

Annual Report
2011-12



With you, for your dream home

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Corporate Information

BOARD OF DIRECTORS

D. K. Mehrotra	: Chairman
Sushobhan Sarker	: Managing Director (from 06.03.2012)
Dhananjay Mungale	: Director
S. Ravi	: Director
K. Narasimha Murthy	: Director
B. N. Shukla	: Director
Jagdish Capoor	: Director (from 25.05.2012)
Savita Singh	: Director (from 25.05.2012)
V. K. Sharma	: Director & Chief Executive
Y. B. Desai	: Director (till 20.07.2011)
Thomas Mathew T	: Managing Director (till 05.03.2012)
A. S. Narayanamoorthy	: Director (till 23.05.2012)

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

Rajeev Chaturvedi	: General Manager
Naveen Koul	: General Manager
S. N. Mokashi	: General Manager
A. K. Anand	: General Manager
N.K. Mittal	: General Manager
Surinder Mohan	: General Manager
M. R. Ankolekar	: General Manager
S. T. Samtani	: Chief Financial Officer
P. Singh	: Chief Manager

REGIONAL MANAGERS

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

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 & CORPORATE OFFICE

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

Phones : 022- 2204 0006, 2204 9799
 & 2204 9919 Fax : (022) 2204 9839.

email : lichousing@lichousing.com

website: www.lichousing.com.

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.
 Unit No.1, Luthra Industrial Premises,
 Andheri Kurla Road, Safed Pool,
 Andheri - East, Mumbai - 400 072.

Phones : 022 - 28515606, 28515644.

Fax : (022) 22641349.

email: sharexindia@vsnl.com

Website : sharexindia.com

APPEAL TO SHAREHOLDERS

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

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

- ❖ Provides loans for homes, construction activities, corporate housing schemes.
- ❖ Around 94.92% of the loan portfolio derived from the retail segment and the rest from large corporate clients.
- ❖ Rated 'AAA' by CRISIL for the 11th consecutive time in 2011-12; Fixed Deposit scheme rated as FAAA/stable by CRISIL.
- ❖ Promoted by world's premier financial institution, LIC of India, incorporated as Company in June 1989.
- ❖ Registered & Corporate Office at Mumbai with 7 Regional Offices, 13 Back Offices, 188 Marketing Offices and 1 Customer Service Points.
- ❖ Apart from wide marketing network comprising Direct Selling Agents (DSAs), Home Loan Agents (HLAs) and Customer Relationship Associates (CRAs), a wholly owned subsidiary also distributing the company's product.
- ❖ Representative overseas presence in Dubai and Kuwait.
- ❖ Listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and was the first Indian housing finance company to be listed overseas i.e., on Luxembourg Stock Exchange.
- ❖ Has been a profit making and consistently dividend paying company since 1990 – its first year of operation.
- ❖ The concept of a life insurance linked mortgage product was first introduced in the country by the Company.
- ❖ Participated in the pilot issue of mortgage backed securities launched in August 2000 by National Housing Bank.
- ❖ Attractive and competitive product to withstand the fierce competition in the market.
- ❖ Awarded the 'Best Housing Finance Company 2011' trophy by MCX CNBC TV18.
- ❖ Developed and adopted a New Logo for the Company reflecting the Dynamism and for better visibility.
- ❖ Competitive Advantage for LIC Housing Finance lies in
 - Strong parentage and Brand Recall,
 - Transparent systems and procedure &
 - Competitive Interest Rates
- ❖ More than 13.3 lakh satisfied customers across the country since inception.
- ❖ Reported 17.5 percent increase in disbursements in 2011-12.
- ❖ Balance sheet size increased to 64429.73 crore from 52537.38 crore.
- ❖ Recommended increased dividend over previous year i.e., from 175 percent to 180 percent.



Vision

To be the best housing finance company in the country.

Mission

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

Values

Transformation to a knowledge organisation

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

Sense of ownership

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

Quality and autonomy in Operations

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

Fair and transparent business practices

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

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

Management Discussion and Analysis Report

MACRO-ECONOMIC & MONETARY DEVELOPMENTS IN 2011-12.

Overview

Monetary policy was strongly anti-inflationary until October 2011. Subsequently, decelerating growth and declining inflation momentum prompted monetary policy to move to a neutral stance since December 2011. Some easing in liquidity was effected through a total of 125 basis points reduction in the Cash Reserve ratio (CRR) during January – March 2012. Going forward, the policy stance will need to ensure that inflationary tendencies remain under control, even as a growth adjusts to its trend.

Growth in Q3 of 2011-12 dropped to 6.1 percent as investment and external demand contracted and private consumption decelerated. Growth is likely to improve moderately in 2012-13, supported mainly by a pickup in industry on the back of consumption demand and some improvement in investment. However, the depleted investment pipeline and depressed new investment may keep the pace of recovery slow.

Inflation has fallen in Q4 of 2011-12, but is likely to remain sticky at about current levels during 2012-13. Price pressures persists with considerable suppressed inflation in oil, electricity, coal and fertilizers, the incomplete pass-through of rupee depreciation, slow supply responses and increase in indirect taxes as well as demand of large government transfers.

GLOBAL ECONOMIC CONDITIONS

Global growth likely to remain moderate in 2012.

The recovery in Advanced Economies (AEs) that seemed to be shaping well at the start of 2011 lost steam towards the fag-end of the year and is clouding the prospects for global growth during 2012. It lost momentum as the protracted debt crisis in the euro area and fiscal fragilities dampened business and consumer confidence. However, contrary to fears that came to the fore time and again during 2011-12, global growth did not stall.

Going into 2012, the global economy appears to be in a continuing phase of multi-speed growth. Most recent assessment indicates that the euro area is entering into a mild recession, while growth and employment condition in the US are improving. Growth in emerging markets, especially China and India, is slowing beyond what was anticipated but these two economies are still likely to provide some support for global recovery. In sum, in spite of a dip in growth, the world economy is unlikely to lapse into another recession.

Financial Market stress eases

Global financial market stress eased significantly during Q1 of 2012 after the ECB made a large liquidity injection. However,

stability and structured improvements in the euro area still remain the unfinished agenda. The recovery and financial stability can still be derailed by global inflation engendered by liquidity infusion and high crude oil prices.

INDIAN ECONOMY: DEVELOPMENTS AND OUTLOOK

OUTPUT

Early indicators suggest that growth may have bottomed out in Q3 of 2011-12 but recovery may be slow during 2012-13. Lower global demand, domestic policy uncertainties and the cumulative impact of monetary tightening lowered the growth rate to below seven per cent over the last two quarters. Industrial growth remains subdued due to supply side bottlenecks, particularly in the mining sector and moderation in investment demand. With measures being taken to remove supply-side bottlenecks, progress in fiscal consolidation could create conditions for a more favorable growth-inflation dynamic.

AGGREGATE DEMAND

Investment downturn extends, speeding of public investment could crowd in private investment

The growth slowdown has been driven by a sharp fall in investment, some moderation in private consumption and fall in net external demand. The drag from investment is likely to continue in the near term. Corporation investment intentions continued to drop during Q3 of 2011-12. Consultation with industry and banks suggest that new project investment continue to be sluggish. However, if increased capital outlays in the latest budget are speedily translated into government capital expenditure, it could crowd in private investment.

EXTERNAL SECTOR DEVELOPMENTS

BoP Risks accentuate

The balance of payment (BoP) came under significant stress during Q3 of 2011-12 as the current account deficit (CAD) widened substantially and capital inflows declined. This resulted in a drawing down of foreign exchange reserve. The wider CAD, increase in external debt, weakening net international investment position (NIIP) and deteriorating vulnerability indicators underscore the need for more prudent external sector management and demand management policies to limit the absorption impact, that is keeping import demand high. While capital inflows have revived somewhat in

2012, BoP risks remain due to high oil prices and uncertainties in the global economy.

MONETARY AND LIQUIDITY CONDITIONS

Reserve Bank responds to tight liquidity conditions by injecting primary liquidity

With falling inflation and growth, the Reserve Bank shifted gears to a more neutral policy, preparing to ease ahead if inflation trends down further. Amidst increasing structural and frictional liquidity deficits during Q4 of 2011-12, the Reserve Bank injected large amounts of primary liquidity through Open Market operations (OMOs) and Cash Reserve Ratio (CRR).

Liquidity conditions have eased substantially in April 2012 with large government spending. Going forward, barring shocks to autonomous drivers, liquidity conditions may stay comfortable in Q1 of 2012-13.

FINANCIAL MARKETS

Financial market stress ease but risks remain

With reduced stress in global financial markets and revival of capital inflows, financial conditions improved in India. However, tight liquidity conditions saw money market rates firm up. G-sec yields also firmed up post-budget in response to the large market borrowing programme. Going forward, there are risks of disruptive movements from euro area and financialisation of commodities

Price Situation

Inflation path for 2012-13 likely to be sticky

Inflation has moderated in recent months to fewer than 7 percent, in line with the Reserve Bank's projections. However, the path of inflation in 2012-13 could remain sticky with high oil prices, large suppressed inflation, and exchange rate pass through, impact of tax hikes, wages pressure and structural impediments to supply response. The pricing power of companies has waned with moderation in demand as also lower non-oil commodity prices. This should help keep inflationary pressures under control in 2012-13.

Macroeconomic Outlook

Macroeconomic challenge warrant careful calibration of monetary policy

Various surveys suggest that growth is likely to be slightly higher in 2012-13 than in 2011-12. Alongside, inflation is likely to remain within a relatively narrow range during the year with probability of further significant moderation being small. The output gap is unlikely to be closed. Recent experiences suggest that the non-inflationary growth rate for India may have somewhat declined from the Pre-Lehman crisis period. Monetary policy would, therefore, need to support growth without risking external balance or inflation by excessively

fuelling demand. Fiscal policy has a key role to speed up public investment to crowd in private investment awhile staying on monetary actions will need to be calibrated to evolving growth-inflation dynamics and the fiscal response.

(source RBI's statement on macroeconomic & monetary development – 18.04.2012)

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

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

Housing constitutes over 70% of the real estate sector and is amongst the three basic necessities of life viz. food, clothing and shelter. However, it is largely ignored. The estimated shortage in dwelling units during the period 2007-12 is 24.71 million approx.

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

The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive. The shortage in housing is estimated to be around 27 million units, of which a large part pertains to the economically weaker section and the middle class. According to projections by the McKinsey Global Institute, the shortage would increase to 38 million units by 2030 unless there is radical change.

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

The expansion of housing finance institution in the country and regulatory support, including fiscal incentives, have seen mortgage interest rates for housing decline from a high of 16% in the middle and late 1990s to 8-10% in recent years.

The average growth of housing portfolio of banks has been close to 40%, which is amongst the highest of any asset class. Much of the increase in housing stock however continues to be limited to the higher end, and the challenge is to get these markets working for the common man.

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

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

A sound regulatory environment is an indispensable condition for the development of a robust housing market. The Government of India has drawn up a draft Real Estate (Regulation and Development Regulation), 2011 Bill. It aims to establish a uniform regulatory environment and enforce transparency and fair practices in the sector. It is also expected to pave the way for the planned and orderly growth of housing and facilitate large scale institutional inflows, including greater venture funding into the sector. A welcome sign that the market is beginning to respond to these measures is the emergence of a new category of players targeting low income consumers with homes priced between Rs 4 Lakh and Rs.15 Lakh. If Indian cities are to achieve their true potential as the engines of growth, every Indian must be able to aspire to a home. To achieve this goal, it is important to ensure that the current momentum is not merely maintained but accelerated.

Looking ahead:

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

The evolution of the Indian real estate sector has been phenomenal since 2000, propelled by a growing economy, liberalized foreign direct investment policy and the higher yields the sector is offering. The Information Technology boom also had a huge impact on the real estate sector. Over the next few years, the sector will grow at the rate of 25 per cent approx. The change is across the board- in the players who define the market and the customer who are driving demand.

Thanks to the IT boom and rising disposable income, among other things, home buyers have become younger and more discerning; a new generation of builders has come in, adding an international outlook to the traditional wisdom and experience of their elders, and the real estate players have begun to realize the value of unity, professionalism and transparency. Even, the nomenclature has changed. With the word 'builders' having acquired a slightly disreputable air in previous decades, industry players now prefer to be known as developers. After all, these are the people who are building the new India, its township, its infrastructure, its schools, shopping malls and multiplexes- the whole gamut that defines and expands the way we live today.

When the recession hit the real estate sector in 2008, it also saw the emergence of a new buzz word 'AFFORDABILITY'. This was to be the key for the revival of the real estate sector especially in the residential sector. This was because it was felt that demand for affordable homes was recession proof and would lead to faster turnaround of stock.

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

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

The India shining story with sustained Gross Domestic Product of more than 7.5 percent in the last few years and burgeoning middle-class has thrown up a new set of buyers whose aspirations for good living is matched by their ability to pay for the convenience. Investors will continue to focus on alternate investment like real estate, one of the most lucrative investment options, as it has continued to yield 18-20% CAGR over the last decade better than precious metals or other options. Indian real estate is being perceived as a better bet for long term future investment.

Competition:

The Housing Finance Industry is one of the most keenly competitive segments of the Economy, with the Banking sector having a significant presence. However, Housing Finance

Companies with a dedicated focus on the industry and better understanding of the underlying real estate markets stand on a better footing when it comes to understanding the needs of the customers as also assessing the risks in the industry.

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

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

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

One of the key concerns emerging among developers is about banks getting a little more cautious about lending to the realty sector. Banks are reluctant to lend money to realty companies as RBI made it tougher for banks to provide high value loans to properties costing over 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 anyone and everyone. In fact, developers remain positive that it's this 'need-based concern' which would ultimately help them to tide over the present lull phase. And catering to this basic concern are several housing companies or banks that extend various loan schemes.

Despite the compulsive economic and political climate, added with the fact that real estate is predominantly a state subject, the Union Budget 2012-13 has atleast shown the intent to accept the real estate and infrastructure as a priority sector. Allowance of External Commercial Borrowing (ECB) for the affordable housing, extension of one percent tax subvention on home loans up to Rs.15 lakh where the cost of the house is upto Rs.25 lakh and increased funding on highways and infrastructure, are steps that could go a long way in reviving the realty market. The doubling of allocation in the infrastructure debt fund through allocation to NHDP, IIFCL, NHB and SIDBI coupled with full exemption from basic custom duty for equipment for road and highway construction are likely to boost infrastructure and construction sector.

One year's extension of sunset clause on tax incentives for

infra projects under section 80IA is also a welcome step. The withholding tax on ECBs for affordable housing has been reduced from 20 percent to 5 percent for three years and this move will help ease the liquidity in the sector. Investment linked deduction of capital expenditure incurred in businesses like Cold Chain Facility, warehouses for storage of food grains, hospitals, fertilisers and affordable housing is proposed to be provided at the rate of 150 percent, as against the current rate of 100 percent. This will decrease tax liability of the firms involved in above mentioned business and further boost the investments in logistics, hospitality and affordable housing. All these measures will encourage supply of low cost housing. Exempting proceeds from the sale of a residential property from capital gains tax if they are invested in equity investments of an SME definitely provides home owners with more re-investment options. Previously, the only route for exemption was purchase of another property or tax saving bonds.

In a bid to promote affordable housing, the Maharashtra government has suggested building 20% of the flats in residential projects for EWS/LIG housing, thus offering a mix of affordable housing in premium residential projects.

Buying or investing in a property would continue to remain a lucrative option. Besides building an asset, a buyer ends up reaping the benefits of investment made already. Moreover, with an organized finance sector and with the increase in transparency levels, it has become easier to create financing vehicle. Home loans are being offered by HFCs at 10-12 percent depending on the profile of a customer.

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

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

Demand Drivers

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

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

explore second home purchases. Some of the factors include:

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

Urban home or suburban homes present an option beyond the limited inner-city residence options. 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)

The increase in the service tax rate from 10 percent to 12 percent will increase the cost of production for developers, thereby making houses costlier. The postponement of a firm decision on the FDI in multi brand retail also reflects a regressive step. The increase in excise duty also has a snowball effect. It will cause cement prices to go up by ₹ 4 to ₹ 5 per bag, which will adversely affect the profitability of construction companies and have a negative impact on the affordability of home buyers.

Some things, however, have not changed, and it is high time the government should look into. There is a need to curtail the number of permissions needed to develop a property and bring in single window clearance. Even as the Govt. has spoken of giving a boost to affordability housing, land prices still remain high, availability is restricted, FSI especially in a densely populated, land starved city like Mumbai is shackled, prices of raw material keep going up, and interest rates and

taxes are on the rise.

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

Segment wise Reporting

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

Outlook

Realty consultants, developers, investors, bankers, HFCs, end-users have expressed guarded optimism that the year 2012 will be comfortable one, for Indian realty.

With India being a safe investment option, long term investments like pension funds will come into realty sector. With the economy expected to grow by 7.5 percent to 8 percent and an average increase of 20 percent in salary levels being projected by HR surveys, the realty sector is expected to do much better than it did in 2011.

With the Indian economy improving and global markets also strengthening, all segments of Indian real estate will improve in 2012. Since global market conditions are much better today, as against the last two years, India stands out as the best investment opportunity in this segment. There is tremendous shortage of housing in this country and until the gap is narrowed down, there is only one way price will go and that is up.

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

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

In order to bring the construction quality at par with the global standards, developer, have introduced contemporary technologies such as Mivan and PERT to their construction. The advanced technologies have not only reduced the cost of

construction, but also brought down construction turnaround time significantly in the recent past. There has been greater awareness about green building construction in the late decade.

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

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

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

Risks and concerns

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

- Reduce potential costs of financial distress by making LIC Housing Finance less vulnerable to adverse movements in liquidity, interest rates, exchange rates (wherever applicable);
- Create a stable planning environment by ensuring that the business plan is not adversely affected during the

financial year due to any adverse liquidity situations, interest rate and currency fluctuations by using various tools such as time-bucket analysis, liquidity statements, duration gap and forex exposure reports;

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

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

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

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

Internal Control Systems & their Adequacy

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

Discussion of Financial Performance with respect to Operational Performance

Financial / Fund Management

The Company's borrowing is planned taking into consideration ALM gaps, interest rate mismatches. But, this depends on the prevailing market conditions. LIC Housing Finance has got highest rating for bank borrowings, non convertible debentures, commercial paper and public deposit scheme from CRISIL / CARE rating agencies, which has helped the

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Company to procure funds at very competitive rates. The Company is selectively entering into derivative contracts with sole objective of managing risk associated with the interest rate movement, Balance Sheet management, converting fixed /floating coupon of the underlying liabilities, switching from the existing benchmark to favourable benchmark so as to prevent cost escalation on account of unfavourable benchmark and also as a tool to manage the asset liability mismatch.

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

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

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

The composition of outstanding borrowings as on 31st March, 2012 & the ratings assigned by rating agencies is as under:

Particulars	% to total Borrowing	Rating
Loans from Scheduled Banks	31.78%	CRISIL AAA/Stable \ CRISIL A1+
Refinances from NHB	3.29%	
Term loans from LIC of India	0.95%	
Non Convertible Debentures	57.68%	CRISIL AAA /Stable \ CARE AAA
Subordinated Bonds (Tier II)	2.67%	CRISIL AAA /Stable \ CARE AAA
Upper Tier II Bonds	2.67%	CRISIL AAA /Stable \ CARE AAA
Public Deposit	0.49%	CRISIL FAAA /Stable
Commercial Paper	0.08%	CRISIL A1+
Others	0.39%	
Total	100.00%	

Performance / Operation Highlights

During the year, the Company sanctioned Rs.22034.50 crore and disbursed Rs.20027.07 crore registering a negative growth of 2.51% in sanctions and growth of 7.28%* in disbursements over the last year. For the year ended 31st March 2012, the Company's total income from operations was Rs.6114.86 crore as against Rs.4619.76 crore during the same period last year. Net profit for year ended 31st March 2012 was Rs.914.19 crore when compared to Rs.974.48 crore in the corresponding period last year, showing a negative growth of

6.18%. The outstanding mortgage portfolio as at 31st March 2012 was Rs.63080.15 crore as against Rs.51089.84 crore as at 31st March 2011 thus registering a growth of 23.47%.

* excluding takeover of home loans of LIC employees in FY 10-11.

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 188 marketing offices as on 31st March, 2012 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, 2012 stood at Rs.265.22 crore as against ₹ 241.96 crore as on 31st March, 2011 registering an increase of 9.61%. The gross NPA ratio of the Company stood at 0.42% as on 31st March, 2012 as against 0.47% as on 31st March, 2011. Net NPAs were 0.14% as against 0.08% on the corresponding dates. The provision cover on the NPAs stood at 68.01% (excl provision on standard loans as per NHB) as on 31st March, 2012. The net interest margin for the year stood at 2.44%.

Human Resources Development

The Company has dedicated staff strength of 1217 persons who have been contributing to the progress and growth of the Company. The manpower requirement of the offices of the company is assessed and recruitment is conducted accordingly. Personal skills of the employees are fine tuned and knowledge is enhanced by providing them internal and external training keeping in views the market requirement from time to time. Outstanding performers are rewarded by way of elevation to the higher cadre. Apart from fixed salary and perquisites, the employees are paid performance linked incentives which motivates them to perform better.

