(b) Other Borrowing costs		
(i) Other Finance Charges	1,083.18	839.59
	831,024.58	717,437.57

NOTE 24

(₹ in Lacs)

EMPLOYEE BENEFITS EXPENSE	March 31, 2015	March 31, 2014
(a) Salaries and Bonus	9,923.40	7,853.98
(b) Contributions to Provident & Other Funds	1,632.66	1,517.27
(c) Staff Welfare Expenses	1,374.86	1,012.13
	12,930.92	10,383.38

NOTE 25

(₹ in Lacs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2015	March 31, 2014
(a) Rent, rates and taxes	2,827.23	2,373.64
(b) Repairs and maintenance - building	43.87	34.88
(c) Repairs and maintenance - others	141.82	162.65
(d) Travelling and conveyance	765.93	555.08
(e) Directors sitting fees	16.35	12.25
(f) Advertisement & Publicity expenses	2,877.61	1,956.79
(g) Competition Prizes & Conference Expenses	523.02	686.57
(h) Printing and stationery	440.33	412.47
(i) Postage, telephones and telex	930.25	790.47
(j) Computer Expenses	473.60	410.49
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note27 (9)]	59.50	54.21
(ii) Other Professional fees	144.49	117.04
(l) Electricity expenses	525.37	473.22
(m) Insurance	14.06	10.55
(n) (Profit) / Loss on sale of Fixed Assets (Net)	(3.33)	5.13
(o) Fixed Assets written off	0.11	2.38
(p) Service Charges for Safe Custody of Documents	493.53	434.06

**NOTES FORMING PART OF
STATEMENT OF PROFIT AND LOSS**
for the year ended March 31, 2015

NOTE 25

(₹ in Lacs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2015	March 31, 2014
(q) Listing Fees and Payment to Share Transfer Agents	33.99	26.57
(r) Commission and Brokerage	12,796.45	11,384.64
(s) Recovery Expenses (Net)	(322.09)	(277.71)
(t) Contribution towards CSR activites	400.00	-
(u) Miscellaneous expenses	870.90	554.10
	24,052.99	20,179.48

NOTE 26

(₹ in Lacs)

PROVISIONS / WRITE OFFS (NET)	March 31, 2015	March 31, 2014
(a) Housing loans written off	2,968.45	0.39
(b) Provision for diminution in value of investments [Refer Note 27 (5)]	(327.15)	1,214.78
(c) Provision for Housing Loans	2,707.95	1,225.76
(d) Long term investment written off (Non Trade)	26.25	39.30
(e) Provisions for Contingency [Refer Note27 (5)]	(999.77)	6.15
Less :		
(f) Housing loans written off recovered	(686.96)	(333.42)
(g) Provisions for Housing Loans written back	(2,963.69)	-
	725.08	2,152.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Note: 27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the relevant provisions of the Companies Act, 2013 (the Act), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

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

b. Use of Estimates

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

c. Revenue Recognition

Interest on Housing Loans

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

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

Income from Investments

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

Other Income

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

d. Fixed Assets

Tangible

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

Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

e. Depreciation and Amortisation

Depreciation in respect of assets is charged based on the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

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

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

Software is amortised on straight line basis over five years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – "Accounting for Investments" notified under the relevant provisions of the Act, current investments are carried at lower of cost & fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by mutual funds in respect of each particular scheme as per the guidelines issued by the NHB. The premium paid on acquisition of Investments is written off in the year of purchase.

h. Employee Benefits

Provident Fund

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

Gratuity

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

Leave Benefits

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

i. Foreign Currency Transactions

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

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

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

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

j. Derivative Transactions

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

k. Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

l. Zero Coupon Instrument

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

m. Income Tax

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for taxes on income”, notified under the relevant provisions of the Act. Income tax comprises both current and deferred tax.

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

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

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

n. Provision on Standard and Non Performing Loans

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

o. Provisions and Contingencies

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

p. Operating Leases

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

q. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 554.40 Lacs (Previous year ₹ 1,564.20 Lacs).
 b) Other Commitments: Uncalled liability of ₹ 3125 Lacs (Previous Year ₹ 3565 Lacs) in respect of commitment made for contribution to LIC HFL Urban development fund by subscription of 50000 units (previous year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 3750/- (previous year ₹ 2,870/-) each.
2. **Contingent liabilities in respect of :**
 - a) Claims against the Company not acknowledged as debts ₹ 289.04 Lacs (Previous Year ₹ 35.44Lacs).
 - b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lacs- (including interest of ₹ 20.39 Lacs) for A.Y. 2003-04, ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lacs, ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs) against which ₹ 1,951.62 Lacs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs against which the Company received refund of ₹ 137.47 for A.Y. 2006-07 and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) for A.Y. 2007-08. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.
3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorisation :
 - a) Equitable / Registered Mortgage of Property.
 - b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank.
 - c) Assignment of Lease Rent Receivables.
 - d) Company guarantees or personal guarantees.
 - e) Negative lien.
 - f) Undertaking to create a security.
 (ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.
4. Housing Loans include loans amounting to ₹ 3,643.06 Lacs (Previous year ₹ 2378.65 Lacs) against which the company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The fair value of assets possessed against the loan is ₹ 3427.77 Lacs (Previous year ₹ 2,362.53 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2015.
5. Movement in Provision for contingencies and diminution in the value of investments are as under:
 - a) Provision includes:
 - i. Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables, and
 - ii. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

b) The movement in provisions is as below:

(₹ in Lacs)

Particulars	Provision for untapped corporate undertaking & Doubtful advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1166.75 (1,186.65)	88.85 (88.85)
Add: Top up of Corporate Undertaking / additional provisional for doubtful advances	90.78 (0.17)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	36.99 (20.07)	- (-)
Less: Reversal of provision for corporate undertaking	1,000.00 (-)	- (-)
Closing balance	220.54 (1,166.75)	88.85 (88.85)

Figures in bracket are in respect of the previous year.

c) Provision for diminution in the value of investments:

(₹ in Lacs)

Particulars	Provision for diminution in the value of long term investments
Opening Balance	1229.93 (13.80)
Add : Provision made during the year	165.03 (1229.93)
Less : Write back of provision during the year	492.89 (13.80)
Closing Balance	902.07 (1229.93)

Figures in bracket are in respect of the previous year.

6. Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid ratio amounting to ₹ 17033.05 Lacs (Previous Year ₹ 8650.30 Lacs). The Company has beneficial interest on the income earned from these deposits.
7. Miscellaneous income includes ₹ 3.39 Lacs (Previous Year ₹ 3.91 Lacs) being interest income on staff loans/advances, ₹ 392.06 Lacs (Previous Year ₹ 401.75 Lacs) being gain on unwinding of Interest rate SWAP, ₹ 98.95 Lacs (Previous Year ₹ 138.83 Lacs) being old outstanding and unclaimed amounts written back, ₹ 350.73 Lacs (Previous year 1947.09) being interest on income tax refund.
8. Temporary Book Overdraft of ₹ 287,159.72 Lacs (Previous Year ₹ 207,104.08 Lacs) represents cheques issued towards disbursements to borrowers for ₹ 286111.34 Lacs (Previous Year ₹ 206,213.92 Lacs) and cheques issued for payment of expenses of ₹ 1048.38 Lacs (Previous Year ₹ 890.16 Lacs), but not encashed as at March 31, 2015.

9. Auditor's Remuneration*:

(₹ in Lacs)

Particulars	Current Year	Previous Year
As auditor including ₹ 5.00 lacs (Previous Year ₹ 4.40 lacs) to Back Office Auditors	33.33	30.15

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

As advisor or in any other capacity in respect of tax audit	5.40	5.00
For Quarterly Limited Reviews	16.50	15.00
In any other manner (Certification work)	3.01	3.63
For Reimbursements of expenses to Auditors	1.26	0.43
Total	59.50	54.21

* Excluding Service Tax

10. Expenditure in Foreign Currencies:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Travelling Expenses	4.68	5.81
Professional Fees	3.42	3.45
Fees for filing returns and Trade License fees	4.23	3.74
Salary to Overseas Staff	58.65	40.69
Rent for Overseas Staff Residence	11.27	10.17
Commission	17.30	43.95
Other Expenses	2.83	5.60

11. Earnings in Foreign Currencies:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Processing Fees	17.30	43.95

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

13. Derivative Instruments:

- (a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 119,600.00 Lacs (Previous year ₹ 119,600.00 Lacs).
- (b) For underlying liability of ₹ 65,000.00 Lacs (Previous Year ₹ 65,000.00 Lacs), Coupon Swap has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- (c) The Company as on March 31, 2015 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 184,600.00 Lacs (Previous year ₹ 184,600.00 Lacs). The Mark to Market value of all such Swaps as at March 31, 2015 was negative to the extent of ₹ 5,292.11 Lacs (Previous Year ₹ 14503.79 Lacs).
- (d) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2015 amount to ₹ 1.16 lacs.

14. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on (AS-15) – “Employee Benefits” the following disclosure have been made:

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

Provident Fund and Pension Fund Liability

The Company has recognised ₹ 747.76 lacs (Previous year ₹ 649.37 lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 22.63 lacs (previous year ₹ 23.31 lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Gratuity Liability

(₹ in Lacs)

Changes in the Benefit Obligation	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the Beginning of the year	3,072.47	2,238.21	1,517.00	1,309.88	915.83
Interest Cost	286.05	184.65	125.15	104.79	73.27
Current Service Cost	212.47	164.53	108.11	94.53	83.17
Past Service Cost	-	-	-	-	101.74
Benefit Paid	(21.68)	(44.52)	(27.14)	(74.60)	(18.71)
Actuarial Loss on obligations	541.18	529.60	515.09	82.40	154.58
Liability at the end of the year	4067.73	3,072.47	2,238.21	1,517.00	1,309.88

Fair Value of the Plan Assets	2014-15	2013-14	2012-13	2011-12	2010-11
Fair Value of Plan Asset at the beginning of the year	2705.11	2,138.61	1,686.87	1,385.61	639.78
Expected Return on Plan Assets	235.34	186.06	134.95	110.85	51.18
Contributions	153.72	409.78	318.70	247.18	699.33
Benefit paid	(21.68)	(44.52)	(27.14)	(74.60)	(18.71)
Actuarial Gain / (Loss) on Plan Assets	71.82	15.18	25.23	17.84	14.03
Fair value of Plan Assets at the end of the year	3144.31	2,705.11	2,138.61	1,686.87	1,385.61
Total Actuarial Loss to be Recognized	446.60	514.42	489.86	64.56	(140.55)

Actual Return on Plan Assets:	2014-15	2013-14	2012-13	2011-12	2010-11
Expected Return on Plan Assets	235.34	186.06	134.95	110.85	51.18
Actuarial Gain / (Loss) on Plan Assets	71.82	15.18	25.23	17.84	14.03
Actual Return on Plan Assets	307.17	201.24	160.18	128.69	65.21

Amount Recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	(4067.73)	(3,072.47)	(2,238.22)	(1517.00)	(1309.88)
Fair Value of Plan Assets at the end of the year	3144.31	2,705.11	2,138.61	1,686.87	1,385.61
Amount recognized in the Balance Sheet	(923.42)	(367.36)	(99.61)	169.87*	75.73*

*Restricted to NIL

Expense Recognized in the Statement of Profit and Loss :	2014-15	2013-14	2012-13	2011-12	2010-11
Current Service Cost	212.47	164.53	108.11	94.53	83.17
Interest Cost	50.70	184.65	125.15	104.79	73.27
Expected Return on Plan Assets	-	(186.06)	(134.95)	(110.85)	(51.18)
Net Actuarial Loss to be recognized	446.60	514.42	489.86	64.56	140.55
Past Service Cost	-	-	-	-	101.74
Expense recognized in the Statement of Profit and Loss under staff expenses	709.77	677.54	588.18	153.03	347.55

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

Reconciliation of the Liability recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Opening Net Liability	367.36	99.61	(169.87)	(75.73)	276.05
Expense recognized	709.77	677.54	588.18	153.03	347.55
Contribution by the Company	(153.72)	(409.78)	(318.70)	(247.18)	699.33
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	923.42	367.36	99.61 *	(169.87) *	(75.73)*

*Restricted to NIL

Experience Adjustments	2014-15	2013-14	2012-13	2011-12	2010-11
On Plan liability (Gains)/Losses	(11.38)	235.30	285.88	124.29	234.38
On Plan Assets (Losses)/Gains	71.82	15.18	25.23	17.84	14.03
Plan Assets	2014-15	2013-14	2012-13	2011-12	2010-11
Insurer Managed Funds*	3144.31	2,705.11	2,138.61	1,686.87	1,385.61
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

Assumptions	2014-15	2013-14	2012-13	2011-12	2010-11
Discount Rate	7.96%	9.31%	8.25%	8.25%	8.25%
Rate of Return on Plan Assets	7.96%	8.70%	8.70%	8.00%	8.00%
Salary Escalation	7.00%	8.00%	6.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%

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

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2015 is ₹ 544.07 Lacs (Previous Year ₹ 481.51 Lacs).

Leave Encashment (₹ in Lacs)

Changes in the Benefit Obligation	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the Beginning of the year	1,642.57	1,667.28	1,163.06	1,007.68	857.44
Interest Cost	152.92	137.55	101.77	83.13	68.59
Current Service Cost	70.52	103.82	68.10	68.96	57.93
Benefit Paid	(5.00)		-	-	-
Actuarial (Gain) / Loss on obligations	392.78	(266.08)	334.35	3.28	23.72
Liability at the end of the year	2253.79	1,642.57	1,667.28	1,163.06	1,007.68

Amount Recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	2253.79	1,642.57	1,667.28	1,163.06	1,007.68
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet*	(2253.79)	(1,642.57)	(1,667.28)	(1,163.06)	(1,007.68)

Expense Recognized in the Statement of Profit and Loss:	2014-15	2013-14	2012-13	2011-12	2010-11
Current Service Cost	70.52	103.82	68.10	68.96	57.93
Interest Cost	152.92	137.55	101.77	83.13	68.60

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	392.78	(266.08)	334.35	3.28	23.72
Expense recognized in the Statement of Profit and Loss under staff expenses	616.23	(24.71)	504.22	155.38	150.24

Reconciliation of the Liability recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Opening Net Liability	1642.57	1,667.28	1163.06	1,007.68	857.44
Expense recognized	616.23	(24.71)	504.22	155.38	150.24
Contribution by the Company	(5.00)	-	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	2253.79	1,642.57	1,667.28	1,163.06	1,007.68

Experience Adjustments:	2014-15	2013-14	2012-13	2011-12	2010-11
On Plan Liability (Gains)/Losses	42.89	(454.61)	155.57	49.80	53.76
On Plan Assets (Losses)/Gains	-	-	-	-	-

Assumptions:	2014-15	2013-14	2012-13	2011-12	2010-11
Retirement Age	58 Years				
Discount Rate	7.96%	9.31%	8.25%	8.75%	8.25%
Salary Escalation	8.00%	8.00%	6.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%

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

*Exclusive of Amount ₹ 22.14 Lacs (previous year ₹ 23.21 Lacs) towards additional provision made for LIC employees.

15. Segment Reporting:

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

16. Related Party Disclosure:

a) Names of related parties:

(i)	Enterprise having significant influence
	Life Insurance Corporation of India
(ii)	Subsidiaries
	LICHFL Care Homes Limited
	LICHFL Financial Services Ltd.
	LICHFL Asset Management Company Ltd. (Formerly known as LICHFL Asset Management Company Private Ltd.)
	LICHFL Trustee Company Private Ltd.
(iii)	Entity over which control exists
	LICHFL Urban Development Fund

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

(iv)	Associate
	LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)
(v)	Key Management Personnel
	Ms. Sunita Sharma, MD and Chief Executive Officer

b) Details of transactions and balance at the end with related parties: (₹ in Lacs)

Related Party	Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India:			
	Issue of non convertible debentures	200,000.00	100,000.00
	Repayment of non convertible debentures	25,000.00	75,000.00
	Repayment of Secured loan	9,024.87	14,431.27
	Interest expenses on Secured and Unsecured loans	109,739.84	102,393.24
	Dividend Payment	9,154.91	7,730.81
	Rent Expenses	454.48	383.36
	Reimbursement of Municipal Taxes, etc.	10.84	15.32
	Reimbursement of Electricity Expenses	29.44	32.32
	Payment for Staff training, Conference, etc.	20.19	3.85
	Payments towards Renovation & Repairs Work carried out by them	8.41	106.85
	Reimbursement of Gratuity for staff on deputation from LIC	26.83	26.47
	Balance as at the year-end (Credit)	1,373,022.34	1,208,358.70
LICHFL Care Homes Limited			
	Dividend Income	-	85.50
	Payment of Expenses	55.76	40.07
	Reimbursement of Expenses	(1.59)	(4.06)
	Balance as at the year-end (Debit)	111.47	56.73
LICHFL Financial Services Limited			
	Dividend Income	66.50	57.00
	Commission Expenses on Loan Business	600.72	474.41
	Commission Expenses on Public Deposit	2.96	0.93
	Payment of Expenses	5.43	4.38
	Reimbursement of Expenses	(5.43)	(4.38)
	Balance as at the year-end (Credit)	88.95	81.92
LICHFL Asset Management Company Limited			
	Payment of Expenses	16.32	14.07
	Reimbursement of Expenses	(16.43)	(13.96)
	Balance as at the year-end (Debit)	0.00	0.11

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

LICHFL Urban Development Fund

	Investment	440.00	435.00
	Income from Investment	(617.28)	(44.35)
	Investment as at the year-end (Debit)	1875.00	1435.00
Ms. Sunita Sharma	Managerial remuneration* (previous year from Nov'13 to Mar'14)	31.59	7.04

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2014-15 has been included.

17. Operating Leases:

The Company has taken various offices and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for such premises are ₹ 2,153.54 Lacs (Previous year ₹ 1,854.29 Lacs).

18. Earnings per share:

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

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	(₹ in Lacs)	138,618.87	131,718.63
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per share	₹	27.47	26.10
Face value per equity share	₹	2/-	2/-

19. Current tax:

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

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing & Non Housing loans	23,931.09	24,024.53
Provisions for Contingencies	8.45	8.37
Provision for Tapping Corporate Undertaking	66.51	388.21
Unamortized One Time Gain	304.09	437.35
Provision for Employee Benefits	1,243.13	691.06
Provision for diminution in value of long term investment	306.61	412.90
(A)	25,859.88	25,962.42
Deferred Tax Liabilities:		
Related to Fixed Assets [Refer Note 10.1]	152.27	305.13
Related to Special Reserve [Refer Note 2.1]	92,605.42	-
(B)	92,757.69	305.13
Net Deferred Tax Assets / (Liability)	(66,897.81)	25,657.29

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

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

i. HOUSING BUSINESS

Housing Loans:		(₹ in Lacs)			
Asset Classification	Current Year		Previous Year		Provisions
	Year-end balance	Provisions	Year-end balance	Provisions	
Standard assets	102,90,926.62	45,738.71	8,721,490.06		44,657.05
Sub-standard assets	4,817.57	722.64	16,197.62		2,429.65
Doubtful assets	27,259.42	15,492.44	28,238.32		16,398.55
Loss assets	1,994.04	1,994.04	1,338.38		1,338.38
Total	103,24,997.65	63,947.83	8,767,264.38		64,823.63

ii. NON HOUSING BUSINESS

a. Non Housing Loans:		(₹ in Lacs)			
Asset Classification	Current Year		Previous Year		Provisions
	Year-end balance	Provisions	Year-end balance	Provisions	
Standard assets	495,678.05	143.44	351,698.63		1,634.06
Sub-standard assets	319.40	47.91	164.95		24.74
Doubtful assets	15,037.95	6,246.46	14,943.02		4,180.81
Loss assets	39.79	39.79	17.92		17.92
Total	511,075.19	6,477.60	366,824.52		5,857.53

b. Investment in Kotak Real Estate Venture fund		(₹ in Lacs)			
Asset Classification	Current Year		Previous Year		Provisions
	Year-end balance	Provisions	Year-end balance	Provisions	
Standard assets	1389.55	902.07	2,367.01		1,229.93
Total	1389.55	902.07	2,367.01		1,229.93

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

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

(₹ in Lacs)

Name of the Company	Relationship	Year-end balance as at March 31, 2015	Maximum balance during the year
LICHFL Care Homes Ltd.	Wholly owned subsidiary	0.00 (0.00)	0.00 (500.00)

Figures in bracket are in respect of the previous year.

- a. Since the above loan is repayable on demand, there is no repayment schedule for the loan.
- b. No interest is charged on the above loan. However, the provisions of section 189 of the Companies Act, 2013 are not applicable to above loan since it is given to the subsidiary of the company.
- c. 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.

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

23. Disclosure regarding provisions made for Asset Liability Management (ALM) System for the Housing Finance Companies as per NHB Circular dated October 11, 2010.

I. Capital to Risk Assets Ratio (CRAR)

	Items	Current Year	Previous Year
i.	CRAR (%)	15.30%	16.38%
ii.	CRAR - Tier I capital (%)	11.82%	12.19%
iii.	CRAR - Tier II Capital (%)	3.48%	4.19%

II. Exposure to Real Estate Sector (₹ in Lacs)

	Category	Current Year	Previous Year
a)	Direct exposure		
	(i) Residential Mortgages –		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
	Housing loans up to ₹ 15 Lacs	3843587.87	3,263,389.06
	Housing loans more than ₹ 15 Lacs	6719391.34	5,272,499.51
	(ii) Commercial Real Estate –		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	273093.76	278230.60
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	(a) Residential (PTC-B)	-	21.59
	(b) Commercial Real Estate	-	-
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

**NOTES FORMING PART OF
THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities (₹ in Lacs)

	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	45,000	9,185	9,678	55,317	245,729	458,189	528,825	340,396	2,404	-	1,694,723
Market Borrowings	138,784	164,715	59,102	298,877	574,945	2,216,667	2,320,013	645,732	1,439,629	100,000	7,958,464
Assets											
Advances*	44,964	48,567	48,488	153,962	357,634	1,320,853	1,294,794	1,307,241	1,928,807	4,260,338	10,765,648
Investments**	-	-	-	-	2	600	150	7,382	9,253	5,425	22,812

* Net of Provisions

** Net of Investment diminutions

24. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the Company has:
 - a. neither been imposed any penalty by National Housing Bank
 - b. nor received any adverse comments in writing from National Housing Bank on regulatory compliances.
25. The additional Information pursuant to Schedule III to the Companies Act, 2013 are either Nil or Not Applicable.
26. The previous year figures have been reclassified / regrouped / restated to conform to current year's classification.

Signatures to Notes 1 to 27

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi LLP

Chartered Accountants Chartered Accountants
FRN 109574W FRN 101872W/W100045

Heneel K Patel
Partner
M. No. 114103

Mitil Chokshi
Partner
M No.47745

Surya Kumar Roy
Chairman

S. B. Mainak
Director

S. Ravi
Director
Sunita Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LIC HOUSING FINANCE LIMITED (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and associate, which comprise the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of the subsidiaries noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

1. We did not audit the financial statements / financial information of any of the subsidiaries, whose financial statements / financial information reflect total assets of Rs.9,558.42 lacs as at March 31, 2015, total revenues of Rs.3,693.21 lacs and net cash flows amounting to Rs.832.62 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have

CONSOLIDATED INDEPENDENT AUDITORS' REPORT

- been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections 3 and 11 of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
2. The consolidated financial statements also include the Group's share of net loss of Rs.160.56 lacs for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of sub-sections 3 and 11 of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.
- Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.
- Report on Other Legal and Regulatory Requirements**
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary companies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. In respect of associate not audited as specified in Other Matters paragraph above, possible effects have not been considered in our report.
 2. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of a subsidiary and associate, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:
 - (a) We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company none of the Directors of any such company is disqualified as on March 31, 2015 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of a subsidiary and associate, as noted in the 'Other Matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28(2) to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries.

For **SHAH GUPTA & CO** For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants Chartered Accountants
FRN - 109574W FRN - 101872W/W100045

Heneel K Patel

Partner

M No. 114103

Mitil Chokshi

Partner

M No. 47745

Place: Mumbai

Date: April 18, 2015

ANNEXURE TO THE CONSOLIDATED INDEPENDENT AUDITORS' REPORT

(As stated in Para 1 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date, the following statement is based on the comments in the Auditors' reports on the standalone financial statements of the Holding Company and subsidiary companies incorporated in India.)

- (i) (a) The Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management of the respective entities, which in our opinion and the opinion of other auditor, is reasonable, having regard to the size of the Group and nature of its assets. No material discrepancies were noticed on such physical verification.
- (ii) As the Group does not have inventory, the Clauses (ii)(a) to (ii)(c) of paragraph 3 of the Order are not applicable to the Group.
- (iii) The Group has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained by it under Section 189 of the Act.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is adequate internal control systems in Holding Company and its subsidiaries, commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. The activities of the Group do not involve purchase of inventory and the sale of goods. During the course of our and the other auditors audit no continuing failure to correct major weaknesses in such internal control system has been observed.
- (v) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, Holding Company, which have accepted public deposits, have complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act to the extent applicable to the Housing Finance Companies (NHB) Directions, 2010 (as amended) with regard to the deposits accepted from the public. According to the information and explanations given to us and the other auditors, no Order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in respect of any of the entities.
- (vi) To the best of our and the other auditors knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section 1 of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and the other auditors, the Group is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues with appropriate authorities applicable to it. According to the information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the records of the Holding Company and subsidiaries, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute.
- (c) There is no amount required to be transferred to investor education and protection fund by the Group as at March 31, 2015.
- (viii) The Group and associate do not have consolidated accumulated losses at the end of the financial year nor have they incurred cash losses, on a consolidated basis, during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditors, the Group has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (x) According to the information and explanations given to us and the other auditor, the Group has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xi) In our opinion and the opinion of the other auditor and according to the information and explanations given

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT



to us and the other auditors, term loans availed by the Group were, *prima facie*, applied by the Group during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

- (xii) During the course of our examination and the other auditors 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 and the other auditors, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Group, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.851.15 lacs. However, as informed to us, such instances

are inherent in the nature of business of the Holding Company and adequate provision in respect thereof has been made in the accounts for the year.

For **SHAH GUPTA & CO** For **CHOKSHI & CHOKSHI LLP**
Chartered Accountants Chartered Accountants
FRN - 109574W FRN - 101872W/W100045

Heneel K Patel
Partner
M No. 114103

Mitil Chokshi
Partner
M No. 47745

Place: Mumbai
Date: April 18, 2015

Consolidated Balance Sheet

as at March 31, 2015

	Note No.	As at March 31, 2015	(₹ in Lacs) As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	777,906.35	748,488.38
		788,005.98	758,588.01
Minority Interest		150.42	108.53
Non Current Liabilities			
Long Term Borrowings	3	8,051,855.04	6,771,232.88
Deferred Tax Liabilities (Net)	4	66,901.03	7.79
Other Long Term Liabilities	5	33,153.25	14,353.56
Long Term Provisions	6	69,699.03	70,630.92
		8,221,608.35	6,856,225.15
Current Liabilities			
Short Term Borrowings	7	269,800.96	373,811.08
Trade Payables	8	2,667.76	2,692.49
Other Current Liabilities	9	1,943,275.02	1,557,703.43
Short Term Provisions	10	37,516.92	37,063.61
		2,253,260.66	1,971,270.61
Total		11,263,025.41	9,586,192.30
ASSETS			
Non-Current Assets			
Fixed Assets	11		
- Tangible Assets		8,398.87	8,202.97
- Intangible Assets		597.41	412.48
- Capital Work In Progress		24.54	24.54
Goodwill on Consolidation		20.52	20.52
Non Current Investments	12	22,859.32	19,216.25
Deferred Tax Asset (Net)	13	0.32	25,657.29
Long Term Loans & Advances	14	12,114.94	14,625.07
Other Non Current Assets	15	30.31	1,285.01
		44,046.23	69,444.13
Loans	16		
Non Current Loans		10,182,457.57	8,588,195.31
Current Loans		653,615.27	545,893.59
		10,836,072.84	9,134,088.90
Current Assets			
Current Investments	17	1,284.48	192.17
Trade Receivables	18	7,250.80	7,180.97
Cash and Bank Balances	19	299,291.05	307,422.23
Short Term Loans and Advances	20	3,416.73	5,281.44
Other Current Assets	21	71,663.28	62,582.46
		382,906.34	382,659.27
Total		11,263,025.41	9,586,192.30
Significant Accounting Policies and Notes to Accounts	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Heneel K Patel
Partner
M. No. 114103

Mitil Chokshi
Partner
M No.47745

Surya Kumar Roy
Chairman

S. B. Mainak
Director

S. Ravi
Director

Sunita Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

Consolidated Statement of Profit & Loss

for the year ended March 31, 2015

	Note No.	March 31, 2015	(₹ in Lacs) March 31, 2014
Income			
Revenue from Operations	22	1,069,466.52	921,471.41
Other Income	23	13,421.95	15,832.81
Total Revenue		1,082,888.47	937,304.22
Expenses			
Finance Costs	24	831,021.61	717,436.45
Employee Benefits Expense	25	13,908.70	11,269.23
Depreciation and Amortisation Expense	11	965.08	780.33
Establishment and Other Expenses	26	24,337.34	22,279.66
Provisions / Write offs (Net)	27	725.08	2,152.95
Total Expenses		870,957.81	753,918.62
Profit before Tax		211,930.66	183,385.60
Tax expense			
- Current Tax [Refer Note 28(13)]		58,980.54	52,013.27
- Deferred Tax [Refer Note 28(14)]		13,198.16	(768.99)
Profit after tax (before adjustment of Profit / Loss of associate and minority interest)		139,751.96	132,141.32
Less: Share of Loss of Associate		160.56	288.08
Less: Share of Profit of Minority Interest		30.47	32.83
Profit for the Year		139,560.93	131,820.41
Earnings per equity share [Refer Note 28(12)]			
- Basic and Diluted		27.65	26.12
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