Loan assets per employee as at 31st March, 2012 were ₹ 49.21 crore and net profit per employee ₹ 75.11lakh.

Conclusion with Caution

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

Directors' Report

To the members of LIC Housing Finance Limited.

The Directors have great pleasure in presenting the Twenty Third Annual Report together with the audited accounts for the year ended 31st March, 2012.

Financial results

The Profit and Loss Account shows a profit before tax of ₹ 1230.91 crore after writing off bad debts of ₹ 0.03 crore and considering the amount of ₹ 4.82 crore recovered out of earlier write off and taking into account all expenses, including depreciation and prior period items. The provision for income tax (net of deferred tax) is ₹ 316.72 crore including ₹ 7.00 crore in respect of earlier year and the profit after tax for the year is ₹ 914.20 crore.

Taking into account the balance of ₹ 530.83 crore being brought forward from the previous year, the distributable profit is ₹ 1445.03 crore.

	(₹ in crore)	
	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Appropriations:		
Special reserve	245.00	262.00
General reserve	300.00	350.00
Proposed dividend	181.68	166.13
Tax on dividend	29.42	26.93
Balance carried forward to next year	688.93	530.83
	1445.03	1335.89

Dividend

Considering the performance during the year 2011-12, your Directors have recommended a dividend of ₹ 3.6 per equity share of ₹ 2/- each (180 per cent), for the year ended under review. The total dividend outgo for the current year would amount to ₹ 211.10 crore including dividend distribution tax of ₹ 29.42 crore, as against Rs193.06 crore including dividend distribution tax of ₹ 26.93 crore, for the previous year.

Performance

Income and profit

Profit before tax and after tax stood at ₹ 1230.91 crore and ₹ 914.20 crore as against ₹ 1294.16 crore and ₹ 974.49 crore respectively, for the previous year. Profit before tax decreased

by 4.89 per cent over the previous year while profit after tax decreased by 6.19 per cent as compared to that of previous year. The fall in profit is mainly on account of reduction in other income being, sale of stake in associate companies during the previous year.

The Company earned total revenue of ₹ 6215.12 crore, registering an increase of 27.65 per cent. The percentage of administrative expenses to the housing loans, which was 0.45 per cent in the previous year, has decreased to 0.38 per cent during the year 2011-12.

Lending operations

Individual loans:

The main thrust continues on individual housing loans with a disbursement growth of 17.52 per cent during the year. However, project loan has shown a negative growth of 62.10 per cent over previous year. During the year, the Company sanctioned 1,32,935 individual housing loans for ₹ 20,751.98 crore and disbursed 1,34,668 loans for ₹ 19,117.50 crore. Housing loan to Individual i.e., retail loans constitute 94.17 per cent of the total sanctions and 95.45 per cent of the total disbursements for the year 2011-12 compared to 89.48 per cent and 87.14 per cent respectively during the year 2010-11. The gross retail loan portfolio grew by over 28.11 per cent from ₹ 46,800.27 crore as on 31st March, 2011 to ₹ 59,958.20 crore as on 31st March, 2012.

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

Amount sanctioned: ₹ 1,02,069.33 crore

Amount disbursed: ₹ 92,074.86 crore

More than 13.30 lakh customers have been serviced by the Company up to 31st March, 2012 since its inception.

Project loans:

The project loans sanctioned and disbursed by the Company during the year were ₹ 1282.52 crore and ₹ 909.57 crore respectively. These loans are generally for short durations, giving better yields as compared to individual loans.

Non-Performing Assets and provisions

The amount of gross Non-Performing Assets (NPA) as on 31st March, 2012 was ₹ 265.22 crore, which is equivalent to 0.42 per cent of the housing loan portfolio of the Company, as against ₹ 241.96 crore i.e. 0.47 per cent of the housing

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loan portfolio as on 31st March, 2011. The net NPA as on 31st March 2012 has increased to ₹ 84.85 crore i.e. 0.14 per cent of the housing loan portfolio vis-à-vis ₹ 39.76 crore i.e. 0.08 per cent of the housing loan portfolio as on 31st March, 2011. The total cumulative provision towards housing loan as on 31st March, 2012 is ₹ 644.56 crore as against ₹ 483.73 crore in the previous year. During the year, the Company has written off ₹ 0.03 crore of housing loan portfolio as against ₹ 0.63 crore during the previous year.

Fund raising

The Company raised funds aggregating to ₹ 21,036.01 crore through term loans from banks, Non-Convertible Debentures (NCD), commercial paper, NHB refinance and Public Deposit. The Company's NCD issues were rated 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA' by CARE, bank loans were rated 'CRISIL AAA/Stable \ CRISIL A1+', Public Deposit was rated as FAAA/STABLE and commercial paper was rated 'CRISIL A1+' by CRISIL.

Allotment of Equity Shares on preferential basis

The Company had issued 3,00,00,000 (three crore) equity shares on a preferential basis to promoter of the Company namely LIC of India. The Allotment money for full issue price of equity shares was received before the actual date of allotment and accordingly, necessary resolution for allotment of equity shares to LIC of India with all required provisions applicable under Companies Act, 1956, pursuant to provision of Memorandum and Articles of Association of the Company, listing agreements entered into between the Company and the concerned Stock Exchanges and Securities and Exchange Board of India's (SEBI) Regulations, was passed.

Auditors

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

The Board of Directors recommend appointment of M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai, as Joint Statutory Auditors of the Company for financial year 2012-13.

Directors

Shri Y. B. Desai, Director, Shri Thomas Mathew T., Managing Director and Shri. A. S. Narayanamoorthy, Director resigned from the Board of Directors of the Company. The Board places

on record its appreciation for their valuable contributions made by them during their tenure as members of the Board.

Shri K. Narasimha Murthy, Director and Shri B. N. Shukla, Director retire by rotation at the ensuing AGM and are eligible for reappointment.

Shri Sushobhan Sarker has been appointed by the Board of the Company as Managing Director in terms of nomination received from Life Insurance Corporation of India, subject to approval of shareholders at the forthcoming Annual General Meeting.

Shri Jagdish Capoor and Ms. Savita Singh have been appointed on the Board of the Company as Additional directors with effect from 25th May, 2012 subject to approval of shareholders at the forthcoming Annual General Meeting.

The Directors recommend their reappointment / appointment.

Corporate Governance

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

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

Management Discussion and Analysis Report

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

Regulatory Compliance

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

Your Company has been maintaining capital adequacy as prescribed by the NHB. The capital adequacy was 16.69 per cent (as against 12 per cent prescribed by the NHB) as on 31st March, 2012 after considering the loan to value ratio for deciding risk weightage.

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

Depository system

The Company had signed an agreement with the Central Depository Services (India) Limited (CDSL) for transactions of its shares in dematerialised form, in addition to the National Securities Depository Limited (NSDL), to give a choice to its shareholders in selecting depository participant. As on 31st March, 2012, 11,546 members of the Company continue to hold shares in physical form. As per the SEBI instructions, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Public deposits

During 2007-08, the Company started accepting deposits from the public. As on 31st March, 2012, the outstanding amount on account of public deposits was ₹ 276.44 crore. 227 deposits amounting to ₹ 7.21 crore which were due for repayment on or before 31st March, 2012 were not claimed by the depositors till that date. As on 30th April, 2012, 100 deposits amounting to ₹ 1.47 crore thereof have been claimed and paid. The interest due on the public deposits has been paid on time.

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

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

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

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

Statutory information

The Company does not own any manufacturing facility. Hence the particulars relating to the conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable. The particulars of foreign currency expenditure and foreign currency earnings during 2011-12 are given at item No.14 and No.15 in the Notes to the Accounts. There are no employees covered by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Auditors' observations

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

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

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

Outlook for 2012-13

The initiatives taken by the Company during the year are expected to improve its operational and financial performance. During F.Y. 2012-13, the Company proposes:

- Expanding its operations by establishing new business centres.
- Increasing its distribution by appointing new agents and activating more agents.
- Incentivising and motivating the marketing intermediaries systematically for improving productivity.
- Raising funds through loans at attractive rate of interest and terms.
- Strengthening and upgrading the existing Risk Management System.
- Maintaining good relations with lenders for reducing overall cost of funds.
- Steps to improve the recovery ratio and ensuring lowest NPA level. Improving receivable management through support system.
- Reviewing the existing lending rates at regular quarterly

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intervals in view of the change in interest rate scenario, thereby insulating the stakeholders of risk of interest fluctuation and passing on the benefits as applicable to the customer.

- Timely review of credit appraisal system to improve the loan asset quality.
- Continuous effort to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- Brand building measures to improve general awareness and the image of the Company and also to increase the overall market share.
- Swift, appropriate and competitive pricing of its existing loan schemes to attract new customers

The management perspective about future of the Company

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition in the last three Union budgets. The government said the country needs investment to the tune of ₹ 3,61,000/- crore to meet the shortage of nearly 25 million housing units. There was approximately housing shortage of 24.71 million dwelling units at the beginning of the 11th five year plan. The investment requirements would be close to ₹ 3,61,000/- crore for overcoming this massive housing shortage and, therefore, the management reasonably foresees good potential for growth in the business of the Company.

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

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Accounting policies were applied consistently. Reasonable and prudent judgement and estimates were made so as to give true and fair view of the state of affairs of the Company as at the end of 31st March, 2012 and profit of the Company for the year ended on that date.

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

Human resources

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

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

Subsidiaries and group companies

The Consolidated financial statements incorporating the results of the Company's subsidiaries namely LICHFL Care Homes Limited, LICHFL Financial Services Limited, LICHFL Trustee Company Private Limited and LICHFL Asset Management Company Limited for the year ended 31st March, 2012, are attached along with the statement pursuant to Section 212 of the Companies Act, 1956, with respect to the said subsidiaries. The review of performance of the subsidiaries is as under:

1. LICHFL Care Homes Limited:

LICHFL Care Homes Limited was incorporated on 11th September, 2001. To address the crying need of housing for the senior citizens of the country, the Company had promoted LICHFL Care Homes Limited, to establish and operate assisted community living centres.

The Directors had in the previous year foreseen a turnaround in the year 2011-12 and it did materialize in a big way.

From a loss of ₹ 32.44 lakh in the previous year (2010-11) the Company did make a huge turn-around in the fiscal 2011-12, making profit of ₹ 363.71 lakh before tax and ₹ 241.71 lakh after tax.

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

The outlook for 2012-13 is indeed very promising with a profit of ₹ 10 crore plus and a few projects set to take-off.

2. LICHFL Financial Services Limited :

LICHFL Financial Services Limited was incorporated on 31st October, 2007 for undertaking non fund based activities like marketing of housing loans, insurance products (life insurance and general insurance), credit cards, mutual funds, fixed deposits etc. It became operational in March 2009 and at present has got 38 offices all over the country. The Company earned a profit after tax of ₹ 2.02 crore for the financial year 2011-12 and recommended dividend @10% for FY 2011-12. The Company during the year under review has got all the 38 offices operational in various parts of the country. The initiatives taken up by the Company and the aggression in the marketing of the products during the financial year are expected to improve its operational and financial performance. The Company has plans to expand in new locations and increase its marketing team strength. There is good potential for growth of business in all verticals especially in home loans and insurance sector. Distribution of these products and increase in sale of these products is expected to generate good revenue for the company. The Company has plans to expand its line of business and would evaluate right opportunities for growth, profitability and value addition to share holders.

3. LICHFL Trustee Company Private Limited :

LICHFL Trustee Company Private Limited was incorporated on 5th March, 2008 for carrying on activities as a trustee to venture capital trusts and funds. The Company has registered LICHFL Fund with SEBI as Venture Capital Fund (VCF) under the SEBI (Venture Capital Funds) Regulations 1996.

The maiden scheme "LICHFL URBAN DEVELOPMENT FUND" has been launched and the first closure was announced in December 2011. The Company has

appointed LICHFL Asset Management Company Ltd. as Investment Manager. The Fund has received more than ₹ 240 crore commitments. With the positive response from institutional and non-institutional investors, it is expected to achieve final closure of the Fund soon.

4. LICHFL Asset Management Company Limited:

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

The Company has been appointed as Investment Manager to raise and manage the "LICHFL Urban Development Fund". The fund raising activities were started last year with positive response from the investors and the first closure of the Fund was announced in December 2011. The Company has approached Banks, Financial institutions, Corporate and HNIs and garnered more than ₹ 240 crore commitments. The response from financial institutions and HNIs has been positive and more commitments are expected shortly. Final closure of the fund is expected soon. Demand for housing especially in mid income and affordable segments, continues to be driven by favourable demographics, rising disposable income and growing urbanization. There are opportunities available in the market for deployment of funds and the Company is in the process of evaluating the investment opportunities.

Acknowledgments

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

For and on behalf of the Board

Chairman

Place : Mumbai

Date : 25.05.2012

Report of Directors on Corporate Governance

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

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

Board of Directors

Composition

The Board of Directors as on 31st March, 2012 comprised eight members — six Non-Executive and two Executive Directors. Shri Sushobhan Sarker and Shri V. K. Sharma are Executive Directors. The Executive and Non-Executive Directors are competent and knowledgeable personalities in their respective fields. All the Non-Executive Directors except the Chairman are Independent Directors.

The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its directors, management, subsidiaries or associates. In 2011-12, the composition of the Board was in conformity with clause 49 of the Listing Agreement. Details of Board meetings attended by Directors, attendance at the last Annual General Meeting, number of other Directorships/ Committee membership (viz. Audit Committee and Investors' Grievance Committee as per SEBI's Corporate Governance Code) held by them during the year 2011-12 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 22 nd AGM	Attendance at the Board meeting (No. of meetings held- 6)	No. of other Directorships	No. of Committees (as per Clause 49) Membership (other than LIC Housing Finance Ltd.)	
						Member	Chairperson
1.	Shri D. K. Mehrotra	Non Executive	Present	6	11	-	-
2.	Shri Sushobhan Sarker#	Executive	Not Applicable	Not Applicable	5	-	-
3.	Shri Dhananjay Mungale	Independent and Non Executive	Present	6	15	7	2
4.	Shri K. Narasimha Murthy	Independent and Non- Executive	Present	5	5	3	2
5.	Shri S. Ravi	Independent and Non- Executive	Present	5	11	5	3
6.	Shri B.N. Shukla	Independent and Non- Executive	Present	5	-	-	-
7.	Shri V. K. Sharma	Executive	Present	2	5	2	1
8.	Shri T S. Vijayan*	Non Executive	Not Present	1	10	-	-
9.	Shri Y. B. Desai*	Independent and Non- Executive	Not Applicable	1	3	3	1
10.	Shri Thomas Mathew T.**	Executive	Not Applicable	4	10	1	1
11.	Shri A. S. Narayanamoorthy***	Independent and Non- Executive	Present	6	1	1	1

*upto 20.07.2011

**upto 05.03.2012

*** upto 23.05.2012

w.e.f. 06.03.2012

Tenure

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

Brief profiles

Shri K. Narasimha Murthy having brilliant academic record, with rank in both CA & ICWA courses entered the Profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 150 Companies covering more than 45 Industries. In addition, he is closely associated with turning around of many large Corporates, focusing on systems improvement with Cost Reduction approach.

He is closely involved with several National level Financial Institutions, presently also on the Board of APSFC and Board of Supervision NABARD.

In addition, he is associated as Independent Director on the Board of many large Corporates viz., Max India Ltd., Max Healthcare Institute Ltd., KIOCL Ltd., Member – TTD Internal Audit Committee.

Earlier he was associated as a Director with IDBI Bank Ltd. (2001-'11), UTI Bank Ltd., (presently AXIS Bank)(1999-2004), Unit Trust of India (UTI)(2002-'03), IFCL Ltd.(2008-'09), APIDC Ltd., Bombay Stock Exchange etc. As Chairman of Expert Committee on Urban Co-op. Banks (UCBs)(2002) in A.P., he analysed the performance of more than 140 UCBs. Recommendations of the Committee are well received / accepted, being implemented by the concerned agencies.

He has been associated with more than 25 High Level Committees as Chairman / Member both at National & State Level, which include Prasara Bharati Restructuring Committee, Expert Committee on Common Wealth Games, Restructuring Committee of State Level PSUs, Expert Committee on Co-op. Credit Institutions, Fiscal Reforms Implementation Committee, TTD Investment Committee – Tirupati etc.,

He is also associated with the development of Cost Accounting Record Rules for many Industries as a member of Informal Advisory Committee, Dept. of Corporate Affairs, Govt. of India. His efforts in the furtherance of Costing & Management Accounting Profession in India were recognised by the Institute of Cost & Works Accountants of India (ICWAI) which has honoured him by giving citation in October 2007. Recently, he is nominated as a Member on the Committee to Review and Revamp the Internal Audit & Concurrent Audit Systems in PSBs by the Govt. of India. He joined the Board of the Company on 26th June, 2005 and presently is a Member of Executive Committee of Directors.

The details of other directorships / committee memberships of Shri K. Narasimha Murthy are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Max Healthcare Institute Limited	Director	Chairman of Audit Committee
Max India Limited	Director	Member of Audit Committee
A. P. State Financial Corporation	Director	Chairman of Audit Committee
KIOCL	Director	-
NABARD	Member	-
Srikari Management Consultants Pvt. Ltd.	Director	-
Narasimha Murthy & Co.	Partner	-

Shri B. N. Shukla

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

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

Responsibilities

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

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

- business plan, budgets (sanction & disbursement) and updates / reviews thereof;

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

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

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

Board meetings

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

team also attend the meetings to provide necessary information and clarify agenda items. During 2011-12, six Board meetings took place and they are listed below:

Serial No.	Dates on which the Board meetings were held	Total strength of the Board	No. of Directors present
1	28th April, 2011	9	9
2	20th July, 2011	7	7
3	27th August, 2011	8	6
4	13th November, 2011	8	7
5	30th January, 2012	8	8
6	5th March, 2012	8	7

No Director, except Shri V. K. Sharma is paid any commission or remuneration. Sitting fee is being paid to the Directors (other than Shri D. K. Mehrotra, Chairman, Shri Thomas Mathew T., Shri Sushobhan Sarker Managing Directors and Shri V. K. Sharma, Director & Chief Executive) for every Board and committee meetings they attended. Remuneration is being paid to Shri V. K. Sharma as applicable to an officer in the cadre of Executive Director of Life Insurance Corporation of India. Irrespective of their attending the Board or its committee meetings no fee or remuneration was paid to Shri D. K. Mehrotra, Chairman, Shri Thomas Mathew T., Managing Director and Shri Sushobhan Sarker, Managing Director.

Membership of committees

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

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

Board committees

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

Audit Committee

The Audit Committee was formed on 9th March, 2000 in accordance with the provisions of the Listing Agreement and the Companies Act, 1956. The Committee comprises three Non-Executive, Independent, Professional Directors with expertise in finance, accounts, treasury and law. During the year, seven Audit Committee meetings were held. The Audit Committee was reconstituted on 20.07.2011. The composition of Audit Committee and the dates on which the Audit Committee meeting were held and the attendance of the members at the said meetings are as under:

Composition

- Shri S. Ravi Chairman Independent Director
- Shri Dhananjay Mungale Member Independent Director
- Shri B. N. Shukla Member Independent Director
- Shri Y. B. Desai Member Independent Director (upto 20.07.2011)

Sr. No.	Dates on which Audit Committee meetings were held	Attendance record of the Audit Committee Members		
		S. Ravi	Dhananjay Mungale	B. N. Shukla
1	28.04.2011	Attended	Attended	Not Applicable
2	20.07.2011	Attended	Attended	Not Applicable
3	05.08.2011	Attended	Attended	Attended
4	13.11.2011	Attended	Attended	Leave of Absence
5	30.01.2012	Attended	Attended	Attended
6	05.03.2012	Attended	Attended	Attended

Shri Y. B. Desai attended Audit Committee meeting held on 28.04.2011

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

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

Role and powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

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

Internal Auditors into matters where there is a suspected irregularity or failure of internal control systems of a material nature and report the matter to the Board.