Heneel K Patel
Partner
M. No. 114103

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Mitil Chokshi
Partner
M No.47745

Surya Kumar Roy
Chairman

S. B. Mainak
Director

Sunita Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

Consolidated Cash Flow Statement for the year ended March 31, 2015

(₹ in Lacs)

Particulars		March 31, 2015		March 31, 2014	
A.	Cash Flow From Operating Activities :				
	Net Profit After Tax , Share of Associate & Minority interest	139,560.93		131,820.41	
Add : Provision for tax		72,178.70	211,739.63	51,244.28	183,064.69
	Add / (Less) : Adjustment for				
Depreciation and Amortisation Expenses		965.08		780.33	
Provisions/ Write offs		724.85		2,148.16	
Interest Income on housing loans		(1,054,667.50)		(907,333.66)	
Interest Expenses		829,941.39		716,597.98	
Interest Received on housing loans		1,045,038.14		899,857.33	
Interest Paid		(778,768.15)		(655,201.39)	
Loss on sale of fixed assets (Net)		(3.40)		5.16	
Fixed assets Written off		4.97		2.70	
Old and unclaimed amounts written back		(98.95)		(138.83)	
(Reversal) / Provision for diminution in value of Current investment		-		(1.36)	
(Profit) / Loss on sale of long term investment		219.09		(44.35)	
Income from investments		(617.28)		-	
Profit on sale of current investment		-		(59.36)	
Dividend Income from current and long term investment		0.17		(0.19)	
Interest on deposits		(387.78)		(447.32)	
Profit on sale of Mutual fund		(11.53)		-	
Preliminary exp written off		2.41		3.49	
Share Issue Expenses		-		3.60	
		42,341.51		56,172.29	
	Operating Profit before Working Capital Changes		254,081.14		239,236.98
Adjustment for:					
(Increase) / Decrease in Other Current Assets		(8,532.51)		(4,019.37)	
(Increase) / Decrease in Loans & Advance		797.32		(1,796.01)	
Increase / (Decrease) in Liabilities & Provisions		82,004.96		19,416.24	
		74,269.77		13,600.86	
	Cash generated from Operations		328,350.91		252,837.84
Direct taxes Paid		(58,622.22)		(52,632.65)	
	Net Cash from operations		269,728.69		200,205.19
Increase in Housing Loans		(1,704,265.43)		(1,352,489.69)	
	Net Cash used in operating activities (A)		(1,434,536.74)		(1,152,284.50)
B.	CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investments		1,531.33		2,467.14	
Purchase of Investments		(6,458.67)		(2,356.09)	
Purchase of Fixed Assets		(1,850.68)		(759.95)	
Sale of Fixed Assets		3.77		5.34	
Dividend Income from current and long term investment		(0.17)		0.19	
Income/(Loss) from investments		617.28		44.35	

Consolidated Cash Flow Statement

for the year ended March 31, 2015

(₹ in Lacs)

Particulars		March 31, 2015	March 31, 2014
Interest on Deposits		387.78	447.32
Net Cash used in Investing Activities (B)		(5,769.36)	(151.70)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Secured Loans (Net)		1,327,278.09	1,285,349.86
Proceeds from Unsecured Loans (Net)		122,350.71	41,799.47
Dividend Paid		(22,589.50)	(19,071.19)
Transfer to Investor Protection Fund		(46.38)	(29.47)
Dividend Tax Paid		(3,859.57)	(3,258.07)
Increase minority		30.47	32.83
Share Issue Expenses Paid		-	(3.60)
Net Cash generated from Financing Activities (C)		1,423,163.82	1,304,819.83
Net Increase in Cash and Cash Equivalents (A+B+C)		(17,142.28)	152,383.63
Cash and cash equivalents at the beginning of the year		294,474.92	142,091.29
Cash and cash equivalents at the end of the year		277,332.64	294,474.92
Net Increase in Cash and Cash Equivalents		(17,142.28)	152,383.63
Notes:			
1 Cash & Cash Equivalent includes :			
Balance with banks*		71,600.45	44,250.98
Cheques,drafts on hand		13,501.36	14,119.14
Cash on hand		539.19	454.87
Investment in Mutual Fund Units (Highly liquid)		191,691.64	235,649.93
Total Cash & Cash Equivalent		277,332.64	294,474.92

*Balance with Banks includes unclaimed dividend of ₹ 594.17 Lacs (Previous Year ₹ 520.00 Lacs)

2 The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements notified under the relevant provisions of the Companies Act, 2013.

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

Heneel K Patel
Partner
M. No. 114103

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Mitil Chokshi
Partner
M No.47745

Surya Kumar Roy
Chairman

S. B. Mainak
Director

S. Ravi
Director

Sunita Sharma
Managing Director &
Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai
Date: April 18, 2015

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET
as at March 31, 2015**

NOTE 1

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2015	As at March 31, 2014
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(b) below	6.37	6.37
	10,099.63	10,099.63

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

Equity Shares	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	504,663,000	10,093.26

(₹ in Lacs)

Note.1(b): Forfeited Shares	As at March 31, 2015	As at March 31, 2014
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

NOTE 2

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2015	As at March 31, 2014
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
As per last Balance Sheet	172,108.55	172,108.55
(c) Special Reserve - I		
In terms of section 36(1)(viii) of income-tax Act, 1961 and Section 29C of National Housing Bank Act,1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2015	As at March 31, 2014
(d) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	10.00	9.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	233,939.01	196,940.01
Total	233,949.01	196,949.01
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the National Housing Bank Act, 1987	1.00	1.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	38,499.00	36,999.00
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	11.00	10.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve Under Section 29C of the NHB Act, 1987	272,438.01	233,939.01
Total	272,449.01	233,949.01
(e) General Reserve		
Opening Balance	203,418.26	183,418.26
Add: Transfer during the Current Year	30,026.80	20,000.00
Closing Balance	233,445.06	203,418.26
(f) Surplus in the Statement of Profit and Loss		
Opening balance	135,066.63	86,815.59
Add: Net Profit for the current year	139,560.93	131,820.41
Less: Appropriations		
Proposed Dividend	25,233.37	22,709.84
Tax on Dividend	5,046.69	3,859.53
Transfer to General Reserve	30,028.32	20,000.00
Transfer to Special Reserve - II	38,499.00	36,999.00
Transfer to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1.00	1.00
Adjustment relating to Deferred tax on Special Reserve * [Refer Note 2.1]	79,519.27	
Adjustment relating to Fixed Assets (Refer Note 11)	332.22	
Share of minority in proposed dividend	9.89	
Closing Balance	95,957.80	135,066.63
Note 2.1		
As per the National Housing Bank's Circular No. NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at April 01,2014 created under section 36(1)(viii) of the Income-Tax Act, 1961		
	777,906.35	748,488.38

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 3

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures	5,695,500.00	971,000.00	4,516,000.00	764,300.00
(b) Zero Coupon Debentures	302,600.00	42,600.00	65,100.00	-
(c) Term loans				
From banks (Rupee term loan)	1,329,814.14	177,452.38	1,555,712.42	175,928.57
From banks (Foreign Currency term loan)	50,000.00	-	-	-
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	6,050.00	6,525.00	12,575.00	9,024.87
(e) Other loans and advances				
National Housing Bank (Refinance)	281,620.78	61,271.87	267,614.65	70,857.55
Security :				
Loans from banks and other loans and advances (including loans and advances from related party) are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to lenders and debenture holders) of the Company except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules and immovable property acquired by Company on or after 26 th Sept 2001				
Unsecured				
(a) Bonds:				
(i) Subordinate Bonds	100,000.00	50,000.00	150,000.00	-
(ii) Upper Tier II Bonds	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposits	136,270.12	22,681.74	54,230.81	38,403.25
	8,051,855.04	1,331,530.99	6,771,232.88	1,058,514.24

NOTE 4

(₹ in Lacs)

DEFERRED TAX LIABILITIES	As at March 31, 2015	As at March 31, 2014
Defered tax asset	25859.89	-
Deferred Tax liability	92760.92	7.79
Net Deferred Tax Liability	66901.03	7.79

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 5

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2015	As at March 31, 2014
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	513.27	894.64
(b) Sundry Deposit Repayable	918.23	898.89
(c) Interest Accrued but not due on Borrowings	11137.47	8012.62
(d) Premium payable on redemption of Debentures	20584.28	4547.41
	33153.25	14353.56

NOTE 6

(₹ in Lacs)

LONG TERM PROVISIONS	As at March 31, 2015	As at March 31, 2014
(a) Provision for Employee Benefits [Refer Note 28(8)]	2739.82	1670.21
Less : Current maturities of Long term employee benefits	134.09	82.57
	2605.73	1587.64
(b) Others		
(i) Provision for Contingencies [Refer Note 28(5)]	195.68	1142.12
(ii) Provision for Housing loans	65968.06	66643.74
(iii) Provision for Dimunition in the value of Investment [Refer Note 12 & 28(5)]	902.07	1229.93
(iv) Provision for Porperty Tax	27.49	27.49
	69699.03	70630.92

NOTE 7

(₹ in Lacs)

SHORT TERM BORROWINGS	As at March 31, 2015	As at March 31, 2014
Secured		
(a) Loans repayable on demand:		
Line of Credit from Banks	187456.98	292500.00
Security :		
Loans from banks are Secured by first pari passu floating charge by way of hypothecation of all current and future receivables, including book debts (to the extent of amounts payable to lenders and debenture holders) of the Company except to the extent of 5% of its receivables including book debts and as may be required under any law, regulations, guidelines or rules and immovable property acquired by Company on or after 26th Sept 2001		
(b) Non Convertible Debentures	-	55000.00
Unsecured		
(a) Public Deposits	82343.98	26311.08
	269800.96	373811.08

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 8

	(₹ in Lacs)	
	As at March 31, 2015	As at March 31, 2014
(a) Micro, Small and Medium Enterprises	-	-
(b) Others	2667.76	2692.49
	2667.76	2692.49

NOTE 9

	(₹ in Lacs)	
	As at March 31, 2015	As at March 31, 2014
(a) Current maturities of Long-Term Debt [Refer Note 3]	1,331,530.99	1,058,514.24
(b) Current maturities of Long term employee benefits	134.09	82.57
(c) Interest accrued but not due on loans and public deposits	301,486.17	273,961.07
(d) Premium payable on redemption of Debentures	4,880.66	-
(e) Unamortized Gain Unamortized one time gain on termination of SWAP contracts	381.37	392.07
(f) Payable on account of Swap Floating interest rate payable on Swap	10,684.55	11,100.51
Fixed interest rate receivable on Swap	(9,914.68)	(9,936.40)
	769.87	1,164.11
(g) Unpaid Dividends	594.18	520.00
(h) Unpaid Deposits	908.94	465.48
(i) Statutory Dues Payable	688.16	568.20
(j) Payable to related parties [Refer Note 28(10)]	3,338.65	3,293.67
(k) Other Payables	11,402.22	11,637.94
(l) Temporary Book Overdraft	287,159.72	207,104.08
	1,943,275.02	1,557,703.43

NOTE 10

	(₹ in Lacs)	
	As at March 31, 2015	As at March 31, 2014
SHORT TERM PROVISIONS		
(a) Provision for Employee Benefits [Refer Note 28(8)]	2,624.58	1,872.62
(b) Others		
(i) Provision for Taxation	66.32	4,495.35
(ii) Proposed Dividend	25,233.15	22,709.84
(iii) Tax on Dividend	5,046.65	3,859.53
(iv) Provision for Housing Loans	4,457.37	4,037.42
(v) Provision for Contingencies [Refer Note 28(5)]	88.85	88.85
	37,516.92	37,063.61

NOTES FORMING PART OF BALANCE SHEET
as at March 31, 2015

Note 11 - FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION/ADJUSTMENTS TO RETAINED EARNINGS & DEDUCTIONS			NET BLOCK		
	As at April 01,2014	Additions/ Adjustments	Deductions / Adjustments	As at March 31,2015	As at April 01, 2014	Dep For the Year	Depreciation adjusted to Retained Earnings	Deductions / Adjustments	As at March 31, 2015
Tangible Assets									
Land	4.32	0.00	0.00	4.32	0.00	0.00	0.00	0.00	4.32
Freehold Land	537.42	0.00	0.00	537.42	0.00	0.00	0.00	0.00	537.42
Building	6283.04	100.67	0.00	6383.71	379.07	99.86	0.00	478.93	5904.78
Leasehold Improvements	1322.20	51.32	75.40	1298.12	1031.88	87.98	10.97	75.21	1055.62
Furniture & Fixtures	1100.54	32.11	53.26	1079.39	775.20	81.82	98.30	48.13	907.19
Vehicles	58.93	18.76	0.06	77.63	18.09	16.29	0.02	0.06	34.34
Office Equipment	856.15	69.32	49.56	875.91	385.90	105.45	262.92	49.48	704.79
Others									
Computers	2807.46	1229.03	50.54	3985.95	2176.95	409.44	126.92	50.60	2662.71
Total	12970.06	1501.21	228.82	14242.45	4767.09	800.84	499.13	223.48	5843.58
Previous Year	11153.24	1974.89	158.07	12970.06	4346.87	565.10	0.00	144.88	4767.09
Intangible Assets									
Software License	1659.78	349.47	0.00	2009.25	1247.30	164.24	0.30	0.00	1411.84
Total	1659.78	349.47	0.00	2009.25	1247.30	164.24	0.30	0.00	1411.84
Previous Year	1524.71	135.07	0.00	1659.78	1032.05	215.25	0.00	0.00	1247.30
Capital Work In Progress	24.54			24.54	0.00	0.00	0.00	0.00	24.54
Total	24.54			24.54	0.00	0.00	0.00	0.00	24.54
Previous Year	24.54			24.54	0.00	0.00	0.00	0.00	24.54
Grand Total	14654.38	1850.68	228.82	16276.24	6014.39	965.08	499.43	223.48	7255.42
Previous Year	12702.49	2109.96	158.07	14654.38	5378.92	780.35	0.00	144.88	6014.39

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 12

(₹ in Lacs)

NON CURRENT INVESTMENTS	As at March 31, 2015	As at March 31, 2014
Other Non-trade Investments		
(Long Term Investments) (At Cost)		
(a) Investments in Equity instruments	110.16	67.60
(b) Investments in Government Securities	16,433.07	12,134.55
(c) Investment in Associate		
LIC Nomura Mutual Fund Asset Management Company Ltd.	220.00	220.00
Add: Adjustment for post-acquisition share of profit	1,826.25	1,986.80
	2,046.25	2,206.80
(d) Other non-current investments		
Real Estate Venture Fund	4,269.84	4,807.30
	22,859.32	19,216.25
Aggregate amount of quoted investments	At Cost	16,433.07
	At Market Value	12,134.55
		10,506.90
Aggregate amount of unquoted investments	At Cost	6,426.25
Aggregate provision for diminution in value of investments (Refer Note 6)		902.07
		1,229.93

NOTE 13

(₹ in Lacs)

DEFERRED TAX ASSETS (NET) [Refer Note 28(14)]	As at March 31, 2015	As at March 31, 2014
(a) Deferred tax assets	0.32	25,962.42
(b) Deferred tax liabilities	-	(305.13)
	0.32	25,657.29

NOTE 14

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES	As at March 31, 2015	As at March 31, 2014
<i>Unsecured, considered good</i>		
(a) Capital Advance	233.11	179.49
(b) Security Deposits	711.09	608.25
(c) Loan against Public Deposit	12.47	41.25
(d) Advances to employees	344.41	347.66
(e) Share Application Money Pending Allotment	-	42.56
(f) Advance tax and tax deducted at source (Net of provision for tax)	2,868.50	4,859.96
(g) Tax Paid under Protest	7,945.36	8,488.44
(h) Deposit for office	-	57.46
	12,114.94	14,625.07

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 15

(₹ in Lacs)

OTHER NON CURRENT ASSETS		As at March 31, 2015	As at March 31, 2014
(a) Fixed Deposit with Bank		-	1,200.00
(b) Interest Accrued on Fixed Deposits with Banks		-	57.74
(c) Interest Accrued on Advance against Public Deposit		3.65	4.37
(d) Preliminary Expenses		-	2.28
(e) Others		26.66	20.62
		30.31	1,285.01

NOTE 16

(₹ in Lacs)

LOANS (SECURED) [Refer Note 28(3)]	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
(a) Individuals	10,007,806.18	555,172.89	8,393,074.22	462,784.07
(b) Others	174,651.39	98,442.38	195,121.09	83,109.52
	10,182,457.57	653,615.27	8,588,195.31	545,893.59

NOTE 17

(₹ in Lacs)

CURRENT INVESTMENTS <i>At Lower of cost or market value</i>	No. of Shares / Units		As at March 31, 2015	As at March 31, 2014
	March 31, 2015	March 31, 2014		
(a) Investment in Equity instruments				
Aptech Limited (Face Value of ₹ 10 each)	4,134	4,134	2.38	3.10
(b) Investment in Mutual Funds - Highly liquid investments			191,646.32	235,819.00
Less: Considered as cash and cash equivalents [Refer Note 19]			(190,364.22)	(235,649.93)
(c) Investment in Government Securities				
7.37 % Government of India Stock 2014	-	20,000.00	-	20.00
			1,284.48	192.17
		At Cost	8.47	28.47
		At Market Value	22.35	23.07

NOTE 18

(₹ in Lacs)

TRADE RECEIVABLES <i>Secured, considered good</i>	As at March 31, 2015	As at March 31, 2014
(a) For a period exceeding six months	-	-
(b) Others		
(i) Interest Accrued and Due on Housing Loans	6,961.91	6,828.62
(ii) Others	288.89	352.35
	7,250.80	7,180.97

**NOTES FORMING PART OF
CONSOLIDATED BALANCE SHEET**
as at March 31, 2015

NOTE 19

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2015	As at March 31, 2014
(a) Cash and Cash Equivalents		
Balance with Banks*	71,600.45	44,250.98
Cheques, drafts on hand	13,501.36	14,119.14
Cash on hand	539.19	454.87
Mutual Fund - Highly Liquid Investments [Refer Note 17]	191,691.64	235,649.93
(b) Other Bank Balances		
Fixed Deposits with Banks**	21,958.41	12,947.31
	299,291.05	307,422.23

*Balance with Banks includes unclaimed dividend of ₹ 594.18 Lacs (Previous Year ₹ 520.00 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 17033.05 Lacs (Previous Year ₹ 8650.30 Lacs) and ₹ 546.30 Lacs (Previous Year ₹ 483.54 Lacs) created for excess sale proceeds recovered under SARFAESI

NOTE 20

(₹ in Lacs)

SHORT-TERM LOAN AND ADVANCES	As at March 31, 2015	As at March 31, 2014
Others		
(i) Loans and advances to Employees	198.81	193.57
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,764.07	1,379.24
Doubtful	24.86	42.34
Less: Provision for Doubtful	(24.86)	(42.34)
	1,764.07	1,379.24
(iii) Loan against Public Deposit	2.40	2.40
(iv) Advance tax and tax deducted at source (Net of provision for tax)	1,451.45	583.87
(iv) Tax paid under protest to be received	-	3,120.40
(iv) Security Deposits (Secured, considered good)	-	1.96
	3,416.73	5,281.44

NOTE 21

(₹ in Lacs)

OTHER CURRENTS ASSETS	As at March 31, 2015	As at March 31, 2014
(a) Interest Accrued but not due on		
(i) Housing loan	70,103.26	60,607.20
(ii) Investments	438.32	308.56
(iii) Fixed Deposits with Banks	750.77	305.69
(iv) Public deposit	-	1.43
(b) Others	369.03	1,357.56
(c) Preliminary Expenses	1.90	2.02
	71,663.28	62,582.46