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

Powers

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

The Audit Committee mandatorily reviewed the following:

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

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

Executive Committee

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

- 1) To frame the norms/ policies / guidelines/ conditions/ parameters of all housing loan schemes including

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- 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 Director & Chief Executive, LICHFL as per FPSO on recommendation of the Project Finance Committee. The Project Finance Committee would be constituted by the Director and Chief Executive/ Chief Executive from time to time.
 - 4) To sanction loan under Rental Securitization of beyond the loan amount delegated to Director & Chief Executive, LICHFL as per FPSO.
 - 5) To sanction loan under Individual loan schemes beyond the loan amount delegated to Director & Chief Executive, LICHFL 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, LICHFL 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, LICHFL under FPSO.
 - 13) To approve the Reserve price under SARFAESI Act, 2002 beyond the limits delegated to Managing Director, LICHFL 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, LICHFL 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 Director and Chief Executive of LIC HFL any or all of the powers listed above for a specific period.
 - 21) Approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).
 - 22) Approve / ratify restructuring / reschedulement of project loan.
 - 23) Approve revision of rate of interest in respect of project loans on case to case basis.
 - 24) Approve/ ratify issue of NOC, release of charge in respect of project loan.
 - 25) Approve the cases under Consortium/ Joint financing.
 - 26) Approve take over of existing project loan/ term loan of other institution/s.
- The Executive Committee meets as and when required for considering and approving loan proposals / offers within the power delegated to them. During the year, thirty one Executive Committee meetings were held. The composition of Executive Committee and the attendance of the members at the said meetings are as under:
- Composition of the Executive Committee:**
- | | | |
|-------------------------------|----------|--------------------------------------|
| • Shri Sushobhan Sarker | Chairman | Executive Director (from 06.03.2012) |
| • Shri K. Narasimha Murthy | Member | Independent Director |
| • Shri V. K. Sharma | Member | Executive Director |
| *Shri D. K. Mehrotra | Chairman | Executive Director (upto 20.07.2011) |
| **Shri Thomas Mathew T. | Chairman | Executive Director (upto 05.03.2012) |
| ***Shri A. S. Narayanamoorthy | Director | Independent Director upto 23.05.2012 |

Sl. No.	Dates on which Executive Committee meetings were held	Attendance record of the members					
		D. K. Mehrotra	K. Narasimha Murthy	A. S. Narayanamoorthy	V. K. Sharma	Thomas Mathew T.	Sushobhan Sarker
1	11.04.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
2	28.04.2011	Leave of Absence	Attended	Attended	Attended	Not Applicable	Not Applicable
3	11.05.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
4	25.05.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
5	07.06.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
6	20.06.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
7	24.06.2011	Leave of Absence	Attended	Attended	Attended	Not Applicable	Not Applicable
8	07.07.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
9	18.07.2011	Attended	Leave of Absence	Leave of Absence	Attended	Not Applicable	Not Applicable
10	29.07.2011	Not Applicable	Attended	Attended	Attended	Not Applicable	Not Applicable
11	10.08.2011	Not Applicable	Leave of Absence	Leave of Absence	Attended	Attended	Not Applicable
12	02.09.2011	Not Applicable	Attended	Attended	Attended	Attended	Not Applicable
13	14.09.2011	Not Applicable	Leave of Absence	Leave of Absence	Attended	Attended	Not Applicable
14	19.09.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
15	24.09.2011	Not Applicable	Leave of absence	Attended	Attended	Attended	Not Applicable
16	18.10.2011	Not Applicable	Attended	Leave of absence	Attended	Attended	Not Applicable
17	21.10.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
18	09.11.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
19	13.11.2011	Not Applicable	Attended	Attended	Attended	Attended	Not Applicable
20	23.11.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
21	30.11.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
22	07.12.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable
23	16.12.2011	Not Applicable	Leave of absence	Leave of absence	Attended	Attended	Not Applicable

Subsidiary companies

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

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

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

Compliance Officer

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

Details of shareholders' complaints

During 2011-12, 491 complaints / request for revalidation were received from investors and the same were replied/resolved to their satisfaction. As on 31st March, 2012, no complaints were pending unattended.

During the year, 891 dematerialisation requests for 484660 shares and 289 requests for transfer involving 152000 shares were received. The requests for dematerialisation and transfer were promptly attended and there were no request pending for approval as on 31st March, 2012. As on that date, 49,84,24,350 equity shares, i.e., 98.76% of the Company's share capital were dematerialised.

Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors, except Shri D. K. Mehrotra, Chairman, were entitled for sitting fees for attending Board / Committee meetings, as the case may be.

The details of sitting fees paid to the Directors during the period from 1st April, 2011 to 31st March, 2012 were as follows:

Names of Non-Executive Directors	Sitting fees (in ₹)
Shri Y. B. Desai	30000.00
Shri Dhananjay Mungale	200000.00
Shri K. Narasimha Murthy	240000.00
Shri S. Ravi	175000.00
Shri B. N. Shukla	150000.00
Shri A. S. Narayanamoorthy	210000.00
Total	1005000.00

Shri D. K. Mehrotra, Managing Director (upto 20.07.2011), Shri Thomas Mathew T., Managing Director (upto 05.03.2012), Shri Sushobhan Sarker (from 06.03.2012) and Shri V. K. Sharma, Director & Chief Executive are the Executive Directors. The Managing Director is not entitled for any remuneration or sitting fee.

During the year under review, Shri V. K. Sharma, Director and Chief Executive, was paid remuneration as under:

Particulars	Rupees
Gross Salary, Food coupons and Productivity Linked Incentive* (PLI)	20,15,026.00
Contribution to pension and gratuity funds	1,38,742.50
Perquisites in cash or in kind	3,49,014.50
Total	25,02,783.00

* It may be mentioned here that Performance linked incentive for financial year 2010-11 was paid during the F.Y. 2011-12 calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

Number of shares and convertible instruments held by Directors:

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

Shri A. S. Narayanamoorthy, Director holds 7000 shares*

None of the Directors are holding any convertible instruments.

* resigned w.e.f 23.05.2012

General body meetings

Annual General Meeting

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

Year	Location	Date	Time
2008-09	"Babasaheb Dahanukar Hall", Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12, Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	21st July, 2009	3.00 p.m.
2009-10	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	15th July, 2010	3.00 p.m.

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

Special resolution passed at the three previous Annual General Meetings

- 2009 :
- Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.
 - Issue of shares through Qualified Institutional Placement.
- 2010 :
- Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.
- 2011 :
- Appointment of Statutory Auditors and Auditors for Back Offices u/s 224A of the Companies Act, 1956.

Extra Ordinary General Meeting

The details of the location and time of the Extra Ordinary General Meetings are given below:

Year	Location	Date	Time
2011-12	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	5th March, 2012	2.30 p.m.

Special resolution passed at Extra Ordinary General Meeting

- Approval of further issue of Equity Shares through preferential issue.
- Approval of further issue of Equity Shares through Qualified Institutional Placement.

Financial calendar for 2012-13 (provisional)

a.	Result for the first quarter ending 30th June, 2012	In the month of July, 2012
b.	Result for the second quarter ending 30th September, 2012	In the month of October, 2012
c.	Result for the third quarter ending 31st December, 2012	In the month of January, 2013
d.	Result (Audited) for the financial year ending 31st March, 2013	In the month of April, 2013
e.	Annual General Meeting for the year ending March, 2013	In the month of July, 2013

Means of communication

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

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

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

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

General shareholder information

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

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

- Annual General Meeting :

Date and time: 24th July, 2012 at 3.00 pm.

Venue: "M.C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18 / 20 Kaikhushru Dubash Marg, Behind Prince of Wales Museum, Mumbai – 400 001.

- Financial year: 1st April, 2011 to 31st March, 2012
- Book closure : From 10th July, 2012 to 24th July 2012 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the members.
- Dividend payment date: On or after 25th July, 2012
- 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

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

Month	BSE			BSE Sensex		NSE		
	Company's share price (₹)		Volume of shares (Nos.)	High	Low	Company's share price (₹)		Volume of shares (Nos.)
	High	Low				High	Low	
April 2011	241.45	215.60	29513068	19811.14	18976.19	241.60	215.20	107724954
May 2011	233.80	197.65	27801747	19253.87	17786.13	233.70	197.55	123774606
June 2011	242.90	214.25	14751949	18873.39	17314.38	244.00	213.00	74775407
July 2011	245.00	210.25	20835779	19131.70	18131.86	245.40	208.90	104511346
August 2011	216.00	195.25	18237850	18440.07	15765.53	219.75	195.00	88631148
September 2011	223.85	200.00	10741344	17211.80	15801.01	223.90	199.85	58519967
October 2011	239.20	206.10	12153418	17908.13	15745.43	239.20	206.00	77986552
November 2011	241.00	209.25	7603951	17702.36	15478.69	240.80	209.00	51941780
December 2011	240.20	208.10	5540107	17003.71	15135.86	240.50	208.15	41496891
January 2012	264.30	214.20	9163901	17258.97	15358.02	264.40	214.10	54172518
February 2012	280.65	240.20	8196547	18523.78	17061.55	280.50	240.35	59259743
March 2012	276.10	235.95	29685875	18040.69	16920.61	275.75	236.00	72018561

Shareholders holding more than 1% of the share capital of the Company as at 31st March, 2012:

Sr. No.	Name of the shareholders	No. of shares held	% to share capital
1.	LIFE INSURANCE CORPORATION OF INDIA	203442495	40.313
2.	COPTHALL MAURITIUS INVESTMENT LTD	28316188	5.611
3.	HSBC BANK (MAURITIUS) LTD A/C CINNAMON CAPITAL LTD	23500000	4.657
4.	HDFC TRUSTEE COMPANY LTD HDFC MF MONTHLY INCOME PLAN LONG TERM PLAN	18739599	3.713
5.	MACQUARIE BANK LTD	11871978	2.352
6.	BANK MUSCAT SAOG A/C BANKMUSCAT INDIA FUND	11496000	2.278
7.	HSBC BANK (MAURITIUS) LTD	7666886	1.519
8.	THE NEW INDIA ASSURANCE COMPANY LTD	7495670	1.485
9.	ABHU DHABI INVESTMENT AUTHORITY-PEACOCK	6951338	1.377
10.	PCA INDIA EQUITY OPEN LIMITED	6075250	1.204
11.	PRUDENTIAL ASSET MANAGEMENT (SINGAPORE) LIMITED A/C THE PRUDENTIAL ASSURANCE COMPANY LTD	5601669	1.110
12.	VANGUARD EMERGING MARKETS STOCK INDEX FUND ASERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	5258173	1.042

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Distribution of share holding as on 31st March, 2012

No. of equity shares held	Folio / Shareholders		Shares	
	Number	Percentage	Number	Percentage
Up to 5000	148461	98.52	68718724	6.81
5001-10000	1079	0.71	8216070	0.81
10001-20000	482	0.32	7084618	0.70
20001-30000	136	0.09	3404032	0.34
30001-40000	83	0.06	2953498	0.29
40001-50000	63	0.04	2946694	0.29
50001-100000	121	0.08	8854538	0.88
100001 and Above	267	0.18	907147826	89.88
Total	150692	100.00	1009326000	100.00

Shareholding Pattern as at 31st March, 2012

	Category of Shareholder	Number of Holders	Total no. Shares	No. of Share in Dmt. form	Tot-Shareholding as a (%) of total no. of share		Shares Pledged or otherwise encumbered	
					as a % of A+B	as a % of A+B+C	No. of Share	As a (%)
A.	Promoter & its Grp							
1	Indian							
	a Individual HUF	0	0	0	00.000	00.000	0	00.000
	b Central/State Govt.	0	0	0	00.000	00.000	0	00.000
	c Bodies Corporates	0	0	0	00.000	00.000	0	00.000
	d Fins / Banks	1	20,34,42,495	20,34,42,495	40.364	40.313	0	00.000
	e Any Other specify	0	0	0			0	00.000
	Sub-Total-A(1)	1	20,34,42,495	20,34,45,495	40.364	40.313	0	00.000
2	Foreign							
	a Indv NRI/Foreign Individual	0	0	0	00.000	00.000	0	00.000
	b Bodies Corporate	0	0	0	00.000	00.000	0	00.000
	c Institutions	0	0	0	00.000	00.000	0	00.000
	d Any Other Specify	0	0	0	00.000	00.000	0	00.000
	Sub-Total-A(2)	0	0	0	00.000	00.000	0	00.000
	Total Shareholding Promoter & Group							
	Total(A) = A(1) + A(2)	1	20,34,42,495	20,34,45,495	40.364	40.313	0	00.000
B.	Public Sh-Holding							
1	Institutions							
	a Mutual Funds	33	3,53,47,498	3,53,35,498	7.013	7.004	0	00.000
	b Fins / Banks	12	2,30,820	2,19,820	0.046	0.046	0	00.000
	c Central/State Govt	4	36,818	29,315	0.007	0.007	0	00.000
	d Venture Cap Fund	4	3,99,750	3,99,750	0.079	0.079	0	00.000
	e Insurance Comp(s)	3	1,16,80,670	1,16,80,670	2.317	2.315	0	00.000
	f Foreign Ins Invest	289	17,28,21,851	17,27,96,851	34.289	34.245	0	00.000
	g Foreign Ven Cap In	0	0	0	00.000	00.000	0	00.000
	h Any Other -Specify	0	0	0	00.000	00.000	0	00.000
	Sub-Total-B(1)	345	220517404	220461904	43.751	43.696	0	00.000

Category of Shareholder	Number of Holders	Total no. Shares	No. of Share in Dmt. form	Tot-Shareholding as a (%) of total no. of share		Shares Pledged or otherwise encumbered	
				as a % of A+B	as a % of A+B+C	No. of Share	As a (%)
2 Non-Institutions							
a Bodies Corporates	1,462	1,46,15,835	1,45,24,335	2.900	2.896	0	00.000
b Individual Holding							
i) upto Rs 1 Lac	1,46,499	4,28,06,483	3,67,15,833	8.493	8.482	0	00.000
ii) above Rs1 Lac	35	49,79,363	49,79,363	8.493	8.432	0	00.000
c Any Other -Clr-Mem	188	40,98,616	40,98,616	0.813	0.812	0	00.000
-OCB	1	11,87,71,978	1,18,71,978	2.355	2.352	0	00.000
-NRI	2,159	16,90,450	16,89,450	0.335	0.335	0	00.000
Sub-Total-B(2)	1,50,344	8,00,62,725	7,38,79,575	15.885	15.865	0	00.000
Total(B)=B(1)+B(2)	1,50,689	30,05,80,129	29,43,41,479	59.636	59.561	0	00.000
Total (A+B)	1,50,691	50,40,22,624	49,77,83,974		99.873	0	00.000
C Held by Custodian							
against Dep-Receipt							
1 Promoter & Pro Grp	0	0	0	00.000	00.000	0	00.000
2 Public	1	6,40,376	6,40,376	00.000	0.127	0	00.000
Grand Total(A+B+C)	1,50,692	5,04,66,300	49,84,24,350	100.00	100.000	0	00.000

j) Global Depository Shares (GDS):

Of the total 5,000,000 GDS issued by the Company, 7250 GDSs were outstanding as on 31st March, 2012.

Phones : (91-22) 28515606 / 28515644

Fax : (91-22) 28512885.

k) Plant location:

Not applicable

l) Address for correspondence:

Investors and shareholders can correspond with

A) the Company at following address:

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

And / Or

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

Sharex Dynamic (India) Pvt. Limited
 Unit 1, Luthra Industrial Premises,
 Andheri Kurla Road, Safed Pool,
 Andheri(E), Mumbai – 400 072.

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, 2012, 49,84,24,350 equity shares i.e., 98.76% of the Company's share capital were dematerialised.

Other useful information for shareholders

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

- Company or alternatively can be received by post from the Company, on request.
3. In terms of Section 205A of the Companies Act, 1956, unclaimed dividends for the financial year(s) up to 2003-04 have been transferred to the Investors' Education and Protection Fund maintained by the Central Government.
 4. Share transfer request is acted upon within 15-20 days from the date of its receipt at the Registered Office/ Registrar and Transfer Agent's Office. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the Company with full details so that necessary action can be taken to safeguard interest of the concerned shareholder against any possible loss/interception during postal transit.
 5. Dematerialisation requests duly complete in all respects are normally processed within 3-5 days from the date of their receipt at the Registrar and Transfer Agent's Office.
 6. Members/beneficial owners are requested to quote their Folio No. / DP and Client ID Numbers, as the case may be, in all their correspondence with the Company.
 7. Members holding shares in physical form are requested to notify promptly any change in address/pin code and bank account details. Beneficial owners of shares in dematerialised form are requested to send their instructions regarding change of address, bank details, nomination, power of attorney etc. directly to their DP as the same are maintained by the DPs.
 8. To prevent the fraudulent encashment of dividend warrants, members are requested to provide their bank account details (if not provided earlier) to the Company (if shares are held in a physical form) or to the depository participant (if the shares are held in a dematerialised form), as the case may be, for printing the same on the dividend warrants.
 9. Non-resident members are requested to immediately notify:
 - Change in residential status on return to India for permanent settlement.
 - Particulars of Non-Resident External Account, if not furnished earlier.
 10. In the case of loss/misplacement of shares, investors should immediately lodge a First Information Report (FIR)/complaint with the police and inform the Company along with original or certified copy of the FIR/ acknowledgement copy of complaint.
 11. For the expeditious transfer of shares, shareholders should fill complete and correct particulars in the transfer deed. Wherever applicable, the registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.
 12. Members are requested to keep a record of their specimen signature before the lodgement of the shares with the Company to obviate the possibility of a difference in signatures at a later date.
 13. Member(s) of the Company who have multiple accounts in identical name(s) or hold more than one share certificate in the same name under different ledger folio(s) are requested to apply for the consolidation of such folio(s) and send the relevant share certificates to the Company.
 14. Members are requested to quote their e-mail IDs. / telephone numbers / fax numbers for prompt reply to their communication.
- ### Disclosures
- (a) Disclosures on materially significant related-party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

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

The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the Clause 49 of the Listing Agreement, were placed before the Audit Committee on quarterly basis during 2011-12.
 - (b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no instances of non-compliance of any matter related to the capital markets during the last three years.
 - (c) Disclosure of risk management:

The Company has laid down the procedures to inform Board members about the risk assessment and minimization procedures and the Board reviews the risk management report on quarterly basis.
 - (d) LICHFL Code of Conduct to prevent insider trading:

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

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

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

As provided under Clause 49 of the Listing Agreement with stock exchanges, all Board and senior management personnel affirmed compliance with LIC Housing Finance Limited — Code of Conduct for Board of Directors and senior management for the year ended 31st March, 2012.

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

CEO / CFO certification

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

Auditors' Certificate on Corporate Governance:

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

Mandatory / Non-Mandatory requirements

During 2011-12, the Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.

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

1. Chairman of the Board:

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

2. Remuneration Committee:

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

3. Shareholders' Rights:

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

4. Audit Qualification:

There is no qualification on any of the financial statements for the financial year 2011-12 of the Company.

5. Training of Board Members:

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

6. Mechanism of evaluating Non-executive Board Members:

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

7. Whistle Blower Policy:

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

Auditors' Certificate on Corporate Governance

To the members of LIC Housing Finance Limited

We have examined the compliance of the conditions of Corporate Governance by LIC Housing Finance Limited ('the Company'), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company with relevant stock exchanges.

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

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

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

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

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

Vipul K. Choksi
Partner
M.No.37606

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Date: April 25, 2012

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

Date:25th April,2012

ANNUAL CERTIFICATION

We the undersigned V. K. Sharma, Director & Chief Executive and Surinder Mohan, Chief Financial Officer hereby certify that for the financial year ended 31st March 2012, we have reviewed Annual accounts, financial statement and the cash flow statement and that to the best of our knowledge and belief:

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

Director & Chief Executive

Chief Financial Officer

Auditors' Report

To the members of LIC Housing Finance Limited

1. We have audited the attached Balance Sheet of LIC Housing Finance Limited (the 'Company') as at March 31, 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date, annexed thereto (in which are incorporated the accounts of 5 branches, known as branches audited by other auditors). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us. The branches auditors' reports have been forwarded to us and have been appropriately dealt with;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, in so far as they apply to the Housing Finance Company;
- (e) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

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

Vipul K Choksi
Partner
M No. 37606

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

Vineet Saxena
Partner
M No. 100770

Place: Mumbai
Date: April 25, 2012

Annexure to the Auditors' Report

Annexure to the Auditors' Report referred to in paragraph 3 of our Report of even date to the Members of LIC Housing Finance Limited on the accounts for the year ended March 31, 2012

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

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- (xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) The Company has maintained adequate documents and records for the loans and advances granted by it on the basis of security by way of residential houses and properties and other securities. The Company has not granted loans and advances by way of pledge of shares and debentures during the year.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of para 4 of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealt/traded in shares, debentures and investments other than mutual fund. The Company has maintained proper records of the transactions and contracts in respect of investments in mutual funds and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on the basis of review of Asset Liability Management report prepared for submission to the Board of Directors of the Company, giving utilisation of funds on overall basis, we report that funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, in respect of debentures issued by the Company during the period covered by our report, security / charge have been created on two of the immovable properties of the Company and are further supplemented by a negative lien on all other assets of the company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company, except that there have been instances of misappropriation of funds by way of sanction and disbursement of non-tenable loans or use of deception to obtain housing loans by some of the customers involving an aggregate amount of Rs.1379.67 lacs (Previous Year Rs.879.41 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

Vipul K Choksi
Partner
M No. 37606

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

Vineet Saxena
Partner
M No. 100770

Place: Mumbai

Date: April 25, 2012

Auditors' Report on the Compliance with the Directions / Regulations of the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010 for the year ended March 31, 2012

To,
The Board of Directors
LIC Housing Finance Limited

As required by Chapter IV of The Housing Finance Companies (NHB) Directions, 2010 ('the Directions') we give below, a statement on the matters specified in paragraphs 34 and 35 of the said Directions, to the extent applicable to LIC Housing Finance Limited ("the Company").

1. The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 and has been granted a certificate of registration dated 31st July, 2001.
2. The Company has complied with the liquidity requirements as specified under Section 29B of the National Housing Bank Act, 1987 and has kept the securities with the designated bank
3. The Company has complied with Section 29C of the National Housing Bank Act, 1987.
4. The Company has complied with the provisions of the Directions.
5. The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank in these Directions.
6.
 - a) Public deposits accepted by the Company are within admissible limits.
 - b) Total borrowings of the Company i.e. deposits inclusive of public deposits together with the amounts referred to in sub-clauses (iii) to (vii) of sub-section (bb) of Section 45I of the Reserve Bank of India Act, 1934 and loans or other assistance from the National Housing Bank are within the limit prescribed in the Directions.