**NOTES FORMING PART OF
CONSOLIDATED STATEMENT OF PROFIT AND LOSS**
for the year ended March 31, 2015

NOTE 22

(₹ in Lacs)

REVENUE FROM OPERATIONS	March 31, 2015	March 31, 2014
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 3446.42 Lacs Previous year ₹ 3494.24 Lacs)	1,054,667.50	907,333.66
(b) Other Financial Services:		
(i) Processing Fees and other charges received	17,929.39	16,513.72
Less: Processing fees and other charges paid	(5,662.27)	(5,709.16)
	12,267.12	10,804.56
(ii) Other Operating income	2,531.90	3,333.19
	1,069,466.52	921,471.41

NOTE 23

(₹ in Lacs)

OTHER INCOME	March 31, 2015	March 31, 2014
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks (Tax deducted at source ₹ 149.09 Lacs Previous Year at source ₹ 108.65 Lacs)	1,592.29	1,150.60
(ii) Interest on Long Term Investments	1,735.99	990.59
	3,328.28	2,141.19
(b) Dividend	0.17	0.19
(c) Profit on sale of Investments (Net) *	8,410.33	10,295.67
(d) Others Non Operating Income		
(i) Miscellaneous Income (Tax deducted at source ₹ 13.64 Lacs Previous year ₹ 21.76 Lacs)	1,677.87	3,380.33
(ii) Interest received on mobilisation of advance	5.30	15.43
	13,421.95	15,832.81
* Profit on sale of Investments		
Highly Liquid Investments	8,629.42	10,295.67
Long Term Investments	(219.09)	-
	8,410.33	10,295.67

NOTE 24

(₹ in Lacs)

FINANCE COST	March 31, 2015	March 31, 2014
(a) Interest Expense		
(i) On Term Loans	219,308.61	231,910.91
(ii) On Commercial Papers	1,258.65	-
(iii) On Debentures / Bonds	590,069.27	471,110.00
(iv) On Public Deposits	17,423.84	10,954.94

**NOTES FORMING PART OF
CONSOLIDATED STATEMENT OF PROFIT AND LOSS**
for the year ended March 31, 2015

FINANCE COST	March 31, 2015	March 31, 2014
(v) Interest payable from Swaps (Net)	1,881.03	2,622.13
(b) Other Borrowing cost		
(i) Other Finance Charges	1,080.21	838.47
	831,021.61	717,436.45

NOTE 25

(₹ in Lacs)

EMPLOYEE BENEFITS EXPENSE	March 31, 2015	March 31, 2014
(a) Salaries and Bonus	10,818.04	8,653.98
(b) Contributions to Provident & Other Funds	1,679.64	1,558.79
(c) Staff Welfare Expenses	1,411.02	1,056.46
	13,908.70	11,269.23

NOTE 26

(₹ in Lacs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2015	March 31, 2014
(a) Rent, rates and taxes	3,043.55	2,628.55
(b) Repairs and maintenance - building	43.87	34.88
(c) Repairs and maintenance - others	155.99	175.90
(d) Travelling and conveyance	803.81	584.72
(e) Directors sitting fees	20.16	14.95
(f) Advertisement & Publicity expenses	2,880.95	1,957.23
(g) Competition Prizes & Conference Expenses	543.45	696.44
(h) Printing and stationery	448.21	420.27
(i) Postage, telephones and telex	943.80	799.09
(j) Computer Expenses	473.59	410.49
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 28(6)]	63.47	58.31
(ii) Other Professional fees	174.04	130.81
(l) Electricity expenses	530.93	478.21
(m) Insurance	17.15	13.86
(n) (Profit) / Loss on sale of Fixed Assets (Net)	(2.87)	5.47
(o) Fixed Assets written off	4.96	2.38
(p) Service Charges for Safe Custody of Documents	493.53	434.06
(q) Listing Fees and Payment to Share Transfer Agents	33.99	26.57
(r) Commission and Brokerage	12,195.73	10,911.50
(s) Contribution towards CSR activities	415.12	-
(t) Share issue Expenses preferential issue /Expenses for Split of Shares	-	3.60
(u) Recovery Expenses (Net)	(322.09)	(277.71)
(v) Construction / Project Expenses	480.02	2,192.78
(w) Preliminary Expenses written off	2.41	3.49
(x) Miscellaneous expenses	893.57	573.81
	24,337.34	22,279.66

**NOTES FORMING PART OF
CONSOLIDATED STATEMENT OF PROFIT AND LOSS**
for the year ended March 31, 2015

NOTE 27

(₹ in Lacs)

PROVISIONS / WRITE OFFS (NET)	March 31, 2015	March 31, 2014
(a) Housing loans written off	2,968.45	0.39
(b) Provision for diminution in value of investments [Refer Note 28 (5)]	(327.15)	1,214.78
(c) Provision for Housing Loans	2,707.95	1,225.76
(d) Long term investment written off (Non Trade)	26.25	39.30
(e) Provisions for Contingency [Refer Note 28 (5)]	(999.77)	6.15
Less :		
(f) Housing loans written off recovered	(686.96)	(333.43)
(g) Provisions for Housing Loans written back	(2,963.69)	-
	725.08	2,152.95

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

NOTE: 28

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

PRINCIPLES OF CONSOLIDATION:

1. The consolidated financial statements relate to LIC Housing Finance Limited ("the Company") and its subsidiaries and associate, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
 - a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified under the relevant provision of the Companies Act, 2013 (the Act).
 - b) In case of associate, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the relevant provision of the Act.
 - c) The difference between the cost of investment in the associate / subsidiaries and the share of net assets at the time of acquisition of shares in the associate / subsidiaries is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
 - d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements except for accounting policy followed by a subsidiary, LICHFL Care Homes Limited for amortization of preliminary expenses incurred by the said subsidiaries after April 1, 2003 over a period of ten years as against charging off of such expenses to the Statement of Profit and Loss by the Company.
 - e) The audited financial statements of the subsidiaries and unaudited financial statements of associate are considered for the purpose of consolidation and are drawn upto March 31, 2015. The reporting period of these financial statements is same as the reporting period of the company.
 - f) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary Companies and further movements in their share in the equity, subsequent to the dates of the investments as stated above.
2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the relevant provision of the Act, the carrying amounts of investments in Associates is adjusted for post-acquisition change in the Company's share in the net assets of the associates after eliminating unrealized profits or losses, if any.
3. The consolidated financial statements of LIC Housing Finance Limited, its subsidiaries and associate company are prepared in accordance with Accounting Standard (AS-21) 'Consolidated Financial Statements' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the relevant provision of the Act.

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

The details of such enterprises are as under:

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

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The Financial Statements comply in all material aspects with the Accounting Standards notified under the relevant provisions of the Companies Act, 2013 (the Act), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

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

b. Use of Estimates

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

c. Revenue Recognition

Interest on Housing Loans

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

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

Income from Investments

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

Revenue from property development / construction projects

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2015

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

Other Income

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

d. Fixed Assets

Tangible

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

Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

e. Depreciation

Depreciation in respect of assets is charged based on the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

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

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

Software is amortised on straight line basis over five years.

f. Impairment Loss

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

g. Investments

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – “Accounting for Investments” notified under the relevant provisions of the Act, current investments are carried at lower of cost & fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by mutual funds in respect of each particular scheme as per the guidelines issued by the NHB. The premium paid on acquisition of Investments is written off in the year of purchase.

h. Employee Benefits

Provident Fund

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

Gratuity

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

Leave Benefits

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

i. Foreign Currency Transactions

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

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

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

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

j. Derivative Transactions

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

k. Borrowing costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

l. Zero Coupon Instrument

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

m. Income Tax

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – “Accounting for taxes on income”, notified under the relevant provisions of the Act. Income tax comprises both current and deferred tax.

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2015

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

n. Provision on Standard and Non Performing Loans

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

o. Provisions and Contingencies

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

p. Operating Leases

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

q. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets.

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) are ₹ 2,682.54 Lacs (Previous Year ₹ 4,529.81 Lacs).
b) Other Commitments: Uncalled liability of ₹ 3,125 Lacs (Previous Year ₹ 3,565 Lacs) in respect of commitment made for contribution to LIC-HFL Urban development fund by subscription of 50,000 units (previous year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 3,750/- (previous year ₹ 2,870/-) each.
2. **Contingent liabilities in respect of :**
 - a) Claims against the group not acknowledged as debts ₹ 289.04 Lacs (Previous Year ₹ 35.44 Lacs).
 - b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lacs (including interest of ₹ 20.39 Lacs) for A.Y. 2003-04, ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lacs, ₹ 3,571.94 Lacs (including interest of ₹ 667.94 Lacs) against which ₹ 1,951.62 Lacs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) against which the Company received refund of ₹ 137.47 Lacs for A.Y. 2006-07 and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) for A.Y. 2007-08. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest
 - c) Bank Guarantee outstanding of ₹ Nil Lacs (Previous Year ₹ 31.78 Lacs) against the Bhuvneshwar Project of LIC-HFL Care Homes Ltd.
3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorization:
 - a) Equitable / Registered Mortgage of Property
 - b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank
 - c) Assignment of Lease Rent Receivables
 - d) Company guarantees or personal guarantees
 - e) Negative lien
 - f) Undertaking to create a security
(ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.
4. Housing Loans include loans amounting to ₹ 3,643.06 Lacs (Previous year ₹ 2,378.65 Lacs) against which the company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The fair value of assets possessed against the loan is ₹ 3,427.77 Lacs (Previous year ₹ 2,362.53 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2015.
5. Movement in Provision for contingencies and diminution in the value of investments are as under:
 - a. Provision includes:
 - 1) 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
 - 2) Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

b. The movement in provisions is as below:

(₹ in Lacs)

Particulars	Provision for untapped corporate undertaking & Doubtful advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1,166.75 (1,186.65)	88.85 (88.85)
Add: Top up of Corporate Undertaking / additional provisional for doubtful advances	90.78 (0.17)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	36.99 (20.07)	- (-)
Less: Reversal of provision for corporate undertaking	1,000.00 (-)	- (-)
Closing balance	220.54 (1,166.75)	88.85 (88.85)

Figures in bracket are in respect of the previous year

c. Provision for diminution in the value of investments:

(₹ in Lacs)

Particulars	Provision for diminution in the value of long term investments
Opening Balance	1,229.93 (13.80)
Add : Provision made during the year	165.03 (1,229.93)
Less : Write back of provision during the year	492.89 (13.80)
Closing Balance	902.07 (1,229.93)

Figures in bracket are in respect of the previous year

6. Auditor's Remuneration:

(₹ in Lacs)

Particulars	Current Year	Previous Year
As auditor including ₹ 5.00 lacs (Previous Year ₹ 4.40 lacs) to Back Office Auditors	36.26	32.94
As advisor or in any other capacity in respect of tax audit	6.22	6.22
For Quarterly Limited Reviews	16.50	15.00
In any other manner (Certification work)	3.17	3.65
For Reimbursements of expenses	1.32	0.50
Total	63.47	58.31

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

7. Derivative Instruments:

- (a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 119,600.00 Lacs (Previous year ₹ 119,600.00 Lacs).
- (b) For underlying liability of ₹ 65,000.00 Lacs (Previous Year ₹ 65,000.00 Lacs), Coupon Swap has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- (c) The Company as on March 31, 2015 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 184,600.00 Lacs (Previous year ₹ 184,600.00 Lacs. The Mark to Market value of all such Swaps as at March 31, 2015 was negative to the extent of ₹ 5,292.11 Lacs (Previous Year ₹ 14503.79 Lacs).
- (d) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2015 amount to ₹ 1.16 lacs.

8. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on Employee Benefits (AS-15), the following disclosure have been made :

Provident Fund and Pension Fund Liability

The Company has recognised ₹ 782.33 lacs (Previous year ₹ 679.28 lacs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 25.95 lacs (previous year ₹ 26.88 lacs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Gratuity Liability	(₹ in Lacs)				
--------------------	--------------	--	--	--	--

Changes in the Benefit Obligation	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the Beginning of the year	3,086.33	2,248.32	1,517.00	1,309.88	915.83
Interest Cost	287.66	185.78	125.15	104.79	73.27
Current Service Cost	217.36	168.61	108.11	94.53	83.17
Past Service Cost	-	-	-	-	101.74
Benefit Paid	(21.68)	(44.52)	(27.14)	(74.60)	(18.71)
Actuarial Loss on obligations	539.35	528.14	515.09	82.40	154.58
Liability at the end of the year	4,086.26	3,086.33	2,238.21	1,517.00	1,309.88

Fair Value of the Plan Assets	2014-15	2013-14	2012-13	2011-12	2010-11
Fair Value of Plan Asset at the beginning of the year	2,710.14	2,138.61	1,686.87	1,385.61	639.78
Expected Return on Plan Assets	235.86	186.06	134.95	110.85	51.18
Contributions	158.72	414.81	318.70	247.18	699.33
Benefit paid	(21.68)	(44.52)	(27.14)	(74.60)	(18.71)
Actuarial Gain / (Loss) on Plan Assets	72.42	15.18	25.23	17.84	14.03
Fair value of Plan Assets at the end of the year	3,155.46	2,705.11	2,138.61	1,686.87	1,385.61
Total Actuarial Loss to be Recognized	449.03	515.88	489.86	64.56	(140.55)

Actual Return on Plan Assets:	2014-15	2013-14	2012-13	2011-12	2010-11
Expected Return on Plan Assets	235.86	186.06	134.95	110.85	51.18
Actuarial Gain / (Loss) on Plan Assets	72.42	15.18	25.23	17.84	14.03
Actual Return on Plan Assets	308.29	201.24	160.18	128.69	65.21

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

Amount Recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	(4086.26)	(3,086.33)	(2,238.22)	(1517.00)	(1309.88)
Fair Value of Plan Assets at the end of the year	3155.46	2,710.14	2,138.61	1,686.87	1,385.61
Amount recognized in the Balance Sheet	(930.80)	(376.19)	(99.61)	169.87*	75.73*

*Restricted to NIL

Expense Recognized in the Statement of Profit and Loss :	2014-15	2013-14	2012-13	2011-12	2010-11
Current Service Cost	217.36	168.61	108.11	94.53	83.17
Interest Cost	52.31	185.78	125.15	104.79	73.27
Expected Return on Plan Assets	(0.52)	(186.06)	(134.95)	(110.85)	(51.18)
Net Actuarial Loss to be recognized	444.17	512.96	489.86	64.56	140.55
Past Service Cost	-	-	-	-	101.74
Expense recognized in the Statement of Profit and Loss under staff expenses	713.31	681.29	588.18	153.03	347.55

Reconciliation of the Liability recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Opening Net Liability	376.19	109.72	(169.87)	(75.73)	276.05
Expense recognized	713.31	681.29	588.18	153.03	347.55
Contribution by the Company	(158.72)	(414.81)	(318.70)	(247.18)	699.33
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	930.79	376.19	99.61 *	(169.87) *	(75.73)*

*Restricted to NIL

Experience Adjustments	2014-15	2013-14	2012-13	2011-12	2010-11
On Plan liability (Gains)/Losses	(14.59)	235.65	285.88	124.29	234.38
On Plan Assets (Losses)/Gains	72.42	15.18	25.23	17.84	14.03
Plan Assets					
Insurer Managed Funds*	3155.46	2,710.14	2,138.61	1,686.87	1,385.61
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

Assumptions	2014-15	2013-14	2012-13	2011-12	2010-11
Discount Rate	7.96% / 8.05%	9.31% / 9.05%	8.25%	8.25%	8.25%
Rate of Return on Plan Assets	7.96% / 8.00%	8.70% / 8.00%	8.70%	8.00%	8.00%
Salary Escalation	7.00%	8.00%	6.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%

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, 2015 is ₹ 549.07 Lacs (Previous Year ₹ 481.51 Lacs).

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

Leave Encashment

(₹ in Lacs)

Changes in the Benefit Obligation	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the Beginning of the year	1,642.57	1,667.28	1,163.06	1,007.68	857.44
Interest Cost	152.92	137.55	101.77	83.13	68.59
Current Service Cost	70.52	103.82	68.10	68.96	57.93
Benefit Paid	(5.00)		-	-	-
Actuarial (Gain) / Loss on obligations	392.78	(266.08)	334.35	3.28	23.72
Liability at the end of the year	2253.79	1,642.57	1,667.28	1,163.06	1,007.68

Amount Recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Liability at the end of the year	2253.79	1,642.57	1,667.28	1,163.06	1,007.68
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet*	(2253.79)	(1,642.57)	(1,667.28)	(1,163.06)	(1,007.68)

Expense Recognized in the Statement of Profit and Loss:	2014-15	2013-14	2012-13	2011-12	2010-11
Current Service Cost	70.52	103.82	68.10	68.96	57.93
Interest Cost	152.92	137.55	101.77	83.13	68.60
Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	392.78	(266.08)	334.35	3.28	23.72
Expense recognized in the Statement of Profit and Loss under staff expenses	616.23	(24.71)	504.22	155.38	150.24

Reconciliation of the Liability recognized in the Balance Sheet:	2014-15	2013-14	2012-13	2011-12	2010-11
Opening Net Liability	1642.57	1,667.28	1163.06	1,007.68	857.44
Expense recognized	616.23	(24.71)	504.22	155.38	150.24
Contribution by the Company	(5.00)		-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	2253.79	1,642.57	1,667.28	1,163.06	1,007.68

Experience Adjustments:	2014-15	2013-14	2012-13	2011-12	2010-11
On Plan Liability (Gains)/Losses	42.89	(454.61)	155.57	49.80	53.76
On Plan Assets (Losses)/Gains	-	-	-	-	-

Assumptions:	2014-15	2013-14	2012-13	2011-12	2010-11
Retirement Age	58Years	58Years	58Years	58Years	58Years
Discount Rate	7.96%	9.31%	8.25%	8.75%	8.25%
Salary Escalation	8.00%	8.00%	6.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

*Exclusive of Amount ₹ 22.14 Lacs (previous year ₹ 23.21 Lacs) towards additional provision made for LIC employees.

9. Segment reporting:

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

Further, the Group has its operations primarily within India. The scale of operations of the Company far exceeds those of the subsidiaries and associates and the business segments as mentioned above, do not meet the criteria of reportable segments as defined in Accounting Standard (AS)-17, 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006, and hence, segment information for business and geographical segments has not been disclosed.

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

10. Related party disclosure:

a) Details of related parties:

(i) Enterprise having significant influence

Life Insurance Corporation of India

(ii) Entity over which control exists

LICHFL Urban Development Fund

(iii) Associate

LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.)

(iv) Key Management Personnel

Ms. Sunita Sharma, MD and Chief Executive Officer

b) Details of transactions with related parties:

Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India		
Issue of non convertible debentures	200,000.00	100,000.00
Repayment of non convertible debentures	25,000.00	75,000.00
Repayment of Secured loan	9,024.87	14,331.27
Interest expenses on Secured and Unsecured loans	109,739.84	102,393.24
Dividend Payment	9,154.91	7,730.81
Advertisement Income received	122.00	2.92
Consultancy Charges	-	81.84
Rent Expenses	454.48	383.36
Reimbursement of Municipal Taxes, etc.	10.84	15.32
Reimbursement of Electricity Expenses	29.44	32.32
Payment for Staff training, Conference, etc.	20.19	3.85
Payments towards Renovation & Repairs	8.41	106.85
Reimbursement of Expenses	4.15	4.89
Reimbursement of Gratuity for staff on deputation from LIC	26.83	26.47
Year-end Balance (Credit)	1,373,022.14	1,208,359.92
LICHFL Urban Development Fund		
Investment	440.00	435.00
Trusteeship Fees	5.00	5.00
Income from investment	(617.28)	(44.35)
Investment as at the year-end (Debit)	1,880.29	1,440.29
Ms. Sunita Sharma		
Managerial remuneration*	31.5	7.04

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2015**

*As the Provision for Performance Linked Incentive and Leave Encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the year is included in the above figures.