- c) There are no deposits in excess of the admissible limits.
- d) The credit rating for deposits i.e. FAAA/Stable, reaffirmed by the credit rating agency viz., CRISIL on April 19, 2011 is in force. There are no limits of public deposit specified by the rating agency.
- e) The Company has not defaulted in paying to its depositors the interest after such interest became due. There are no principal amounts of deposits, which have become due during the year.
- f) During the year, the Company has not opened / closed any branch / office for acceptance of public deposits.

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

Vipul K. Choksi
Partner
M.No.37606

For CHOKSHI & CHOKSHI
Chartered Accountants
FRN.101872W

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Date: 25th April, 2012

Balance Sheet as at March 31, 2012

(₹ in Lacs)

	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	9,499.63
Reserves and Surplus	2	558,120.91	407,410.78
		568,220.54	416,910.41
Non Current Liabilities			
Long-Term Borrowings	3	4,651,129.74	3,721,397.28
Other Long Term Liabilities	4	2,808.84	2,590.75
Long-Term Provisions	5	62,315.31	46,796.73
		4,716,253.89	3,770,784.76
Current Liabilities			
Short-Term Borrowings	6	135,862.14	73,177.96
Trade Payables	7	1,463.25	1,750.93
Other Current Liabilities	8	994,275.02	966,955.95
Short-Term Provisions	9	26,897.79	24,158.19
		1,158,498.20	1,066,043.03
Total		6,442,972.63	5,253,738.20
ASSETS			
Non-Current Assets			
Fixed Assets	10		
- Tangible Assets		5,685.61	2,626.35
- Intangible Assets		537.93	758.84
Non-Current Investments	11	16,399.39	16,486.49
Deferred Tax Asset (Net)	12	22,082.51	16,983.23
Long Term Loans & Advances	13	13,223.02	12,453.68
Other Non Current Assets	14	355.96	341.63
		58,284.42	49,650.22
Loans			
Non Current Loans	15	5,793,153.19	4,651,152.16
Current Loans		514,862.00	457,831.41
		6,308,015.19	5,108,983.57
Current Assets			
Current Investments	16	3.20	4.06
Trade Receivables	17	6,507.94	4,374.05
Cash and Bank Balances	18	27,928.78	58,070.73
Short Term Loans and Advances	19	2,230.99	2,085.79
Other Current Assets	20	40,002.11	30,569.78
		76,673.02	95,104.41
Total		6,442,972.63	5,253,738.20
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**

Chartered Accountants

Chartered Accountants

FRN 109574W

FRN 101872W

Vipul K. Choksi**Vineet Saxena****D.K. Mehrotra****Sushobhan Sarker****S.Ravi****V.K Sharma**Partner
M.No.37606Partner
M.No. 100770

Chairman

Managing Director

Director

Director & Chief
Executive**Nitin K. Jage**General Manager &
Company Secretary**N.K.Mittal**General Manager
Accounts**Surinder Mohan**

CFO

Place: Mumbai

Date : April 25, 2012

Statement of Profit and Loss for the year ended March 31, 2012

(₹ in Lacs)

	Note No.	March 31, 2012	March 31, 2011
Income			
Revenue from Operations	21	611,486.04	461,975.70
Other Income	22	10,025.65	24,896.43
Total Revenue		621,511.69	486,872.13
Expenses			
Finance Costs (Net)	23	459,106.52	309,771.01
Employee Benefits Expense	24	7,243.91	6,808.89
Depreciation and Amortisation Expense	10	742.02	624.31
Establishment and Other Expenses	25	15,722.82	14,165.56
Provisions / Write offs (Net)	26	15,605.10	26,086.62
Total Expenses		498,420.37	357,456.39
Profit before Tax		123,091.32	129,415.74
Tax expense			
- Current Tax [Refer Note 27(24)]		36,771.00	40,045.00
- Deferred Tax [Refer Note 27(25)]		(5,099.29)	(8,077.88)
Profit for the year		91,419.61	97,448.62
Earnings per equity share [Refer Note 27(23)]			
- Basic and Diluted		19.20	20.53
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	27		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
 Chartered Accountants
 FRN 109574W

For Chokshi & Chokshi
 Chartered Accountants
 FRN 101872W

Vipul K. Choksi
 Partner
 M.No.37606

Vineet Saxena
 Partner
 M.No. 100770

D.K. Mehrotra
 Chairman

Sushobhan Sarker
 Managing Director

S.Ravi
 Director

V.K Sharma
 Director & Chief
 Executive

 Place: Mumbai
 Date : April 25, 2012

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Surinder Mohan
 CFO

Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

		March 31,2012	March 31,2011
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit Before Tax		123,091.32	129,415.74
Add / (Less) : Adjustment for			
Depreciation and Amortisation	742.02		624.31
Provisions/ Write offs	15,604.24		26,081.26
Loss on sale of assets (Net)	3.89		2.45
Fixed assets Written off	2.72		0.64
Provision for contingency written back	0.45		-
Old and unclaimed amounts written back	-		(75.89)
Amount realised from Investment Written off	-		(155.00)
Provision for diminution in value of Current & long term investment	0.86		2.86
Profit/Loss on sale of investment long term	117.25		(16,881.39)
(Income) /Loss from investments	(21.02)		22.13
Other Income from Investment	(30.57)		(47.96)
Income from Dividend	(47.13)		(369.60)
Share Issue Expenses	0.13		37.66
		16,372.84	9,241.47
Operating Profit before Working Capital Changes		139,464.16	138,657.21
Adjustment for:			
(Increase) in Other Current Assets	(12,652.23)		(11,615.75)
(Increase) in loans & Advance	(1,348.52)		(615.23)
Increase/(Decrease) in Liabilities & Provisions	(72,457.53)		168,251.07
		(86,458.28)	156,020.09
Cash generated from Operations		53,005.88	294,677.30
Direct taxes Paid		(36,351.33)	(39,797.86)
Net Cash from operations		16,654.55	254,879.44
Increase in Housing Loans		(1,198,552.65)	(1,300,238.99)
Net Cash used in operating activities (A)		(1,181,898.10)	(1,045,359.55)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale of Investments		394.84	18,592.24
Purchase of Investments		(425.00)	(7,083.25)
Amount realised from the investments written off		-	155.00
Purchase of Fixed Assets (including capital advances)		(3,590.28)	(1,811.81)
Sale of Fixed Assets		3.30	3.88
Income from Dividend		47.13	369.60
Income/(Loss) from investments		21.02	(22.13)
Other Income from Investment		30.57	47.96
Net Cash used in Investing Activities (B)		(3,518.42)	10,251.49

Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

	March 31,2012	March 31,2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Preferential allotment	600.00	-
Share Premium received from Preferential allotment	80,400.00	-
Share Issue Expenses Paid	(0.13)	(37.66)
Proceeds from Secured Loans (Net)	1,185,092.37	968,562.66
Proceeds from Unsecured Loans (Net)	(92,648.76)	71,904.95
Dividend Paid	(16,535.87)	(14,172.39)
Transfer to Investor Protection Fund	(26.81)	(36.78)
Dividend Tax Paid	(2,692.24)	(2,420.07)
Net Cash generated from Financing Activities (C)	1,154,188.56	1,023,800.71
Net Increase in Cash and Cash Equivalents (A+B+C)	(31,227.96)	(11,307.35)
Cash and cash equivalents at the beginning of the year	56,107.16	67,414.51
Cash and cash equivalents at the end of the year	24,879.20	56,107.16
Net Increase in Cash and Cash Equivalents	(31,227.96)	(11,307.35)
Notes:		
1 Cash & Cash Equivalent includes :		
Balance with banks	23,965.96	27,866.35
Cheques,drafts on hand	9,818.77	13,322.57
Cash on hand	337.08	352.54
Fixed deposit with banks	1,644.84	-
Investment in Mutual Fund Units (Highly liquid)	121,104.11	123,824.62
Temporary Book Overdraft	(131,991.56)	(109,258.92)
Total Cash & Cash Equivalent	24,879.20	56,107.16

2. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Amendment Rules, 2011.
3. Fixed Deposit with Banks includes ₹ 4296.23 lacs (Previous Year ₹ 1620.99 lacs) kept with designated banks for repayment to public deposit holders.The Company has the complete beneficial interest on the income earned from these deposits.

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
 Chartered Accountants
 FRN 109574W

For Chokshi & Chokshi
 Chartered Accountants
 FRN 101872W

Vipul K. Choksi
 Partner
 M.No.37606

Vineet Saxena
 Partner
 M.No. 100770

D.K. Mehrotra
 Chairman

Sushobhan Sarker
 Managing Director

S.Ravi
 Director

V.K Sharma
 Director & Chief
 Executive

 Place: Mumbai
 Date : April 25, 2012

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Surinder Mohan
 CFO

Notes Forming Part of Balance Sheet as at March 31, 2012**NOTE 1**

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2012	As at March 31, 2011
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 474,663,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	9,493.26
Add: Forfeited shares as per Note.1 (d) below	6.37	6.37
	10,099.63	9,499.63

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

Equity Shares	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	474,663,000	9,493.26	474,663,000	9,493.26
Add: Issued during the year [Refer Note 27(8)]	30,000,000	600.00	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	474,663,000	9,493.26

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

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

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	203,442,495	40.31	173,442,495	36.54
Copthall Mauritius Investment Limited	28,316,188	5.61	32,353,112	6.82

Note.1(d): Forfeited Shares

(₹ in Lacs)

	As at March 31, 2012	As at March 31, 2011
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

Notes Forming Part of Balance Sheet as at March 31, 2012

NOTE 2

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2012	As at March 31, 2011
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Reserve		
Opening Balance	90,128.55	90,128.55
Add: Credited on account of preferential share issue	80,400.00	-
Closing Balance	170,528.55	90,128.55
(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) Special Reserve - II		
In terms of section 36(1)(Viii) of income-tax act, 1961 and Section 29C of National Housing Bank Act, 1987 (From financial year 1997-98)		
Opening Balance	145,449.01	119,249.01
Add: Current Year Transfer	24,500.00	26,200.00
Closing Balance	169,949.01	145,449.01
(e) General Reserve		
Opening Balance	114,804.00	79,804.00
Add: Current Year Transfer	30,000.00	35,000.00
Closing Balance	144,804.00	114,804.00
(f) Surplus in the Statement of Profit and Loss		
Opening balance	53,083.29	36,140.10
Add: Net Profit for the current year	91,419.61	97,448.62
Less: Appropriations		
Proposed Dividend	18,167.88	16,613.20
Tax on Dividend	2,941.60	2,692.23
Transfer to General Reserve	30,000.00	35,000.00
Transfer to Special Reserve - II	24,500.00	26,200.00
Closing Balance	68,893.42	53,083.29
	558,120.91	407,410.78

Notes Forming Part of Balance Sheet as at March 31, 2012**NOTE 3**

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures (Refer Note - 3.1)	2,583,500.00	623,100.00	2,052,900.00	428,525.00
(b) Zero Coupon Debentures (Refer Note - 3.2)	28,500.00	-	-	110,000.00
Less : Discount not written off	-	-	-	(2,417.68)
	28,500.00	-	-	107,582.32
(c) Term loans (Refer Note - 3.3)				
From banks	1,553,298.14	98,999.67	1,163,937.65	68,924.00
(d) Loans and advances from related parties				
Life Insurance Corporation of India (Refer Note - 3.3)	36,031.14	17,463.58	53,491.49	21,351.00
(e) Other loans and advances				
National Housing Bank (Refinance) (Refer Note - 3.3)	130,125.13	54,135.58	117,535.41	35,814.00
Security : Loans from banks and other loans and advances (including loans and advances from related party) are secured by a negative lien on all assets of the Company and an irrevocable power of attorney given by the company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.				
Unsecured				
(a) Non-Convertible Debentures	-	-	-	50,000.00
(b) Bonds:				
(i) Subordinate Bonds: (Refer Note - 3.4)	150,000.00	-	150,000.00	-
(ii) Upper Tier II Bonds: (Refer Note - 3.5)	150,000.00	-	150,000.00	-
(c) Deposits:				
Public Deposit (Refer Note - 3.6)	19,675.33	6,234.17	14,904.10	9,511.72
(d) Loan and advances from related parties				
Life Insurance Corporation of India	-	21,802.01	18,628.63	-
	4,651,129.74	821,735.01	3,721,397.28	721,708.04

Notes Forming Part of Balance Sheet as at March 31, 2012

Note - 3.1

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

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

(₹ in Lacs)				
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2012
Non Current :				
2000 NCD's of ₹ 1,000,000 each	10-Dec-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
5000 NCD's of ₹ 1,000,000 each	21-Oct-18	9.60%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	*	11.15%	-	50,000.00
5000 NCD's of ₹ 1,000,000 each	**	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
285 NCD's of ₹ 10,000,000 each	27-Jun-18	7.00%	-	28,500.00
1500 NCD's of ₹ 1,000,000 each	24-Mar-18	9.75%	-	15,000.00
2000 NCD's of ₹ 1,000,000 each	16-Jan-18	9.14%	-	20,000.00
100 NCD's of ₹ 10,000,000 each	25-Nov-17	7.50%	-	10,000.00
5000 NCD's of ₹ 1,000,000 each	22-Oct-17	9.80%	-	50,000.00
3000 NCD's of ₹ 1,000,000 each	27-Aug-17	9.75%	-	30,000.00
2000 NCD's of ₹ 1,000,000 each	14-May-17	10.25%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	23-Feb-17	9.60%	-	50,000.00
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
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%	15-Feb-13	30,000.00
3500 NCD's of ₹ 1,000,000 each	07-Dec-16	9.70%	06-Jan-13	35,000.00
2500 NCD's of ₹ 1,000,000 each	30-Nov-16	9.75%	28-Feb-13	25,000.00
100 NCD's of ₹ 1,000,000 each	14-Sep-16	9.58%	13-Sep-13	1,000.00
2000 NCD's of ₹ 1,000,000 each	29-Jul-16	9.687% p.a for first year (INBMK + 1.20%)	-	20,000.00

Notes Forming Part of Balance Sheet as at March 31, 2012

				(₹ in Lacs)
Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2012
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
2000 NCD's of ₹ 1,000,000 each	11-Apr-16	9.50%	-	20,000.00
7500 NCD's of ₹ 1,000,000 each	***	10.00%	-	75,000.00
5000 NCD's of ₹ 1,000,000 each	9-Mar-16	8.15%	-	50,000.00
1100 NCD's of ₹ 1,000,000 each	20-Dec-15	9.35%	-	11,000.00
3150 NCD's of ₹ 1,000,000 each	20-Jul-15	9.60%	-	31,500.00
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
2300 NCD's of ₹ 1,000,000 each	12-Mar-15	9.80%	-	23,000.00
2100 NCD's of ₹ 1,000,000 each	04-Mar-15	9.80%	-	21,000.00
2000 NCD's of ₹ 1,000,000 each	23-Jan-15	9.70%	-	20,000.00
5100 NCD's of ₹ 1,000,000 each	09-Jan-15	9.80%	-	51,000.00
1000 NCD's of ₹ 1,000,000 each	26-Nov-14	9.80%	-	10,000.00
3000 NCD's of ₹ 1,000,000 each	23-Nov-14	9.35%	23-Nov-12	30,000.00
5000 NCD's of ₹ 1,000,000 each	26-Aug-14	9.75%	-	50,000.00
6100 NCD's of ₹ 1,000,000 each	10-Aug-14	9.80%	-	61,000.00
3650 NCD's of ₹ 1,000,000 each	07-Jun-14	10.20%	-	36,500.00
1600 NCD's of ₹ 1,000,000 each	25-May-14	10.15%	-	16,000.00
5000 NCD's of ₹ 1,000,000 each	16-Mar-14	9.85%	-	50,000.00
1500 NCD's of ₹ 1,000,000 each	28-Jan-14	9.80%	-	15,000.00
3000 NCD's of ₹ 1,000,000 each	17-Jan-14	9.735%	-	30,000.00
3000 NCD's of ₹ 1,000,000 each	20-Dec-13	9.40%	-	30,000.00
2400 NCD's of ₹ 1,000,000 each	11-Nov-13	8.75%	-	24,000.00
3350 NCD's of ₹ 1,000,000 each	08-Nov-13	10.02%	-	33,500.00
1000 NCD's of ₹ 1,000,000 each	11-Oct-13	10.05%	-	10,000.00
7500 NCD's of ₹ 1,000,000 each	27-Sep-13	8.48%	-	75,000.00
2000 NCD's of ₹ 1,000,000 each	14-Sep-13	9.80%	-	20,000.00
2500 NCD's of ₹ 1,000,000 each	14-Sep-13	8.40%	-	25,000.00
2000 NCD's of ₹ 1,000,000 each	26-Aug-13	9.65%	-	20,000.00
6750 NCD's of ₹ 1,000,000 each	18-Aug-13	8.40%	-	67,500.00
3000 NCD's of ₹ 1,000,000 each	10-Aug-13	9.62%	-	30,000.00
5000 NCD's of ₹ 1,000,000 each	21-Jul-13	9.60%	-	50,000.00
4700 NCD's of ₹ 1,000,000 each	07-Jul-13	9.85%	-	47,000.00
2000 NCD's of ₹ 1,000,000 each	12-Jun-13	9.70%	-	20,000.00
2090 NCD's of ₹ 1,000,000 each	10-Jun-13	7.50%	-	20,900.00
2520 NCD's of ₹ 1,000,000 each	07-Jun-13	10.20%	-	25,200.00
1450 NCD's of ₹ 1,000,000 each	25-May-13	10.15%	-	14,500.00
6000 NCD's of ₹ 1,000,000 each	06-May-13	7.30%	-	60,000.00
1000 NCD's of ₹ 1,000,000 each	25-Apr-13	9.87%	-	10,000.00
2500 NCD's of ₹ 1,000,000 each	07-Apr-13	9.70%	-	25,000.00
				2,583,500.00

Notes Forming Part of Balance Sheet as at March 31, 2012

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2012
Current :				
5000 NCD's of ₹ 1,000,000 each	12-Mar-13	7.99%	-	50,000.00
3150 NCD's of ₹ 1,000,000 each	11-Jan-13	9.48%	-	31,500.00
7500 NCD's of ₹ 1,000,000 each	08-Dec-12	9.40%	-	75,000.00
2000 NCD's of ₹ 1,000,000 each	23-Nov-12	9.96%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	06-Nov-12	7.76%	-	50,000.00
55 NCD's of ₹ 2,000,000 each	2-Nov-12	7.45%	-	1,100.00
4150 NCD's of ₹ 1,000,000 each	15-Sep-12	8.20%	-	41,500.00
50 NCD's of ₹ 10,000,000 each	11-Sep-12	8.67%	-	5,000.00
2000 NCD's of ₹ 1,000,000 each	31-Aug-12	8.20%	-	20,000.00
1500 NCD's of ₹ 1,000,000 each	10-Aug-12	9.65%	-	15,000.00
11000 NCD's of ₹ 1,000,000 each	21-Jul-12	7.45%	-	110,000.00
2000 NCD's of ₹ 1,000,000 each	29-Jun-12	7.25%	-	20,000.00
2000 NCD's of ₹ 1,000,000 each	28-Jun-12	7.55%	-	20,000.00
5000 NCD's of ₹ 1,000,000 each	10-Jun-12	7.25%	-	50,000.00
3500 NCD's of ₹ 1,000,000 each	18-May-12	9.83%	-	35,000.00
2500 NCD's of ₹ 1,000,000 each	27-Apr-12	9.48%	-	25,000.00
3000 NCD's of ₹ 1,000,000 each	23-Apr-12	7.60%	-	30,000.00
240 NCD's of ₹ 10,000,000 each	11-Apr-12	9.50%	-	24,000.00
				623,100.00

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

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

***Redeemable @ ₹ 3.33 Lacs each on 13-Mar-14, 13-Mar-15 and 13-Mar-16

Note - 3.2

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 31.03.2012
Non Current				
1100 NCD's of ₹ 1,000,000 each	11-Oct-13	*	-	11,000.00
1750 NCD's of ₹ 1,000,000 each	30-Aug-13	**	-	17,500.00
				28,500.00
*Issued at Par. Maturity Value of ₹ 12.08 Lacs per Debenture includes interest.				
**Issued at Par. Maturity Value of ₹ 11.53 Lacs per Debenture includes interest.				