11. Operating Leases:

The Company has taken various offices and residential premises on cancelable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for premises are ₹ 2,000.87 Lacs (Previous year ₹ 1,873.05 Lacs).

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

(₹ in Lacs)

	March 31, 2015	March 31, 2014
Offices premises	122.91	122.57
After one year but not more than five years	76.57	199.47
More than five years	-	-
Total	199.48	322.04

12. Earnings per share:

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

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	(₹ in Lacs)	139560.93	131,820.41
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per share	₹	27.65	26.12
Face value per equity share	₹	2/-	2/-

13. Current tax:

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

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS**
for the year ended March 31, 2015

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing & Non Housing loans	23931.09	24,024.53
Provisions for Contingencies	8.45	8.37
Provision for Tapping Corporate Undertaking	66.51	388.21
Unamortized One Time Gain	304.09	437.35
Provision for Employee Benefits	1247.45	692.98
Provision for diminution in value of long term investment	306.61	412.90
Preliminary Expenses		
Related to Fixed Assets	1.37	
(A)	25865.57	25,964.34
Deferred Tax Liabilities:		
Related to Fixed Assets	160.86	314.84
Related to Special Reserve	92605.42	
(B)	92766.28	314.84
Net Deferred Tax Assets / (Liability)	[(A)-(B)]	(66900.71)
		25,649.50

15. Additional information, as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate.

Name of the Entity	Net Assets		Share in Profit or Loss	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
Parent				
LIC Housing Finance Ltd.	98.87%	779140.87	99.71%	139156.04
Indian Subsidiary				
LICHFL Financial Services Ltd.	0.21%	1616.40	(0.25%)	(353.48)
LICHFL Asset Management Company Ltd. (Formerly Known as LICHFL Asset Management Company Pvt. Ltd.)	0.34%	2668.43	0.41%	566.44
LICHFL Trustee Company Pvt. Ltd.	0.00%	13.38	0.00%	2.42
LICHFL Care Homes Ltd.	0.34%	2650.54	0.27%	380.53
Goodwill on Consolidation	0.00%	20.52	-	-
Minority Interest in all subsidiaries	(0.02%)	(150.42)	(0.02%)	(30.47)
Associate				
LIC Nomura Mutual Fund Asset Management Co. Ltd. (Formerly known as LIC Mutual Fund Asset Management Co. Ltd.)	0.26%	2046.26	(0.12%)	(160.55)
Total	100.00%	788005.98	100.00%	139560.93

**NOTES FORMING PART OF
THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2015**

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

Signatures to Notes 1 to 28

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co. For Chokshi & Chokshi LLP

Chartered Accountants	Chartered Accountants
FRN 109574W	FRN 101872W/W100045

Heneel K Patel	Mitil Chokshi
Partner	Partner
M. No. 114103	M No.47745

Surya Kumar Roy	S. B. Mainak	S. Ravi	Sunita Sharma
Chairman	Director	Director	Managing Director & Chief Executive Officer

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

P. Narayanan
CFO & General
Manager Accounts

Place: Mumbai

Date: April 18, 2015

NOTES

NOTES



NOTES

NOTES





NOTES

NOTES





NOTES

Corporate Information

BOARD OF DIRECTORS (as on 30.06.2015)

Surya Kumar Roy	: Chairman
S. B. Mainak	: Director
B. N. Shukla	: Director
Jagdish Kapoor	: Director
Savita Singh	: Director
T. V. Rao	: Director
Dharmendra Bhandari	: Director
Debabrata Sarkar	: Director (from 30.06.2015)
V. K. Kukreja	: Director (from 30.06.2015)
Sunita Sharma	: Managing Director & CEO
S. Ravi	: Director (upto 25.06.2015)
K. Narasimha Murthy	: Director (upto 25.06.2015)

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES (as on 30.06.2015)

Ajith Kumar L	: General Manager
L. C. Meena	: General Manager
Purnendu Shekhar	: General Manager
P. Narayanan	: General Manager
Nikhil Jain	: Chief Manager
Purti Samant	: Chief Manager
Soumitra Chatterjee	: Chief Manager
N Mahesh	: Chief Manager
Sudipto Sil	: Associate Chief Manager

REGIONAL MANAGERS (as on 30.06.2015)

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

AUDITORS

Joint Statutory Auditors:

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

BANKERS

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

REGISTERED OFFICE

Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai - 400 001.
Phones : 022 - 22040006, 22049682 & 22049919
Fax : 022 - 22049839
CIN : L65922MH1989PLC052257

REGISTRAR & TRANSFER AGENT

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

CORPORATE OFFICE

131 Maker Tower, "F" Premises,
13th Floor, Cuffe Parade,
Mumbai – 400 005.
Phones : 022 - 22178600, 22178700 & 22178611
Fax : 022 - 22178777
CIN : L65922MH1989PLC052257
Email : lichousing@lichousing.com
Website:www.lichousing.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai 400 001.
Phones : 022 - 40807000 **Fax :** 022 - 66311776 / 40807080
Email: itsl@idbitrustee.com
Website : www.idbitrustee.co.in

IL&FS Trust Company Limited
Plot C-22, G-Block, Bandra-Kurla Complex,
Bandra East, Mumbai – 400051.
Phones : 022 - 26533333 **Fax :** 022 - 26593038
Email : info@ilfsindia.com
Website : www.ilfsindia.com

Axis Trustee Services Ltd.
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai – 400025.
Phones : 022-24255215 / 24255216 **Fax :** 022-24254200
Email : debenturetrustee@axistrustee.com
Website : www.axistrustee.com

APPEAL TO MEMBERS

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

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



CORPORATE OFFICE:
LIC HOUSING FINANCE LIMITED
131 Maker Tower, "F" Premises, 13th Floor,
Cuffe Parade, Mumbai - 400 005.

www.lichousing.com



LIC HOUSING FINANCE LIMITED

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

Corporate Office: 131 Maker Tower, 'F' Premises, 13th Floor, Cuffe Parade, Mumbai – 400 005.

Corporate Identity Number: L65922MH1989PLC052257.

Website: www.lichousing.com Email: lichousing@lichousing.com

Dear Shareholder(s),

Sub: Request for NECS Mandate.

The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the shareholders for depositing dividends. Dividend will be credited to the Members' bank account through National Electronic Clearing Services (NECS) wherever complete core banking details are available with the Company. In case where the core banking details are not available, dividend warrants will be issued to the Members with bank details printed thereon as available in the Company's records. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the warrants and ensures safety for the investors.

Accordingly, shareholders holding shares in Physical form may kindly arrange to forward the appended NECS form duly completed and signed to our **Registrar & Transfer Agent**, for necessary action. Shareholders holding shares in **Demat / Electronic** form may kindly arrange to update their Bank particulars with their respective **Depository Participants**.

Thanking you,

Yours faithfully,

For LIC Housing Finance Limited

Nitin K. Jage
General Manager (Taxation) &
Company Secretary

NATIONAL ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) MANDATE FORM

To,

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

Dear Sir(s),

Sub: Change in mode of payment to NECS.

I, hereby consent to have the amount of dividend on my equity shares credited through NECS. Particulars are as under:

1. Folio Number : _____
2. Shareholders' Name : _____
3. Address : _____

4. Particulars of the Bank :
 - i) Name of the Bank : _____
 - ii) Branch : _____
 - iii) Branch Address : _____

 - iv) 9 Digit Code No. of the Bank and Branch _____ Telephone No. _____
(Please attach a photocopy / cancelled cheque issued by your bank)
 - v) Account No.: _____ Account Type: Savings Bank / Current / Cash Credit
(please strike out which is not relevant above)
 - vi) Date from which mandate should be effective : _____

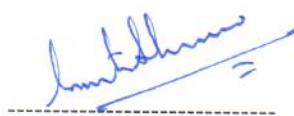
I, hereby declare that particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Company / Registrar & Transfer Agent of the Company responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount through NECS.

Signature of the shareholder

Place:
Date:

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges
(as on date of adoption of accounts – 18.04.2015)

1.	Name of the Company	LIC Housing Finance Limited
2.	Annual financial statements for the year ended	31 st March 2015
3.	Type of Audit observation : During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.851.15 lakh (Previous Year Rs.354.21 lakh) However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.	Unqualified
4.	Frequency of observation	Repetitive since previous years
5.	To be signed by – <ul style="list-style-type: none"> • Managing Director & CEO Ms. Sunita Sharma • Chief Financial Officer & General Manager (Accounts) Shri P. Narayanan • Joint Statutory Auditors of the Company For Shah Gupta & Co., Chartered Accountants FRN – 109574W Heneel K Patel, Partner, M.No.114103 <ul style="list-style-type: none"> • Joint Statutory Auditors of the Company For Chokshi & Chokshi, LLP Chartered Accountants FRN – 101872W /W100045	    

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges
 (as on date of adoption of accounts – 18.04.2015)

1.	Name of the Company	LIC Housing Finance Limited
2.	Annual financial statements for the year ended	31 st March 2015
3.	Type of Audit observation : During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursal of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.851.15 lakh (Previous Year Rs.354.21 lakh) However, as informed to us, such instances are inherent in the nature of business of the Company and adequate provision in respect thereof has been made in the accounts for the year.	Unqualified
4.	Frequency of observation	Repetitive since previous years
5.	To be signed by – <ul style="list-style-type: none"> • Managing Director & CEO Ms. Sunita Sharma • Chief Financial Officer & General Manager (Accounts) Shri P. Narayanan • Joint Statutory Auditors of the Company For Shah Gupta & Co., Chartered Accountants FRN – 109574W Heneel K Patel, Partner, M.No.114103 • Joint Statutory Auditors of the Company For Chokshi & Chokshi, LLP Chartered Accountants FRN – 101872W /W100045 	