Note - 3.3

Maturity Profile of Term Loans

(₹ in Lacs)

Description	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 Years
Term Loans Banks	380,500	495,586	517,214	159,998
Life Insurance Corporation of India	23,456	10,800	1,775	-
National Housing Bank (Refinance)	66,016	45,444	16,508	2,157
	469,972	551,830	535,497	162,155

Notes Forming Part of Balance Sheet as at March 31, 2012**Notes - 3.4****The details of Subordinate Bonds are as under:**

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2012
Non Current :				
5000 Bonds of ₹ 1,000,000 each	24-Oct-15	7.50%	-	50,000.00
5000 Bonds of ₹ 1,000,000 each	01-Jul-18	10.35%	-	50,000.00
5000 Bonds of ₹ 1,000,000 each	15-Sep-20	8.95%	-	50,000.00
				150,000.00

Note - 3.5**The details of Upper Tier II Bonds are as under:**

(₹ in Lacs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at 31.03.2012
Non Current :				
5000 Bonds of ₹ 1,000,000 each*	31-Mar-25	8.70%	31-Mar-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	26-Oct-25	8.90%	26-Oct-20	50,000.00
5000 Bonds of ₹ 1,000,000 each*	29-Nov-25	9.00%	29-Nov-20	50,000.00
				150,000.00

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

Note - 3.6

The Company has designated the following liquid assets amounting to ₹ 14,952.73 Lacs (Previous Year ₹ 12,277.49 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, 2012	As at March 31, 2011
Government Securities	10,656.50	10,656.50
Fixed Deposits with Banks	4,296.23	1,620.99
	14,952.73	12,277.49

NOTE 4

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2012	As at March 31, 2011
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	1,685.97	2,117.86
(b) Sundry Deposit Repayable	35.07	33.30
(c) Interest Accrued but not due on Borrowings	1,087.80	439.59
	2,808.84	2,590.75

Notes Forming Part of Balance Sheet as at March 31, 2012

NOTE 5

(₹ in Lacs)

LONG TERM PROVISIONS	As at	As at
	March 31, 2012	March 31, 2011
(a) Provision for Employee Benefits [Refer Note 27(19)]	1,104.81	977.44
(b) Others		
(i) Provision for Contingencies [Refer Note 27(7)]	1,177.07	1,166.34
(ii) Provision for Housing loans [Refer Note 27(4) & 27(28)]	60,019.63	44,639.15
(iii) Provision for Investment Diminution [Refer Note 11 & 27(28)]	13.80	13.80
	62,315.31	46,796.73

NOTE 6

(₹ in Lacs)

SHORT TERM BORROWINGS	As at	As at
	March 31, 2012	March 31, 2011
Secured		
Loans repayable on demand:		
Line of Credit from Banks	130,000.00	20,000.00
Security : Loans from banks are secured by a negative lien on all assets of the Company and an irrevocable power of attorney given by the Company for creation of Mortgage on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans.		
Unsecured		
(a) Public Deposit	1,012.90	163.37
(b) Commercial Paper	5,000.00	53,500.00
Less: Discount not written off	(150.76)	(485.41)
	4,849.24	53,014.59
	135,862.14	73,177.96

NOTE 7

(₹ in Lacs)

TRADE PAYABLES	As at	As at
	March 31, 2012	March 31, 2011
(a) Micro, Small and Medium Enterprises [Refer Note 27(17)]	-	-
(b) Others	1,463.25	1,750.93
	1,463.25	1,750.93

Notes Forming Part of Balance Sheet as at March 31, 2012**NOTE 8**

(₹ in Lacs)

OTHER CURRENT LIABILITIES	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of Long-Term Debt (Refer Note 3)	821,735.01	721,708.04
(b) Interest accrued but not due on loans and public deposits	161,091.84	109,575.50
(c) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	431.88	537.76
(d) Payable on account of Swap		
Floating interest rate payable on Swap	12,427.24	9,053.41
Fixed interest rate receivable on Swap	(10,768.23)	(8,888.56)
	1,659.01	164.85
(e) Unpaid Dividends*	374.67	324.13
(f) Unpaid Deposits	735.05	1,554.37
(g) Statutory Dues Payable	205.83	218.12
(h) Payable to related parties [Refer Note 27(21)]	1,118.71	127,172.53
(i) Other Payables	6,923.02	5,700.65
	994,275.02	966,955.95

*There are no amount due for payment to the Investor Education and Protection Fund as at the year end.

NOTE 9

(₹ in Lacs)

SHORT TERM PROVISIONS	As at March 31, 2012	As at March 31, 2011
(a) Provision for Employee Benefits	1,262.63	1,030.24
(b) Others		
(i) Proposed Dividend	18,167.87	16,613.21
(ii) Tax on Dividend	2,941.60	2,692.24
(iii) Provision for Housing Loans [Refer Note 27(4) & 27(28)]	4,436.84	3,733.65
(iv) Provision for Contingencies [Refer Note 27(7)]	88.85	88.85
	26,897.79	24,158.19

Notes Forming Part of Balance Sheet as at March 31, 2012

Note No. 10 - FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK (AT COST)		DEPRECIATION			NET BLOCK		
	As at April 1, 2011	Additions / Adjustments	Deductions / Adjustments	As at March 31, 2012	For the Year	Deductions / Adjustments	As at March 31, 2012	As at March 31, 2011
Tangible Assets								
Land	4.32	-	-	4.32	-	-	4.32	4.32
Building	878.09	3189.86	-	4067.95	110.71	50.51	161.22	3906.73
Lease Hold Improvements	1116.73	37.81	-	1154.54	704.30	158.34	862.64	291.90
Furniture & Fixtures	936.68	49.23	20.08	965.83	613.25	58.97	657.04	308.79
Vehicles	30.84	-	0.02	30.82	12.16	2.90	15.04	15.78
Office Equipment	752.44	31.79	13.46	770.77	303.67	35.82	330.24	448.77
Others								
Computers	2238.14	270.43	22.17	2486.40	1586.79	203.42	1768.84	717.56
Total	5957.24	3579.12	55.73	9480.63	3330.88	509.96	3795.02	5685.61
Previous Year	5638.33	337.11	18.21	5957.23	2884.94	457.17	3330.88	
Intangible Assets								
Software	1323.67	11.16	-	1334.83	564.83	232.07	796.90	537.93
Total	1323.67	11.16	-	1334.83	564.83	232.07	796.90	758.84
Previous Year	995.23	328.44	-	1323.67	397.69	167.14	564.83	
Grand Total	7280.91	3590.28	55.73	10815.46	3895.71	742.03	4591.92	3385.19
Previous Year	6633.56	665.55	18.21	7280.90	3282.63	624.31	3895.71	

Notes Forming Part of Balance Sheet as at March 31, 2012**NOTE 11**

(₹ in Lacs)

NON CURRENT INVESTMENTS		As at March 31, 2012	As at March 31, 2011
Other Non-trade Investments (Refer - 11.1) (Long Term Investments)(At Cost)			
(a) Investment in Equity instruments		2,304.16	1,879.16
(b) Investments in Government Securities		10,656.50	10,656.50
(c) Contribution to Trust		0.10	0.10
(d) Investments in Debentures		13.80	13.80
(e) Other non-current investments			
(i) Real Estate Venture Fund		3,401.14	3,901.41
(ii) Mortgage Backed Pass Through Certificates - Class B		23.69	35.52
		3,424.83	3,936.93
		16,399.39	16,486.49
Aggregate amount of quoted investments	At Cost	10,656.50	10,656.50
	At Market Value	10,275.63	10,590.38
Aggregate amount of unquoted investments	At Cost	5,742.89	5,829.99
Aggregate provision for diminution in value of investments (Refer Note 5)		13.80	13.80

Note 11.1

(₹ in Lacs)

Other Non Trade Investments	No. of Shares / Units			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
(a) Investments in Equity Instruments - Unquoted, Fully paid up				
In Subsidiaries				
LICHFL Care Homes Ltd.	8,550,000	8,550,000	855.00	855.00
LICHFL Financial Services Ltd.	3,500,000	3,500,000	350.00	350.00
LICHFL Trustee Company Private Ltd.	90,000	90,000	9.00	9.00
LICHFL Asset Management Company Ltd.	8,700,000	4,450,000	870.00	445.00
In Associate				
LIC Nomura Mutual Fund Asset Management Company Ltd.	2,200	2,200	220.00	220.00
Others				
LIC Nomura Mutual Fund Trustee Company Private Ltd.	1,600	1,600	0.16	0.16
			2304.16	1879.16
(b) Investments in Government Securities - Quoted, Fully paid up *				
7.37 % Government of India Stock 2014	20,000	20,000	20.00	20.00
8.33 % Government of India Stock 2036	30,000	30,000	30.00	30.00
8.28 % Government of India Stock 2032	828,000	828,000	789.90	789.90

Notes Forming Part of Balance Sheet as at March 31, 2012

(₹ in Lacs)

Other Non Trade Investments	No. of Shares / Units			
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
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
7.80% Government of India Stock 2020	6,500,000	6,500,000	6,381.65	6,381.65
* Kept with designated bank for repayment to depositors.				
			10,656.50	16,656.50
(c) Contribution to Trust			0.10	0.10
(d) Investments in Debentures or Bonds-Unquoted, Fully paid up				
17% Ganesh Benzoplast Limited*	42,000	42,000	13.80	13.80
17% Real Value Appliances Limited	200,000	200,000	Re. 1	Re. 1
* Provision for diminution in the value of investments @ ₹13.80 Lacs				
			13.80	13.80
(e) Other non-current investments-Unquoted, Fully paid up				
(i) Real Estate Venture Fund*:				
Kotak India Real Estate Fund -1	2,401.13795	2,901.40795	2,401.14	2,901.14
CIG Reality Fund - 1	10,000,000	10,000,000	1,000.00	1,000.00
*These are close ended schemes subject to lock in till the closure of the Scheme				
(ii) Mortgage Backed Pass Through Certificate (PTC-class B) -Unquoted, Fully paid up				
India Mortgage Backed Securities 2003 Series III Trust	1	1	23.69	35.52
			3,424.83	3,936.93
			16,399.39	16,486.49

NOTE 12

(₹ in Lacs)

DEFERRED TAX ASSETS (NET) [Refer Note 27(25)]	As at March 31, 2012	As at March 31, 2011
(a) Deferred tax assets	22,367.19	17,269.41
(b) Deferred tax liabilities	(284.68)	(286.18)
	22,082.51	16,983.23

Notes Forming Part of Balance Sheet as at March 31, 2012**NOTE 13**

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES <i>Unsecured, considered good</i>	As at March 31, 2012	As at March 31, 2011
(a) Capital Advance	1,452.51	1,357.71
(b) Security Deposits	485.97	386.62
(c) Tax Paid under Protest	11,284.54	10,709.35
	13,223.02	12,453.68

NOTE 14

(₹ in Lacs)

OTHER NON CURRENT ASSETS	As at March 31, 2012	As at March 31, 2011
(a) Loan against Public Deposit	2.40	2.40
(b) Advances to employees*	353.56	325.64
(c) Fixed Deposit with Bank [Refer Note 27(9)]	-	13.59
	355.96	341.63

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

NOTE 15

(₹ in Lacs)

LOANS (SECURED) [Refer Note 27(5) & 27(28)]	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
(a) Individuals	5,664,135.19	325,325.64	4,412,005.36	261,068.34
(b) Others	129,018.00	189,536.36	239,146.80	196,763.07
	5,793,153.19	514,862.00	4,651,152.16	457,831.41

NOTE 16

(₹ in Lacs)

CURRENT INVESTMENTS <i>At Lower of cost or market value</i>	No. of Shares / Units		As at March 31, 2012	As at March 31, 2011
	March 31, 2012	March 31, 2011		
(a) Investment in Equity instruments				
Aptech Limited	4,134	4,134	3.20	4.06
(b) Investment in Mutual Funds - Highly liquid investments			121,104.11	123,824.62
Less: Considered as cash and cash equivalents (Refer Note 18 & Note 16.1)			(121,104.11)	(123,824.62))
			-	-
			3.20	4.06
Aggregate amount of quoted investments		At Cost	8.47	8.47
		At Market Value	3.20	4.06

Notes Forming Part of Balance Sheet as at March 31, 2012

Note 16.1

(₹ in Lacs)

Mutual Funds (Highly Liquid)	No. of Units		As at March 31, 2012	As at March 31, 2011
	March 31, 2012	March 31, 2011		
Axis Liquid Fund	926,092.96	670,193.56	11,008.33	7,282.80
Birla Sunlife Cash Plus Fund - Institutional Premium Plan	1,456,904.47	43,773,395.65	2,502.27	6,870.37
Birla Sunlife Short Term Fund	15,032,905.45	69,268,009.36	21,406.90	9,004.98
Canara Robeco Liquid Fund - Super Institutional Plan	-	30,013,425.07	-	3,577.99
DSP Black Rock Liquidity Fund - Institutional Plan	293,282.88	-	4,501.95	-
DWS Insta Cash Plus Fund - Super Institutional Plan	1,435,617.23	-	2,000.64	-
BNP Paribas Overnight Fund - Institutional Plan	-	16,601,698.69	-	2,500.71
HDFC Cash Management Fund - Savings Plan	-	69,097,260.24	-	14,159.41
ICICI Prudential Liquid Fund- Super Institutional Plan	-	5,318,051.07	-	7,712.47
ICICI Prudential Money Market Fund	6,806,294.16	-	10,094.90	-
IDBI Liquid Fund	-	998,671.74	-	10,506.86
IDFC Cash Fund - Super Institutional Plan C	230,029.23	130,073,292.01	3,001.79	15,513.84
JM High Liquidity Fund - Super Institutional Plan	17,855,973.72	-	3,001.91	-
Kotak Floater Short Term Fund	-	98,500,810.63	-	15,801.50
Kotak Liquid Fund - Institutional Premium Plan	13,793,991.34	35,205,954.84	3,001.13	7,002.25
L & T Liquid Fund - Super Institutional Plan	135,956.52	-	2,001.20	-
LIC Nomura Liquid Fund	3,076,434.00	-	600.50	-
Reliance Liquid Fund - Treasure Plan - Institutional Plan	46,464,042.02	-	12,136.87	-
Religare Liquid Fund - Super Institutional Plan	543,677.43	-	8,013.51	-
SBI Premier Liquid Fund - Super Institutional Plan	1,098,723.28	52,150,571.45	18,530.58	8,041.15
Sundaram Money Fund - Super Institutional Plan	7,219,993.01	-	1,632.99	-
Tata Liquid Fund - Super High Investment Plan	407,938.31	386,735.78	8,080.34	7,001.91
Taurus Liquid Fund - Super Institutional Plan	734,212.86	838,563.49	8,487.71	8,848.38
Templeton India TMA - Super Institutional Plan	68,955.57	-	1,100.59	-
			121,104.11	123,824.62

NOTE 17

(₹ in Lacs)

TRADE RECEIVABLES	As at March 31, 2012	As at March 31, 2011
<i>Secured, considered good</i>		
For a period exceeding six months		
Subsidy given to customer due from NHB	514.57	-
Others		
Interest Accrued and Due on Housing Loans	5,993.37	3,584.86
Subsidy given to customers due from NHB	-	789.19
	6,507.94	4,374.05

Notes Forming Part of Profit & Loss Account as at March 31, 2012**NOTE 18**

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2012	As at March 31, 2011
(a) Cash and Cash Equivalents		
Balance with Banks*	23,965.96	27,866.35
Cheques, drafts on hand	9,818.77	1,332.57
Cash on hand	337.08	352.54
Fixed Deposits with Banks**	1,644.84	-
Mutual Fund - Highly Liquid Investments (Refer Note No 16)	1,21,104.11	1,23,824.62
Temporary book overdraft [Refer Note 27(12)]	(131,991.56)	(109,258.92)
(b) Other Bank Balances		
Fixed Deposits with Banks**#	3,049.58	1,963.57
	27,928.78	58,070.73

*Balance with Banks includes unclaimed dividend of ₹ 374.67 Lacs (Previous Year ₹ 324.13 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 2561.40 Lacs (Previous Year ₹ 1607.40 Lacs) and ₹ 398.18 Lacs (Previous Year ₹ 356.17 Lacs) created for excess sale proceeds recovered under SARFESI

#Fixed Deposits with Banks with maturity of more than twelve months is Nil (Previous Year ₹ 13.59 Lacs) (Refer Note 14)

NOTE 19

(₹ in Lacs)

SHORT-TERM LOAN AND ADVANCES	As at March 31, 2012	As at March 31, 2011
(a) Advances to Subsidiaries (Related Party)		
Unsecured, considered good	500.00	0.33
(b) Others		
(i) Loans and advances to Employees*	162.07	125.41
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	540.34	511.80
Doubtful	24.33	24.78
Less: Provision for Doubtful	(24.33)	(24.78)
	540.34	511.80
(iii) Advance tax and tax deducted at source (Net of provision for tax)	1,028.58	1,448.25
	2,230.99	2,085.79
*Secured by lien over Provident Fund balances and/or hypothecation of vehicles		

NOTE 20

(₹ in Lacs)

OTHER CURRENT ASSETS	As at March 31, 2012	As at March 31, 2011
Interest Accrued but not due on		
(i) Housing loan	39,689.83	30,227.67
(ii) Investments	22.32	28.33
(iii) Fixed Deposits with Banks	289.96	313.78
	40,002.11	30,569.78

Notes Forming Part of Profit & Loss Account as at March 31, 2012

NOTE 21

(₹ in Lacs)

REVENUE FROM OPERATIONS	March 31, 2012	March 31, 2011
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 5,433.38 Lacs Previous year ₹ 5,828.10 Lacs)	598,268.79	446,965.56
(b) Other Financial Services:		
Processing Fees and other charges received	16,266.15	17,864.79
Less: Processing fees and other charges paid	(3,048.90)	(2,854.65)
	13,217.25	15,010.14
	611,486.04	461,975.70

NOTE 22

(₹ in Lacs)

OTHER INCOME	March 31, 2012	March 31, 2011
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks (Tax deducted at source ₹ 30.36 Lacs Previous Year ₹ 10.21 Lacs)	188.34	18.41
(ii) Interest on Long Term Investments	847.10	486.68
	1,035.44	505.09
(b) Dividend [Includes Dividend on Current Investments & Dividend from Subsidiary amounting to ₹ 0.17 Lacs & ₹ 35.00 Lacs respectively (Previous Year ₹ 0.04 Lacs & ₹ Nil)]	47.13	369.60
(c) Profit on sale of Investments *	7,716.35	22,862.70
(d) Others Non Operating Income		
(i) Residual Income on PTC B	19.92	33.17
(ii) Miscellaneous Income (Tax deducted at source ₹ 18.13 Lacs Previous year ₹ 16.93 Lacs) [Refer Note 27(10)]	1,206.81	1,125.87
	1,226.73	1,159.04
	10,025.65	24,896.43
*Profit on sale of Investments		
Current Investments	7,833.60	5,981.30
Long Term Investments	(117.25)	16,881.40
	7,716.35	22,862.70

NOTE 23

(₹ in Lacs)

FINANCE COST	March 31, 2012	March 31, 2011
(a) Interest Expense		
(i) On Terms Loan	166,124.02	94,951.45
(ii) On Commercial Papers	1,472.53	4,475.80
(iii) On Debentures / Bonds	285,414.36	206,798.75
(iv) On Public Deposits	2,796.53	2,735.84
(b) Other Borrowing cost		
(i) Other Finance Charges	479.29	389.64
(ii) Interest payable from Swaps (Net)	2,819.79	419.53
	459,106.52	309,771.01

Notes Forming Part of Profit & Loss Account as at March 31, 2012**NOTE 24**

(₹ in Lacs)

EMPLOYEES BENEFITS EXPENSE	March 31, 2012	March 31, 2011
(a) Salaries and Bonus	5,725.85	5,250.52
(b) Contributions to Provident & Other Funds	810.45	917.77
(c) Staff Welfare Expenses	707.61	640.60
	7,243.91	6,808.89

NOTE 25

(₹ in Lacs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2012	March 31, 2011
(a) Rent, rates and taxes	1,668.20	1,291.09
(b) Repairs and maintenance - building	15.34	15.56
(c) Repairs and maintenance - others	97.50	94.48
(d) Travelling and conveyance	470.05	398.57
(e) Directors sitting fees	10.35	11.35
(f) Advertisement & Publicity expenses	1,180.24	1,203.13
(g) Competition Prizes & Conference Expenses	254.31	275.32
(h) Printing and stationery	298.53	274.75
(i) Postage, telephones and telex	705.10	632.87
(j) Computer Expenses	287.10	213.65
(k) Legal and professional fees:		
(i) Payment to Auditors	47.50	47.39
(ii) Other Professional fees	163.62	33.70
(l) Electricity expenses	354.94	333.05
(m) Insurance	10.63	7.03
(n) Loss on sale of Fixed Assets (Net)	3.89	2.45
(o) Fixed Assets written off	2.72	0.64
(p) Miscellaneous expenses	320.65	543.00
(q) Service Charges for Safe Custody of Documents	181.92	132.93
(r) Listing Fees and Payment to Share Transfer Agents	28.61	14.43
(s) Commission and Brokerage	9,904.81	8,676.77
(t) Share issue Expenses Preferential Issue / Expenses for Split of Shares	0.13	37.66
(u) Recovery Expenses (Net)	(272.79)	(51.72)
(v) Prior Period Items (Net) [Refer Note 27(11)]	(10.53)	(22.54)
	15,722.82	14,165.56

NOTE 26

(₹ in Lacs)

PROVISIONS / WRITE OFFS (NET)	March 31, 2012	March 31, 2011
Housing loans written off	2.97	63.15
Provision for diminution in value of current investment	0.86	2.86
Provision for Housing Loans	16,083.67	26,693.75
Less :		
Housing loans written off recovered	(481.95)	(669.36)
Provisions for Contingency written back	(0.45)	(3.78)
	15,605.10	26,086.62

Notes Forming Part of Financial Statements for the year ended March 31, 2012

Note: 27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

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

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

b. Use of Estimates

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

c. Revenue recognition

Interest on Housing Loans

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

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

Income from Investments

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

Other Income

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

d. Fixed Assets

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

e. Depreciation

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

f. Impairment Loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future

Notes Forming Part of Financial Statements for the year ended March 31, 2012

cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. Intangible Assets

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

h. Investments

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

i. Employee Benefits

Provident Fund

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

Gratuity

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

Leave Benefits

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

j. Foreign Currency Transactions

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

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

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

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

k. Derivative Transactions

Derivative transactions are considered Off-Balance Sheet items and the outstanding swap trades are disclosed at the fair value on the reporting date. The carry (difference between coupon rate liability and swap contract rate) is accounted on an

Notes Forming Part of Financial Statements for the year ended March 31, 2012

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 which/ever is less. Loss if any on early termination is charged to revenue in the same year.

I. Borrowing costs

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

m. Zero Coupon Instrument

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

n. Income Taxes

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

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

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

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

o. Provision for Non Performing Assets (NPA)

All loans and other credit exposures, where the installments are overdue for ninety days & above are classified as NPA. Provision is made in respect of NPA in accordance with the Prudential Norms as per 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. [Refer Note 27(4)]

p. Provisions and Contingencies

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

q. Leases

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

r. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included as other non current investments Note 11 (Non-current investments).

Notes Forming Part of Financial Statements for the year ended March 31, 2012

NOTES TO ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) are ₹ 151.31 Lacs (Previous year ₹ 150.00 Lacs).
2. **Contingent liabilities in respect of :**
 - a) Corporate Undertaking of ₹ 1,435.00 Lacs (Previous year ₹ 1,435.00 Lacs) for Securitization transactions.
 - b) Claims against the Company not acknowledged as debts ₹ 5.93 Lacs (Previous Year ₹ 8.38 Lacs).
 - c) The Company has received a demand of ₹ 1,145.56 Lacs, ₹ 1,122.06Lacs (including interest of ₹ 88.99Lacs), ₹ 347.76Lacs (including interest of ₹ 20.39 Lacs), ₹ 2,217.31 Lacs (including interest of ₹ 721.90 Lacs), ₹ 3,571.94 (including interest of ₹ 667.94 Lacs), ₹ 2,385.58 Lacs (including interest of ₹ 138.71 Lacs) and ₹ 1,503.40 Lacs (including interest of ₹ 633.94 Lacs) on completion of income tax assessment for the assessment year 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.
3. (i) Retail / Project Loans are secured, wholly or partly, 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. During the year, pursuant to the NHB Circulars dated August 5, 2011 and January 19, 2012 on provisioning norms, the Company had undertaken review of its provisioning policy on loans and *inter-alia* reassessed the identification, classification & provisioning on the loans for the current financial year. Based on this, the Company has aligned its provisioning policy with the extant guidelines and resultantly reversed excess provision over the NHB norms. Had the provisioning policy of the preceding year been continued, the profit before tax for the year ended March 31, 2012 would have been lower by ₹ 11,704.33 Lacs.
5. Housing Loans include loans amounting to ₹ 2,246.22 Lacs (Previous year ₹ 939.49 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. Of this, fair value of the assets possessed, against the loans of ₹ 5.48 Lacs (Previous year ₹ 114.27 Lacs), is not available as at March 31, 2012. The balance loans amounting to ₹ 2,240.73 Lacs (Previous year ₹ 825.21 Lacs), have fair value of ₹ 2,080.89 Lacs (Previous year ₹ 781.01 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2012.
6. Details with regard to securitization deals of the Company. The trustees to the deals have issued Pass through Certificates (PTC) to the investors:

(₹ in Lacs)				
Year of deal	Particulars	Amount securitized	Trustee	Balance of PTC as at March 31, 2012
2003-2004	Individual Housing Loans - India MBS 2003 Series III	19,634.93	ILF&S Trustee Company	247.45 (635.33)

Figures in bracket are in respect of the previous year.

Notes Forming Part of Financial Statements for the year ended March 31, 2012

7. Provision for contingencies includes:

- 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.
- Provision for probable loss on account of bank reconciliation differences.

The movement in provisions is as below:

(₹ in Lacs)

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1,166.34 (1,202.88)	88.85 (88.85)
Add: Top up of Corporate Undertaking	23.61 (-)	- (-)
Less: Amounts utilized during the year	-12.88 (36.54)	- (-)
Closing balance	1,177.07 (1,166.34)	88.85 (88.85)

Figures in bracket are in respect of the previous year.

- Pursuant to the shareholder's approval in the Extraordinary General Meeting held on March 5, 2012 the Company had allotted 30,000,000 equity shares of face value of ₹ 2/- each at a premium of ₹ 268/- per share aggregating to ₹ 81,000/- Lacs to Life Insurance Corporation of India, promoter of the Company on a Preferential basis under lock-in period of three years, The said issue was made under chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended.

Details of utilization of funds received on preferential allotment of equity shares:

(₹ in Lacs)

Particulars	Current Year	Previous Year
Net issue proceeds	81,000.00	Nil
Less: Utilized for Business Purposes*	81,000.00	Nil
Balance proceeds	Nil	Nil

* For disbursement of housing loans to the individuals for construction / purchase of flat / house as per the norms of the Company, the funds so raised has also improved financial position, capital adequacy and net-worth etc.

- Fixed Deposits with Banks include ₹ 4,296.24 Lacs (Previous Year ₹ 1,620.99 Lacs) kept with designated banks for repayment to Public Deposit Holders. The Company has beneficial interest on the income earned from these deposits.
- Miscellaneous income includes ₹ 30.57 Lacs (Previous Year ₹ 47.96 Lacs) being management fee from Kotak India Real Estate Venture Fund, ₹ 3.04 Lacs (Previous Year ₹ 2.97 Lacs) being interest income on staff loans/advances, ₹ 537.77 Lacs (Previous Year ₹ 606.08 Lacs) being gain on unwinding of Interest rate swap, ₹ 93.80 Lacs (Previous Year ₹ 75.89 Lacs) being old outstanding and unclaimed amounts written back, ₹ Nil (Previous Year ₹ 155.00 Lacs) being Investment written off realized.
- Prior Period items:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Income		
Interest Income on Housing Loans	18.22	24.32
Expenditure		
Miscellaneous Expenses	(7.69)	(1.78)
Net Income	10.53	22.54

Notes Forming Part of Financial Statements for the year ended March 31, 2012

12. Temporary Book Overdraft of ₹ 131,991.56 Lacs (Previous Year ₹ 109,258.92 Lacs) represents cheques issued towards disbursements to borrowers for ₹ 130,749.10 Lacs (Previous Year ₹ 108,182.65 Lacs) and cheques issued for payment of expenses of ₹ 1,242.47 Lacs (Previous Year ₹ 1,076.27 Lacs), but not encashed as at March 31, 2012.

13. **Auditor's Remuneration:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
As auditor including ₹ 3.20 (Previous Year ₹ 3.20) to Back Office Auditors	27.45	27.45
As advisor or in any other capacity in respect of tax audit	4.00	4.00
For Quarterly Limited Reviews	12.00	11.50
In any other manner (Certification work)	3.77	4.13
For Reimbursements of expenses	0.28	0.31
Total	47.50	47.39

14. **Expenditure in Foreign Currencies:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Travelling Expenses	1.84	0.33
Professional Fees	1.23	1.28
Fees for filing returns and Trade License fees	6.43	4.62
Salary to Overseas Staff	30.08	27.01
Rent for Overseas Staff Residence	11.09	12.21
Commission	33.47	45.66
Other Expenses	3.62	-

15. **Earnings in Foreign Currencies:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Processing Fees	33.47	45.66

16. **Remittance in Foreign Currencies on Account of Dividend**

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

Particulars		Current Year	Previous Year
No. of Non-Resident Shareholders*	Nos.	2	2
No. of equity Shares held	Nos.	18,200	496,946
Amount of Dividend Paid	(₹ in Lacs)	0.64	74.54
Year to which dividend relates		2010-11	2009-10

* includes 7,250 equity shares (previous year 1,450 equity shares) held by the custodian, which is the registered shareholder for all the owners of Company's GDR.

17. 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 MSME Act, 2006.

Notes Forming Part of Financial Statements for the year ended March 31, 2012

18. Derivative Instruments:

- Interest Rate SWAP for hedging underlying liability aggregate to ₹ 134,600.00 Lacs (Previous year ₹ 114,600.00 Lacs).
- For underlying liability of ₹ 65,000.00 Lacs (Previous year ₹ 65,000.00 Lacs), Coupon Swap has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.
- The Company as on March 31, 2012 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 199,600.00 Lacs (Previous year ₹ 179,600.00 Lacs). The fair value of all such Swaps as at March 31, 2012 was unfavorable to the extent of ₹ 24,130.27 Lacs (Previous year ₹ 19,136.00 Lacs).

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

Gratuity Liability

(₹ in Lacs)

Changes in the Benefit Obligation	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the Beginning of the year	1,309.88	915.83	655.66	507.50	422.62
Interest Cost	104.79	73.27	54.68	43.29	35.28
Current Service Cost	94.53	83.17	56.11	47.05	35.45
Past Service Cost		101.74	-	-	-
Benefit Paid	(74.60)	(18.71)	(12.56)	(26.96)	(34.27)
Actuarial Loss on obligations	82.40	154.58	161.94	84.79	48.42
Liability at the end of the year	1,517.00	1,309.88	915.83	655.66	507.50

Fair Value of the Plan Assets	2011-12	2010-11	2009-10	2008-09	2007-08
Fair Value of Plan Assets at the beginning of the year	1,385.61	639.78	570.86	463.65	372.03
Expected Return on Plan Assets	110.85	51.18	47.45	43.36	35.82
Contributions	247.18	699.33	28.56	91.77	92.81
Benefit paid	(74.60)	(18.71)	(12.56)	(26.96)	(34.27)
Actuarial Gain / (Loss) on Plan Assets	17.84	14.03	5.47	(0.97)	(2.74)
Fair value of Plan Assets at the end of the year	1,686.87	1,385.61	639.78	570.86	463.65
Total Actuarial Loss to be Recognized	64.56	(140.55)	(156.48)	(85.76)	(51.16)

Actual Return on Plan Assets:	2011-12	2010-11	2009-10	2008-09	2007-08
Expected Return on Plan Assets	110.85	51.18	47.45	43.36	35.82
Actuarial Gain / (Loss) on Plan Assets	17.84	14.03	5.47	(0.97)	(2.74)
Actual Return on Plan Assets	128.69	65.21	52.92	42.39	33.08

Amount Recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the end of the year	1,517.00	1,309.88	915.83	655.66	507.50
Fair Value of Plan Assets at the end of the year	1,686.87	1,385.61	639.78	570.86	463.65
Amount recognized in the Balance Sheet	169.87*	75.73*	(276.05)	(84.80)	(43.84)

*Restricted to NIL

Notes Forming Part of Financial Statements for the year ended March 31, 2012

(₹ in Lacs)

Expense Recognized in the Profit and Loss Account:	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	94.53	83.17	56.11	47.05	35.45
Interest Cost	104.79	73.27	54.68	43.29	35.28
Expected Return on Plan Assets	(110.85)	(51.18)	(47.45)	(43.36)	(35.82)
Net Actuarial Loss to be recognized	64.56	140.55	156.48	85.76	51.16
Past Service Cost	-	101.74	-	-	-
Expense recognized in the Profit and Loss Account under staff expenses	153.03	347.55	219.81	132.73	86.06

Reconciliation of the Liability recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Opening Net Liability	(75.73)	276.05	84.80	43.84	50.59
Expense recognized	153.03	347.55	219.81	132.73	86.06
Contribution by the Company	(247.18)	699.33	28.56	91.77	92.81
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	(169.87) *	(75.73)*	276.05	84.80	43.84

*Restricted to NIL

Experience Adjustments

On Plan liability (Gains)/Losses	124.29	234.38	214.97	Not Available	Not Available
On Plan Assets (Losses)/Gains	17.84	14.03	5.47	Not Available	Not Available

Plan Assets

Insurer Managed Funds*	1686.87	1,385.61	639.78	-	-
*% to the total fair value of plan assets	100%	100%	100%	-	-

Assumptions	2011-12	2010-11	2009-10	2008-09	2007-08
Discount Rate	8.25%	8.25%	8.00%	7.75%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.00%

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

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2012 is ₹ 106.17 Lacs (Previous Year ₹ 126.30 Lacs).

Notes Forming Part of Financial Statements for the year ended March 31, 2012

Leave Encashment					(₹ in Lacs)
Changes in the Benefit Obligation	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the Beginning of the year	1,007.68	857.44	548.47	543.17	466.78
Interest Cost	83.13	68.59	45.57	75.04	39.51
Current Service Cost	68.96	57.93	39.48	394.80	27.14
Benefit Paid	-	-	-	-	-
Actuarial (Gain) / Loss on obligations	3.28	23.72	223.93	(464.54)	9.73
Liability at the end of the year	1,163.06	1,007.68	857.44	548.47	543.17
Amount Recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the end of the year	1,163.06	1,007.68	857.44	548.47	543.17
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet	(1,163.06)	(1,007.68)	(857.44)	(548.47)	(543.17)
Expense Recognized in the Profit and Loss Account:	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	68.96	57.93	39.48	394.80	27.14
Interest Cost	83.13	68.60	45.57	75.04	39.51
Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	3.28	23.72	223.93	(464.54)	9.73
Expense recognized in the Profit and Loss Account under staff expenses	155.38	150.24	308.98	5.30	76.38
Reconciliation of the Liability recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Opening Net Liability	1,007.68	857.44	548.47	543.17	466.78
Expense recognized	155.38	150.24	308.97	5.30	76.39
Contribution by the Company	-	-	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,163.06	1,007.68	857.44	548.47	543.17
Experience Adjustments:	2011-12	2010-11	2009-10	2008-09	2007-08
On Plan Liability (Gains)/Losses	49.80	53.76	278.22		
On Plan Assets (Losses)/Gains	-	-	-		
Assumptions:	2011-12	2010-11	2009-10	2008-09	2007-08
Retirement Age	58 Years	58 Years	58 Years	58 Years	58 Years
Discount Rate	8.75%	8.25%	8.00%	7.75%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	LIC(1994-96)Ultimate				

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

Notes Forming Part of Financial Statements for the year ended March 31, 2012

20. Segment Reporting:

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

21. Related Party Disclosure:

- a) Names of related parties where control exists:

Name of the related party	Nature of relationship
LICHFL Care Homes Ltd.	Wholly owned subsidiary
LICHFL Financial Services Ltd.	Wholly owned subsidiary
LICHFL Asset Management Company Ltd. (Formerly known as LICHFL Asset Management Company Private Ltd.)	Subsidiary with 94.62% shareholding
LICHFL Trustee Company Private Ltd.	Wholly owned subsidiary

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

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

- c) Details of transactions with related parties:

Nature of transactions	(₹ in Lacs)	
	Current Year	Previous Year
Life Insurance Corporation of India:		
Preferential Allotment of Equity Shares	81,000.00	-
Issue of non convertible debentures	150,000.00	150,000.00
Repayment of non convertible debentures	50,200.00	80,000.00
Unsecured loans taken	3,173.38	2,948.12
Repayment of Secured loan	21,347.77	27,014.16
Issue of Upper Tier II Bonds	-	100,000.00
Takeover of Housing Loan Portfolio of LIC Employees	-	124,465.99
Interest expenses on Secured and Unsecured loans	93,724.45	76,938.46
Dividend Payment	6,070.49	5,203.27
Rent Expenses	281.13	268.43
Reimbursement of Municipal Taxes, etc.	10.45	2.90
Reimbursement of Electricity Expenses	32.27	37.16
Payment for Staff training, Conference, etc.	4.22	2.11
Payments towards Renovation & Repairs	21.82	76.96
Reimbursement of Gratuity for staff on deputation from LIC	20.01	15.54
Year-end Balance (Credit)	1,031,036.73	943,411.12

Notes Forming Part of Financial Statements for the year ended March 31, 2012

(₹ in Lacs)

Nature of transactions	Current Year	Previous Year
LIC Nomura Mutual Fund Asset Management Co. Ltd.:		
Dividend Income	-	294.75
Other Income	-	0.20
Interest expenses on NCD	529.05	274.11
Year-end Balance (Credit)	7,000.00	5,000.00
LICHFL Care Homes Ltd.:		
Advances given	519.14	14.03
Advances repaid	19.14	18.07
Year-end Balance (Debit)	500.00	-
LICHFL Financial Services Ltd.:		
Dividend Income	35.00	17.50
Commission Expenses on Loan Business	286.86	222.17
Commission Expenses on Public Deposit	0.16	0.12
Advances given	3.83	2.91
Advances repaid	3.83	4.34
Year-end Balance (Credit)	48.50	-
LICHFL Asset Management Co. Ltd.:		
Investment in Equity Shares *	425.00	444.00
Advances given	5.83	54.55
Advances repaid	5.83	163.81
Year-end Balance (Debit)	-	0.34
Mr. V. K. Sharma (From 01-12-2010):		
Managerial remuneration**	25.03	4.58
Mr. R. R. Nair (Upto 29-11-2010):		
Managerial remuneration	-	17.04

*During the year investment in unsecured convertible debentures & advances given to LICHFL Asset Management Co. Ltd. were converted into fully paid up equity shares of LICHFL Asset Management Co. Ltd. at par (face value of ₹ 10).

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

22. Operating Leases:

The Company has taken various offices and residential premises on cancellable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Profit and Loss Account for such premises are ₹ 1,431.76 Lacs (Previous year ₹ 1,269.35 Lacs).

Notes Forming Part of Financial Statements for the year ended March 31, 2012

23. Earnings per share:

Earning 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	91,419.61	97,448.62
Weighted average number of equity shares outstanding during the year	Nos.	476,220,377	474,663,000
Basic and Diluted Earnings per share	₹	19.20	20.53
Face value per equity share	₹	2.00	2.00

24. 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.

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

(₹ in Lacs)

Particulars	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing loans	20,912.91	15,694.56
Provisions for Contingencies	7.89	8.04
Provision for Tapping Corporate Undertaking	381.90	378.25
Unamortized One Time Gain	687.14	861.62
Provision for Employee Benefits	377.35	326.94
	(A)	22,367.19
Deferred Tax Liabilities:		
Related to Fixed Assets	284.68	286.18
	(B)	284.68
Net Deferred Tax Assets	[(A)-(B)]	22,082.51
		16,983.23

26. The additional Information pursuant to revised Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable.
27. The financial statements for the year ended March 31, 2011 were prepared as per the then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared in compliance with the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified / regrouped / restated to conform to current year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of the financial statements.

Notes Forming Part of Financial Statements for the year ended March 31, 2012

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

i. **HOUSING BUSINESS**

Housing Loans:

(₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Standard assets	5,964,216.40	45,489.68	4,785,290.22	34,671.34
Sub-standard assets	6,255.69	938.35	5,208.06	781.21
Doubtful assets	15,539.66	11,837.88	15,385.49	8,068.42
Loss assets	3,305.66	3,305.66	2,125.94	2,125.94
Total	5,989,317.39	61,571.56	4,808,009.71	45,646.91

ii. **NON HOUSING BUSINESS**

a. **Non Housing Loans:**

(₹ in Lacs)

Asset Classification	Current Year		Previous Year	
	Year-end balance	Provisions	Year-end balance	Provisions
Standard assets	317,277.20	1,895.61	299,497.52	1,965.22
Sub-standard assets	204.91	30.74	325.26	48.79
Doubtful assets	860.95	603.82	862.43	423.24
Loss assets	354.73	354.73	288.64	288.64
Total	318,697.79	2,884.90	300,973.86	2,725.89

b. **Non Convertible Debentures:**

(₹ in Lacs)

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

29. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year, the Company has:

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

Notes Forming Part of Financial Statements for the year ended March 31, 2012

30. 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, 2012	Maximum balance during the year
LICHFL Care Homes Ltd.	Wholly owned subsidiary	500	500
		(Nil)	(14.86)
LICHFL Financial Services Ltd.	Wholly owned subsidiary	-	0.74
		(Nil)	(1.64)
LICHFL Asset Management Company Ltd. (Formerly known as LICHFL Asset Management Co. Pvt. Ltd.)	Subsidiary with 94.62% shareholding	-	150.16
		(0.34)	(144.49)
LICHFL Trustee Company Private Ltd.	Wholly owned subsidiary	-	-
		(Nil)	(1.47)

Figures in bracket are in respect of the previous year.

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

I. **Capital to Risk Assets Ratio (CRAR)**

Items	Current Year	Previous Year
i. CRAR (%)	16.69%	14.88%
ii. CRAR - Tier I capital (%)	11.03%	8.62%
iii. CRAR - Tier II Capital (%)	5.66%	6.26%

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	2,652,964.78	2,278,224.54
Housing loans more than ₹15 Lacs	3,122,215.37	2,210,808.70

Notes Forming Part of Financial Statements for the year ended March 31, 2012

(₹ in Lacs)

Category	Current Year	Previous Year
(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	318,554.37	435,909.87
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential (PTC-B)	23.69	35.52
(b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in Lacs)

	1 day to 30-31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	-	8,372	13,215	37,500	169,914	380,500	495,586	517,214	159,997	-	1,782,298
Market Borrowings	95,234	38,042	102,616	214,117	278,587	1,204,951	737,541	421,783	583,558	150,000	3,826,429
Assets											
Advances*	34,415	35,051	33,925	115,836	295,635	781,164	741,670	707,894	1,043,697	2,454,272	6,243,559
Investments**	1	1	1	3	7	30	600	-	9,936	5,809	16,388

* Net of Provisions

** Net of Investment diminutions

Signatures to Notes 1 to 27

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
 Chartered Accountants
 FRN 109574W

For Chokshi & Chokshi
 Chartered Accountants
 FRN 101872W

Vipul K. Choksi
 Partner
 M.No.37606

Vineet Saxena
 Partner
 M.No. 100770

D.K. Mehrotra
 Chairman

Sushobhan Sarker
 Managing Director

S.Ravi
 Director

V.K Sharma
 Director & Chief Executive

Nitin K. Jage
 General Manager & Company Secretary

N.K.Mittal
 General Manager Accounts

Surinder Mohan
 CFO

Place: Mumbai

Date : April 25, 2012

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

Name of the Subsidiary Company	LICHFL Care Homes Limited	LICHFL Financial Services Limited	LICHFL Trustee Company Private Limited	LICHFL Asset Management Company Limited
1. Financial year of the Subsidiary Company ended on	31st March, 2012	31st March, 2012	31st March, 2011	31st March, 2012
2. (a) Issued, subscribed and paid up capital of Subsidiary Company	85,50,000 Equity Shares of Rs.10/- each	35,00,000 Equity Shares of Rs.10/- each	90,000 Equity Shares of Rs.10/- each	91,94,400 Equity Shares of Rs.10/- each
(b) Extent of Interest of LIC Housing Finance Limited in the capital of Subsidiary	85,50,000 Equity Shares of Rs.10/- each (100%)	35,00,000 Equity Shares of Rs.10/- each (100%).	90,000 Equity Shares of Rs.10/- each (100%).	87,00,000 Equity Shares of Rs.10/- each (94.62%).
3. The Net Aggregate Amount of Profits / Losses of the Subsidiary so far as it concern the Members of LIC Housing Finance Limited and is not dealt with in the Accounts of LIC Housing Finance Limited.				
(a) for the Financial Year ended 31st March 2012	Rs.2,41,71,280/- (Profit)	Rs.2,01,52,209/- (Profit)	Rs.58,125/- (Profit)	(Rs.1,94,94,030/-) (Loss)
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	(Rs.32,53,998/-) (Loss)	Rs.1,85,04,485/- (Profit)	(Rs.6,42,611/-) (Loss)	(Rs.3,52,96,829/-) (Loss)
4. Net Aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of LIC Housing Finance Limited				
(a) for the Financial Year ended 31st March 2012	Nil	Nil	Nil	Nil
(b) for the previous Financial years of the Subsidiary since it became Subsidiary of LIC Housing Finance Limited	Nil	Nil	Nil	Nil

For & on behalf of the Board of Directors

Shri D.K. Mehrotra
Chairman

Shri Sushobhan Sarker
Managing Director

S.Ravi
Director

V.K. Sharma
Director & Chief Executive

Nitin K. Jage
General Manager &
Company Secretary

Surinder Mohan
CFO & General Manager

N.K.Mittal
General Manager (Accounts)

Place: Mumbai
Date : April 25, 2012

Consolidated Auditors' Report

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

1. We have audited the attached Consolidated Balance Sheet of LIC Housing Finance Limited Group as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the group for the year ended on that date annexed thereto. These financial statements are the responsibility of LIC Housing Finance Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information of the subsidiaries and associate referred to in paragraph 3 and 4 below. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets of Rs.7590.18 lacs (Previous Year Rs.2495.30 lacs) as at March 31, 2012, total revenue of Rs.3281.30 lacs (Previous Year Rs.1128.54 lacs), and net cash flows amounting to Rs.(-)98.08 lacs (Previous Year Rs.(-)60.05 lacs), for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of the subsidiaries viz. LICHFL Care Homes Ltd., LICHFL Financial Services Ltd., LICHFL Trustee Company Pvt. Ltd. and LICHFL Asset Management Company Ltd. is based solely on the report of the other auditors.
4. In the case of associate, viz. LIC Nomura Mutual Fund Asset Management Company Ltd. which has been accounted for based on the equity method, which reflect the Group's share of profits upto March 31, 2012 of Rs.2856.26 lacs (Previous Year Rs.2521.41 lacs) and the Group's share of profits for the year then ended of Rs.334.85 lacs (Previous Year Rs.(-)1776.75 lacs) figures used for the preparation of the consolidated

financial statements of the Group are based solely on the unaudited financial statements prepared by the management of LIC Nomura Mutual Fund Asset Management Company Ltd.

5. We report that the consolidated financial statements have been prepared by LIC Housing Finance Limited's management in accordance with the requirements of Accounting Standard (AS) 21 on 'Consolidated Financial Statements' and Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006 (as amended).
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, as referred in paragraph 3 above, and unaudited separate financial statements of associate as referred in paragraph 4 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of LIC Housing Finance Limited Group as at March 31, 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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

Vipul K Choksi
 Partner
 M No. 37606

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

Vineet Saxena
 Partner
 M No. 100770

Place: Mumbai
 Date: April 25, 2012

Consolidated Balance Sheet as at March 31, 2012

(₹ in Lacs)

	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	9,499.63
Reserves and Surplus	2	560,921.33	409,664.93
		571,020.96	419,164.56
Minority Interest		8.47	5.04
Non Current Liabilities			
Long Term Borrowings	3	4,651,129.74	3,721,397.28
Other Long Term Liabilities	4	3,642.97	3,406.19
Long Term Provisions	5	62,315.31	46,796.73
		4,717,088.02	3,771,600.20
Current Liabilities			
Short Term Borrowings	6	135,862.14	73,177.96
Trade Payables	7	1,452.22	1,750.93
Other Current Liabilities	8	998,344.26	967,092.60
Short Term Provisions	9	26,949.43	24,192.21
		1,162,608.05	1,066,213.70
Total		6,450,725.50	5,256,983.50
ASSETS			
Non Current Assets			
Fixed Assets	10		
- Tangible Assets		6,797.40	3,750.51
- Intangible Assets		542.52	763.14
- Capital Work In Progress		68.15	347.10
Goodwill on Consolidation		20.52	-
Non-Current Investments	11	17,171.55	17,348.80
Deferred Tax Asset (Net)	12	22,075.54	16,977.67
Long Term Loans & Advances	13	13,343.01	12,612.26
Other Non Current Assets	14	363.75	351.84
		60,382.44	52,151.32
Loans	15		
Non Current Loans		5,793,153.19	4,651,152.16
Current Loans		514,862.00	457,831.41
		6,308,015.19	5,108,983.57
Current Assets			
Current Investments	16	3.20	4.06
Inventories	17	11.77	-
Trade Receivables	18	7,391.94	4,495.58
Cash and Bank Balances	19	32,653.13	58,653.55
Short Term Loans and Advances	20	2,070.89	2,115.51
Other Current Assets	21	40,196.94	30,579.91
		82,327.87	95,848.61
Total		6,450,725.50	5,256,983.50
Significant Accounting Policies and Notes to Accounts	28		

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
Chartered Accountants
FRN 101872W

Vipul K. Choksi
Partner
M.No.37606

Vineet Saxena
Partner
M.No. 100770

D.K. Mehrotra
Chairman

Sushobhan Sarker
Managing Director

S.Ravi
Director

V.K Sharma
Director & Chief
Executive

Place: Mumbai
Date : April 25, 2012

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Surinder Mohan
CFO

Consolidated Profit and Loss for the year ended March 31, 2012

(₹ in Lacs)

	Note No.	March 31, 2012	March 31, 2011
Income			
Revenue from Operations	22	614,182.65	462,842.48
Other Income	23	10,274.86	24,623.64
Total Revenue		624,457.51	487,466.12
Expenses			
Finance Costs (Net)	24	459,106.46	309,770.89
Employee Benefits Expense	25	8,132.63	7,501.34
Depreciation and Amortisation Expense	10	758.97	640.62
Establishment and Other Expenses	26	17,341.00	14,472.15
Provisions / Write offs (Net)	27	15,605.10	26,086.62
Total Expenses		500,944.16	358,471.62
Profit before Tax		123,513.35	128,994.50
Tax expense			
- Current Tax [Refer Note 28(15)]		36,977.73	40,140.58
- Deferred Tax [Refer Note 28(16)]		(5,097.86)	(8,075.56)
Profit after tax (before adjustment of profit/loss of associate and minority interest)		91,633.48	96,929.48
Share of Profit of Associate		334.85	(1,776.75)
Minority Interest		(17.09)	(35.29)
Profit for the Year		91,985.42	95,188.02
Earning per equity share [Refer Note 28(14)]		19.32	20.05
- Basic and Diluted			
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes to Accounts	28		

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
 Chartered Accountants
 FRN 101872W

Vipul K. Choksi
 Partner
 M.No.37606

Vineet Saxena
 Partner
 M.No. 100770

D.K. Mehrotra
 Chairman

Sushobhan Sarker
 Managing Director

S.Ravi
 Director

V.K Sharma
 Director & Chief Executive

 Place: Mumbai
 Date : April 25, 2012

Nitin K. Jage
 General Manager &
 Company Secretary

N.K.Mittal
 General Manager
 Accounts

Surinder Mohan
 CFO

Consolidated Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

Particulars		March 31,2012		March 31,2011
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after tax , share of associate & minority interest	91,985.43		95,188.02	
Add : Provision for tax	31,879.87	123,865.30	32,065.02	127,253.04
Add / (Less) : Adjustment for				
Depreciation and Amortisation	758.97		640.62	
Provisions/ Write offs	15,604.24		26,081.26	
Loss on sale of assets (Net)	3.89		38.60	
Fixed Assets written off	2.72		0.64	
Profit/Loss on sale of investment Long Term	117.25		(16,881.82)	
Provision for contingency written back	0.45		-	
Old and unclaimed amounts written back	-		(75.89)	
Amount realised from Investment written off	-		(155.00)	
Provision for diminution in value of investments	0.86		2.86	
Preliminary Expenses written Off	2.41		6.55	
Income from Investments	(853.46)		(519.85)	
Interest on deposits	(410.50)		(31.35)	
Other Income from investments	(30.57)		(47.96)	
Income from Dividend	(12.13)		(57.35)	
Share Issue Expenses	0.13		37.66	
		15,184.26		9,038.97
Operating Profit before Working Capital Changes		139,049.56		136,292.01
Adjustment for:				
(Increase) in Other Current assets	(17,654.62)		(11,595.70)	
(Increase) in Loans & Advances	(1,092.91)		(811.42)	
Increase/ (Decrease) in Liabilities & Provisions	(68,513.52)		168,436.05	
		(87,261.05)		156,028.93
Cash generated from Operations		51,788.51		292,320.94
Direct taxes Paid		(36,585.28)		(39,861.19)
Net Cash from operations		15,203.23		252,459.75
(Increase) in Housing Loans		(1,198,552.65)		(1,300,238.99)
Net Cash used in operating activities (A)		(1,183,349.42)		(1,047,779.24)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Sale of Investments		394.84		20,673.39
Purchase of Investments		(334.85)		(6,631.15)
Amount realised from the investments written off		-		155.00
Purchase of Fixed Assets (including capital advances)		(3,595.14)		(1,951.27)
Sale of Fixed Assets		3.30		5.84
Income from Investments		853.46		519.85
Income from Dividend		12.13		57.35
Capital work in progress		278.95		-
Interest on deposits		410.50		31.35
Other Income from investments		30.57		47.96
Net Cash used in Investing Activities (B)		(1,946.24)		12,908.32

Consolidated Cash Flow Statement for the year ended March 31, 2012

(₹ in Lacs)

Particulars	March 31,2012	March 31,2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Preferential allotment	600.00	-
Share Premium received from Preferential allotment	80,400.00	-
Proceeds from Secured Loans (Net)	1,185,092.36	968,562.66
Proceeds from Unsecured Loans (Net)	(92,648.76)	71,904.95
Dividend Paid	(16,535.87)	(14,172.39)
Investor Protection Fund	(26.81)	(36.78)
Dividend Tax Paid	(2,697.92)	(2,423.04)
Minority Interest	(17.09)	5.04
Share Issue Expenses Paid	(0.13)	(37.66)
Net Cash generated from Financing Activities (C)	1,154,165.78	1,023,802.78
Net Increase in Cash and Cash Equivalents (A+B+C)	(31,129.88)	(11,068.14)
Cash and cash equivalents at the beginning of the year (a)	56,689.98	67,758.12
Cash and cash equivalents at the end of the year (b)	25,560.10	56,689.98
Net Increase in Cash and Cash Equivalents (b-a)	(31,129.88)	(11,068.14)
Notes:		
1. Cash and Cash Equivalent includes :		
Balance with Banks	24,115.37	27,921.25
Cheques drafts on hand	9,818.77	13,322.57
Cash on Hand	337.10	352.69
Fixed deposits with Bank	1,685.00	174.19
Investment in Mutual Fund Units (Highly liquid)	121,595.42	124,178.20
Temporary Book Overdraft	(131,991.56)	(109,258.92)
Total Cash & Cash Equivalent	25,560.10	56,689.98

- The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements notified under Companies (Accounting Standards) Amendment Rules, 2011.
- Fixed Deposit with Banks includes ₹ 4296.23 lacs (Previous Year ₹ 1620.99 lacs) kept with designated banks for repayment to public deposit holders. The Company has the complete beneficial interest on the income earned from these deposits.

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi
Chartered Accountants
FRN 101872W

Vipul K. Choksi
Partner
M.No.37606

Vineet Saxena
Partner
M.No. 100770

D.K. Mehrotra
Chairman

Sushobhan Sarker
Managing Director

S.Ravi
Director

V.K Sharma
Director & Chief
Executive

Place: Mumbai
Date : April 25, 2012

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Surinder Mohan
CFO

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012**NOTE 1**

(₹ in Lacs)

SHARE CAPITAL	As at March 31, 2012	As at March 31, 2011
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	15,000	15,000
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2 each (Previous Year 474,663,000 Equity Shares of ₹ 2 each) fully paid up	10,093.26	9,493.26
Add: Forfeited shares as per Note.1 (b) below	6.37	6.37
	10,099.63	9,499.63

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

Equity Shares	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	474,663,000	9,493.26	474,663,000	9,493.26
Add: Issued during the year [Refer Note 28(7)]	30,000,000	600.00	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	504,663,000	10,093.26	474,663,000	9,493.26

(₹ in Lacs)

Note.1(b): Forfeited Shares	As at March 31, 2012	As at March 31, 2011
Amount received on forfeited shares	6.37	6.37
	6.37	6.37

NOTE 2

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2012	As at March 31, 2011
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Reserve		
Opening Balance	91,708.55	90,128.55
Add: Credited on account of preferential share issue	80,400.00	-
Share in the Security Premium of LIC Nomura Asset Management Co. Ltd.	-	1,580.00
Closing Balance	172,108.55	91,708.55
(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, 2012

(₹ in Lacs)

RESERVES AND SURPLUS	As at March 31, 2012	As at March 31, 2011
(d) Special Reserve - II		
In terms of section 36(1)(Viii) of income-tax act, 1961 and Section 29C of National Housing Bank Act, 1987 (Upto financial year 1997-98)		
Opening Balance	145,449.01	119,249.01
Add: Current Year Transfer	24,500.00	26,200.00
Closing Balance	169,949.01	145,449.01
(e) General Reserve		
Opening Balance	113,368.26	80,944.81
Less: Opening Adjustment	-	(2,576.55)
Add: Current Year Transfer	30,000.00	35,000.00
Closing Balance	143,368.26	113,368.26
(f) Surplus		
Opening balance	55,193.18	40,516.28
Add: Net Profit for the current year	91,985.42	95,188.02
Less: Appropriations		
Proposed Dividend	18,167.87	16,613.20
Tax on Dividend	2,961.15	2,697.92
Transfer to General Reserve	30,000.00	35,000.00
Transfer to Special Reserve - II	24,500.00	26,200.00
Closing Balance	71,549.58	55,193.18
	560,921.33	409,664.93

NOTE 3

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures	2,583,500.00	623,100.00	2,052,900.00	428,525.00
(b) Zero Coupon Debentures	28,500.00	-	-	110,000.00
Less : Discount not written off	-	-	-	(2,417.68)
	28,500.00	-	-	107,582.32
(c) Term loans				
From banks	1,553,298.14	98,999.67	1,163,937.65	68,924.00
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	36,031.14	17,463.58	53,491.49	21,351.00
(e) Other loans and advances				
National Housing Bank (Refinance)	130,125.13	54,135.58	117,535.41	35,814.00
Unsecured				
(a) Non-Convertible Debentures	-	-	-	50,000.00
(b) Bonds:				
(i) Subordinate Bonds	150,000.00	-	150,000.00	-
(ii) Upper Tier II Bonds	150,000.00	-	150,000.00	-

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012

(₹ in Lacs)

LONG TERM BORROWINGS	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
(c) Deposits:				
Public Deposit	19,675.33	6,234.17	14,904.10	9,511.72
(d) Loan and advances from related party:				
Life Insurance Corporation of India		21,802.01	18,628.63	
	4,651,129.74	821,735.01	3,721,397.28	721,708.04

NOTE 4

(₹ in Lacs)

OTHER LONG TERM LIABILITIES	As at March 31, 2012	As at March 31, 2011
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	1,685.97	2,117.86
(b) Sundry Deposit Repayable	841.71	821.00
(c) Interest Accrued but not due on Borrowings	1,087.80	439.59
(d) Other Liabilities	27.49	27.74
	3,642.97	3,406.19

NOTE 5

(₹ in Lacs)

LONG TERM PROVISIONS	As at March 31, 2012	As at March 31, 2011
(a) Provision for Employee Benefits [Refer Note 28(10)]	1,104.81	977.44
(b) Others	-	-
(i) Provision for Contingencies [Refer Note 28(6)]	1,177.07	1,166.34
(ii) Provision for Housing loans	60,019.63	44,639.15
(iii) Provision for Investment Diminution	13.80	13.80
	62,315.31	46,796.73

NOTE 6

(₹ in Lacs)

SHORT TERM BORROWINGS	As at March 31, 2012	As at March 31, 2011
Secured		
Loans repayable on demand:		
Line of Credit from Banks	130,000.00	20,000.00
Unsecured		
(a) Public Deposit	1,012.90	163.37
(b) Commercial Paper	5,000.00	53,500.00
Less: Discount not written off	(150.76)	(485.41)
	4,849.24	53,014.59
	135,862.14	73,177.96

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012

NOTE 7

(₹ in Lacs)

TRADE PAYABLES	As at March 31, 2012	As at March 31, 2011
(a) Micro, Small and Medium Enterprises	-	-
(b) Others	1,452.22	1,750.93
	1,452.22	1,750.93

NOTE 8

(₹ in Lacs)

OTHER CURRENT LIABILITIES	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of Long-Term Debt (Refer Note 3)	821,735.01	721,708.04
(b) Interest accrued but not due on loans and public deposits	161,091.84	109,575.50
(c) Unamortized Gain Unamortized one time gain on termination of SWAP contracts	431.88	537.76
(d) Payable on account of Swap Floating interest rate payable on Swap Fixed interest rate receivable on Swap	12,427.24 (10,768.23)	9,053.41 (8,888.56)
	1,659.01	164.85
(e) Unpaid dividend*	374.67	324.13
(f) Unpaid Deposits	735.05	1,554.37
(g) Statutory Dues Payable	225.02	236.19
(h) Deposits against flat booking	3,934.22	-
(i) Payable to related parties [Refer Note 28(12)]	1,125.76	127,182.50
(j) Other Payables	7,031.80	5,809.26
	998,344.26	967,092.60

*There are no amount due for payment to the Investor Education and Protection Fund as at the year end

NOTE 9

(₹ in Lacs)

SHORT TERM PROVISIONS	As at March 31, 2012	As at March 31, 2011
(a) Provision for Employee Benefits	1,294.72	1,058.58
(b) Others (i) Proposed Dividend (ii) Tax on Dividend (iii) Provision for Housing Loans [Refer Note 28(4)] (iv) Provision for Contingencies [Refer Note 28(6)]	18,167.87 2,961.15 4,436.84 88.85	16,613.21 2,697.92 3,733.65 88.85
	26,949.43	24,192.21

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012**Note No. 10 – FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	As at April 01, 2011	Additions/ Adjustments	Deductions/ Adjustments	As at March 31, 2012	As at April 01, 2011	For the Year	Deductions/ Adjustments	As at March 31, 2012	As at March 31, 2011
Tangible Assets									
Land	4.32	-	-	4.32	-	-	-	4.32	4.32
Freehold Land	575.25	-	-	575.25	-	-	-	575.25	575.25
Building	1408.46	3189.86	-	4598.32	153.18	59.15	-	4385.99	1255.28
Lease Hold Improvements	1119.93	37.82	-	1157.75	705.26	158.58	-	293.91	414.67
Furniture & Fixtures	965.20	49.83	20.08	994.95	618.07	60.66	15.18	331.40	347.13
Vehicles	47.09	-	0.02	47.07	13.50	4.44	0.02	29.15	33.59
Office Equipment	759.46	31.81	13.46	777.81	305.34	36.24	9.25	445.48	454.12
Others									
Computers	2258.90	273.80	22.17	2510.53	1592.75	207.25	21.37	731.90	666.15
Total	7138.62	3583.12	55.73	10666.01	3388.10	526.32	45.82	6797.40	3750.51
Previous Year	6837.36	364.19	59.70	7141.85	2929.73	473.33	14.62	3388.44	
Intangible Assets									
Software	1328.45	12.03	-	1340.48	565.31	232.65	-	542.52	763.14
Total	1328.45	12.03	-	1340.48	565.31	232.65	-	542.52	763.14
Previous Year	995.23	329.98	-	1325.21	397.69	167.28	-	564.97	
Capital Work In Progress									
Total	347.10	43.81	322.76	68.15	-	-	-	68.15	347.10
Total	347.10	43.81	322.76	68.15	-	-	-	68.15	347.10
Previous Year	233.15	113.95	-	347.10	-	-	-	-	
Grand Total	8814.16	3638.96	378.49	12074.63	3953.41	758.97	45.82	7408.07	4860.75
Previous Year	8065.74	808.12	59.70	8814.16	3327.42	640.61	14.62	3953.41	

(₹ in Lacs)

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012

NOTE 11

(₹ in Lacs)

NON CURRENT INVESTMENTS	As at March 31, 2012	As at March 31, 2011
Other Non-trade Investments		
<i>(Long Term Investments)(At Cost)</i>		
(a) Investment in Equity instruments	0.16	0.16
(b) Investment in Associate Company		
LIC Nomura Mutual Fund Asset Management Company Ltd.	220.00	220.00
Add: Adjustment for post-acquisition share of profit	2,856.26	2,521.41
	3,076.26	2,741.41
(c) Investments in Government Securities	10,656.50	10,656.50
(d) Investments in Debentures	13.80	13.80
(e) Other non-current investments		
(i) Real Estate Venture Fund	3,401.14	3,901.41
(ii) Mortgage Backed Pass Through Certificates - Class B	23.69	35.52
	3,424.83	3,936.93
	17,171.55	17,348.80

NOTE 12

(₹ in Lacs)

DEFERRED TAX ASSETS (NET) [Refer Note 28(16)]	As at March 31, 2012	As at March 31, 2011
(a) Deferred tax assets	22,367.19	17,270.27
(b) Deferred tax liabilities	(291.65)	(292.60)
	22,075.54	16,977.67

NOTE 13

(₹ in Lacs)

LONG TERM LOANS AND ADVANCES <i>Unsecured, considered good</i>	As at March 31, 2012	As at March 31, 2011
(a) Capital Advance	1,453.76	1,359.21
(b) Deposits	604.71	543.70
(c) Tax Paid under Protest	11,284.54	10,709.35
	13,343.01	12,612.26

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012**NOTE 14**

(₹ in Lacs)

OTHER NON CURRENT ASSETS	As at March 31, 2012	As at March 31, 2011
(a) Loan against Public Deposit	2.40	2.40
(b) Advances to employees	353.56	325.64
(c) Fixed Deposit with Bank	-	13.59
(d) Preliminary Expenses	7.79	10.21
	363.75	351.84

NOTE 15

(₹ in Lacs)

LOANS (SECURED) [Refer Note 27(5)]	As at March 31, 2012		As at March 31, 2011	
	Non Current	Current	Non Current	Current
(a) Individuals	5,664,135.19	325,325.64	4,412,005.36	261,068.34
(b) Others	129,018.00	189,536.36	239,146.80	196,763.07
	5,793,153.19	514,862.00	4,651,152.16	457,831.41

NOTE 16

(₹ in Lacs)

CURRENT INVESTMENTS <i>At Lower of cost or market value</i>	No. of Shares / Units		As at March 31, 2012	As at March 31, 2011
	March 31, 2012	March 31, 2011		
(a) Investment in Equity instruments				
Aptech Limited	4,134	4,134	3.20	4.06
(b) Investment in Mutual Funds - Highly liquid investments			121595.42	124178.2
Less: Considered as cash and cash equivalents (Refer Note 19)			(121595.42)	(124178.20)
			-	-
			3.20	4.06

NOTE 17

(₹ in Lacs)

INVENTORIES	As at March 31, 2012	As at March 31, 2011
Work In Progress	11.77	-
	11.77	-

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012

NOTE 18

(₹ in Lacs)

TRADE RECEIVABLES <i>Secured, considered good</i>	As at March 31, 2012	As at March 31, 2011
For a period exceeding six months	514.57	-
Others	6,877.37	4,495.58
	7,391.94	4,495.58

NOTE 19

(₹ in Lacs)

CASH AND BANK BALANCES	As at March 31, 2012	As at March 31, 2011
(a) Cash and Cash Equivalents		
Balance with Banks*	24,115.37	27,921.25
Cheques, drafts on hand	9,818.77	13,322.57
Cash on hand	337.10	352.69
Fixed Deposits with Banks**	1,685.00	174.19
Mutual Fund - Highly Liquid Investments (Refer Note No 16)	121,595.42	124,178.20
Temporary book overdraft	(131,991.56)	(109,258.92)
(b) Other Bank Balances		
Fixed Deposits with Banks**#	7,093.03	1,963.57
	32,653.13	58,653.55

*Balance with Banks includes unclaimed dividend of ₹ 374.67 Lacs (Previous Year ₹ 324.13 Lacs)

**Fixed Deposits with Banks includes earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 2561.40 Lacs (Previous Year ₹ 1607.40 Lacs) and ₹ 398.18 Lacs (Previous Year ₹ 356.17 Lacs) created for excess sale proceeds recovered under SARFAESI

#Fixed Deposits with Banks with maturity of more than twelve months is Nil (Previous Year ₹ 13.59 Lacs) (Refer Note 14)

NOTE 20

(₹ in Lacs)

SHORT-TERM LOANS AND ADVANCES	As at March 31, 2012	As at March 31, 2011
Others		
(i) Loans and advances to Employees	163.85	127.09
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	830.68	549.51
Doubtful	42.04	24.78
Less: Provision for Doubtful	(24.33)	(24.78)
	848.39	549.51

Notes Forming Part of Consolidated Balance Sheet as at March 31, 2012

(₹ in Lacs)

SHORT-TERM LOANS AND ADVANCES	As at March 31, 2012	As at March 31, 2011
(iii) Security Deposits (Secured, considered good)	19.96	7.75
(iv) Advance tax and tax deducted at source (Net of provision for tax)	1,038.69	1,431.16
	2,070.89	2,115.51

NOTE 21

(₹ in Lacs)

OTHER CURRENT ASSETS	As at March 31, 2012	As at March 31, 2011
Interest Accrued but not due on		
(i) Housing loan	39,689.83	30,227.67
(ii) Investments	22.32	28.33
(iii) Fixed Deposits with Banks	482.38	321.50
(iv) Preliminary Expenses	2.41	2.41
	40,196.94	30,579.91

Notes Forming Part of Consolidated Profit & Loss Account

as at March 31, 2012

NOTE 22

(₹ in Lacs)

REVENUE FROM OPERATIONS	March 31, 2012	March 31, 2011
(a) Interest Income:		
Interest on Housing Loans (Tax deducted at source ₹ 5,433.38 Lacs Previous year ₹ 5,828.10)	598,268.79	446,965.56
(b) Other Financial Services:		
(i) Processing Fees and other charges received	16,266.15	17,864.79
Less: Processing fees and other charges paid	(3,048.90)	(2,854.65)
	13,217.25	15,010.14
(ii) Other Operating income	2,696.61	866.78
	614,182.65	462,842.48

NOTE 23

(₹ in Lacs)

OTHER INCOME	March 31, 2012	March 31, 2011
(a) Other Interest Income		
(i) Interest received on Bank Deposit / Certificate of deposit (Tax deducted at source ₹ 52.77 Lacs Previous Year ₹ 11.51 Lacs)	410.50	31.34
(ii) Interest on Investments	833.54	486.68
	1,244.04	518.02
(b) Dividend [Includes Dividend on Current Investments amounting to ₹0.17 lacs (Previous Year ₹ 0.04 lacs)]	12.13	57.35
(c) Profit on sale of Investments*	7,753.68	22,878.89
(d) Others Non Operating Income		
(i) Residual Income on PTC B	19.92	33.17
(ii) Miscellaneous Income (Tax deducted at source ₹ 18.13 Lacs Previous year ₹ 16.93 Lacs)	1,220.61	1,136.21
(iii) Interest Received on Mobilisation of advance	24.48	-
	1,265.01	1,169.38
	10,274.86	24,623.64
*Profit on sale of Investment		
Current Investments	7,870.93	5,997.50
Long Term Investments	(117.25)	16,881.39
	7,753.68	22,878.89

Notes Forming Part of Consolidated Profit & Loss Account

as at March 31, 2012

NOTE 24

(₹ in Lacs)

FINANCE COST	March 31, 2012	March 31, 2011
(a) Interest Expense		
(i) On Terms Loans	166,124.02	94,951.46
(ii) On Commercial Papers	1,472.53	4,475.80
(iii) On Debentures / Bonds	285,414.36	206,798.75
(iv) On Public Deposits	2,796.53	2,735.84
(b) Other Borrowing cost		
(i) Other Finance Charges	479.23	389.51
(ii) Interest payable from Swaps (Net)	2,819.79	419.53
	459,106.46	309,770.89

NOTE 25

(₹ in Lacs)

EMPLOYEES BENEFITS EXPENSES	March 31, 2012	March 31, 2011
(a) Salaries and Bonus	6,548.97	5,859.65
(b) Contributions to Provident & Other Funds	858.15	959.69
(c) Staff welfare expenses	725.51	682.00
	8,132.63	7,501.34

NOTE 26

(₹ in Lacs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2012	March 31, 2011
(a) Rent, rates and taxes	1,941.21	1,534.30
(b) Repairs and maintenance - building	15.35	15.56
(c) Repairs and maintenance - others	98.20	98.54
(d) Travelling and conveyance	491.24	428.49
(e) Directors sitting fees	11.48	12.18
(f) Advertisement & Publicity expenses	1,189.63	1,207.31
(g) Competition Prizes & Conference Expenses	256.84	278.30
(h) Printing and stationery	305.69	282.81
(i) Postage, telephones and telex	716.98	672.41
(j) Computer Expenses	287.10	218.14
(k) Legal and professional fees:		
(i) Payment to Auditors	49.81	49.11
(ii) Other Professional fees	211.64	42.15

Notes Forming Part of Consolidated Profit & Loss Account

as at March 31, 2012

(₹ in Lacs)		
ESTABLISHMENT AND OTHER EXPENSES	March 31, 2012	March 31, 2011
(l) Electricity expenses	358.89	339.60
(m) Insurance	11.12	7.30
(n) Loss on sale of assets (Net)	3.89	38.60
(o) Fixed Assets written off	2.72	0.64
(p) Service Charges for Safe Custody of Documents	181.92	132.93
(q) Listing Fees and Payment to Share Transfer Agents	28.61	14.43
(r) Commission and Brokerage	9,617.95	8,454.60
(s) Share issue Expenses (QIP issue) / Expenses for Split of Shares	0.13	37.66
(t) Recovery Expenses (Net)	(272.79)	(51.72)
(u) Prior Period Items (Net)	(10.52)	(22.54)
(v) Preliminary Expenses written off	2.41	6.55
(w) Miscellaneous expenses	1,841.50	674.80
	17,341.00	14,472.15

NOTE 27

(₹ in Lacs)		
PROVISIONS / WRITE OFFS (NET)	March 31, 2012	March 31, 2011
Housing loans written off	2.97	63.15
Provision for diminution in value of current investment	0.86	2.86
Provision for Housing Loans	16,083.67	26,693.75
Less :		
Housing loans written off recovered	(481.95)	(669.36)
Provisions for Contingency written back	(0.45)	(3.78)
	15,605.10	26,086.62

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

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 associates, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
 - a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011.
 - b) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011.
 - c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
 - d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements except for accounting policy followed by the four subsidiaries namely, LICHFL Care Homes Limited, LICHFL Financial Services Ltd., LICHFL Asset Management Company Ltd. and LICHFL Trustee Company Private Ltd. for amortization of preliminary expenses incurred by the said subsidiaries after April 1, 2003 over a period of ten years as against charging off of such expenses to the Profit and Loss Account by the Company.
 - e) The audited financial statements of the subsidiaries and unaudited financial statements of associates are considered for the purpose of consolidation and are drawn upto March 31, 2012. The reporting period of these financial statements is same as the reporting period of the Company.
2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Amendment Rules, 2011, the carrying amounts of investments in Associates is adjusted for post acquisition change in the Company's share in the net assets of the associates after eliminating unrealized profits or losses, if any.
3. The consolidated financial statements of LIC Housing Finance Limited, its subsidiaries and associate company have been prepared in accordance with Accounting Standard (AS-21) 'Consolidated Financial Statements' and Accounting Standard (AS-23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the Companies (Accounting Standards) Amendment Rules, 2011.

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%	90.00%	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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

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

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

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

b. Use of Estimates

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

c. Revenue recognition

Interest on Housing Loans

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

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

Income from Investments

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

Other Income

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

d. Fixed Assets

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

e. Depreciation

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

f. Impairment Loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net

Notes Forming Part of Consolidated Financial Statements

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selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g. Intangible Assets

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

h. Investments

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

i. Employee Benefits

Provident Fund

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

Gratuity

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

Leave Benefits

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

j. Foreign Currency Transactions

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

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

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

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

k. Derivative Transactions

Derivative transactions are considered off Balance Sheet items and the outstanding swap trades are disclosed at the fair value on the reporting date. The carry (difference between coupon rate liability and swap contract rate) is accounted on an

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

accrual basis and the same is adjusted against the interest cost of the underlying liability. Gain realized on early termination of swap is amortized over the balance tenure of the swap or underlying liability whichever is less. Loss if any on early termination is charged to revenue in the same year.

i. Borrowing costs

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

m. Zero Coupon Instrument

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

n. Income Taxes

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

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

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

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

o. Provision for non-performing assets (NPA)

All loans and other credit exposures, where the installments are overdue for ninety days & above are classified as NPA. Provision is made in respect of NPA in accordance with the Prudential Norms as per 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. [Refer Note 28(4)]

p. Provisions and Contingencies

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

q. Leases

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

r. Securitised Assets

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

Securitised Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets. Credit Enhancement provided by the Company by way of investments in subordinate Class B Pass Through Certificates is included as other non current investment under Note 11 (Non-current investments).

Notes Forming Part of Consolidated Financial Statements

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NOTES TO ACCOUNTS

1. Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance) are ₹ 5522.43 Lacs (Previous Year ₹ 150.00 Lacs).
2. **Contingent liabilities in respect of :**
 - a) Corporate Undertaking of ₹ 1435.00 Lacs (Previous year ₹ 1435.00 Lacs) for Securitization transactions.
 - b) Claims against the group not acknowledged as debts ₹ 15.04 Lacs (Previous Year ₹ 8.38 Lacs).
 - c) The Company has received a demand of ₹ 1145.56 Lacs, ₹ 1122.06 Lacs (including interest of ₹ 88.99 Lacs), ₹ 347.76 Lacs (including interest of ₹ 20.39 Lacs), ₹ 2217.31 Lacs (including interest of ₹ 721.90 Lacs), ₹ 35,71.94 Lacs (including interest of ₹ 667.94 Lacs), ₹ 2385.58 Lacs (including interest of ₹ 138.71 Lacs) and ₹ 1503.40 Lacs (including interest of ₹ 633.94 Lacs) on completion of income tax assessment for the assessment years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.
3. (i) Retail / Project Loans are secured, wholly or partly, by any or all of the following as applicable, based on their categorization :
 - a) Equitable / Registered Mortgage of Property
 - b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank
 - c) Assignment of Lease Rent Receivables
 - d) Company guarantees or personal guarantees
 - e) Negative lien
 - f) Undertaking to create a security(ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.
4. During the year, pursuant to the NHB Circulars dated August 5, 2011 and January 19, 2012 on provisioning norms, the Company had undertaken review of its provisioning policy on loans and *inter-alia* reassessed the identification, classification & provisioning on the loans for the current financial year. Based on this, the Company has aligned its provisioning policy with the extant guidelines and resultantly reversed excess provision over the NHB norms. Had the provisioning policy of the preceding year been continued, the profit before tax for the year ended March 31, 2012 would have been lower by ₹ 11704.33 Lacs.
5. Housing Loans include loans amounting to ₹ 2246.22 Lacs (Previous year ₹ 939.49 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. Of this, fair value of the assets possessed, against the loans of ₹ 5.48 Lacs (Previous year ₹ 114.27 Lacs), is not available as at March 31, 2012. The balance loans amounting to ₹ 2240.73 Lacs (Previous year ₹ 825.21 Lacs), have fair value of ₹ 2080.89 Lacs (Previous year ₹ 781.01 Lacs), being lower of the fair value of the asset possessed and the outstanding due under the loans as at March 31, 2012.
6. **Provision for contingencies includes:**
 - a) Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

- b) Provision for probable loss on account of bank reconciliation differences.

The movement in Provisions is as below:

(₹ in Lacs)

Particulars	Provision for un tapped corporate undertaking	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	1,166.34	88.85
	(1,202.88)	(88.85)
Add: Top up of Corporate Undertaking	23.61	-
	(-)	(-)
Less: Amounts utilized during the year	(12.88)	-
	(36.54)	(111.15)
Closing balance	1,177.07	88.85
	(1,166.34)	(88.85)

Figures in bracket are in respect of the previous year.

7. Pursuant to the shareholder's approval in the Extraordinary General Meeting held on March 5, 2012, the Company had allotted 30,000,000 equity shares of face value of ₹ 2/- each at a premium of ₹ 268/- per share aggregating to ₹ 81,000/- Lacs to Life Insurance Corporation of India, promoter of the Company on a Preferential basis under lock-in period of three years. The said issue was made under chapter VIII of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 as amended.

8. **Prior period items include:**

(₹ in Lacs)

Particulars	Current Year	Previous Year
Income		
Interest Income on Housing Loans	18.22	24.32
Expenditure		
Miscellaneous Expenses	(7.69)	(1.78)
Net Income	10.53	22.54

9. **Derivative instruments:**

- a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 134,600.00 Lacs (Previous year ₹ 114,600.00 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, 2012 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 199,600.00 Lacs (Previous year ₹ 179,600.00 Lacs). The fair value of all such Swaps as at March 31, 2012 was unfavorable to the extent of ₹ 24,130.27 Lacs (Previous year ₹ 19,136.00 Lacs).

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

Gratuity Liability

(₹ in Lacs)

Changes in the Benefit Obligation	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the Beginning of the year	1,309.88	915.83	655.66	507.50	422.62
Interest Cost	104.79	73.27	54.68	43.29	35.28
Current Service Cost	94.53	83.17	56.11	47.05	35.45
Past Service Cost		101.74	-	-	-
Benefit Paid	(74.60)	(18.71)	(12.56)	(26.96)	(34.27)
Actuarial Loss on obligations	82.40	154.58	161.94	84.79	48.42
Liability at the end of the year	1,517.00	1,309.88	915.83	655.66	507.50
Fair Value of the Plan Assets	2011-12	2010-11	2009-10	2008-09	2007-08
Fair Value of Plan Assets at the beginning of the year	1,385.61	639.78	570.86	463.65	372.03

Notes Forming Part of Consolidated Financial Statements

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(₹ in Lacs)

Expected Return on Plan Assets	110.85	51.18	47.45	43.36	35.82
Contributions	247.18	699.33	28.56	91.77	92.81
Benefit paid	(74.60)	(18.71)	(12.56)	(26.96)	(34.27)
Actuarial Gain / (Loss) on Plan Assets	17.84	14.03	5.47	(.97)	(2.74)
Fair value of Plan Assets at the end of the year	1,686.87	1,385.61	639.78	570.86	463.65
Total Actuarial Loss to be Recognized	64.56	(140.55)	(156.48)	(85.76)	(51.16)

Actual Return on Plan Assets:	2011-12	2010-11	2009-10	2008-09	2007-08
Expected Return on Plan Assets	110.85	51.18	47.45	43.36	35.82
Actuarial Gain / (Loss) on Plan Assets	17.84	14.03	5.47	(.97)	(2.74)
Actual Return on Plan Assets	128.69	65.21	52.92	42.39	33.08

Amount Recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the end of the year	1,517.00	1,309.88	915.83	655.66	507.50
Fair Value of Plan Assets at the end of the year	1,686.87	1,385.61	639.78	570.86	463.65
Amount recognized in the Balance Sheet	169.87*	75.73*	(276.05)	(84.80)	(43.84)

**Restricted to NIL*

Expense Recognized in the Profit and Loss Account:	2011-12	2010-11	2009-10	2008-09	2007-08
Current Service Cost	94.53	83.17	56.11	47.05	35.45
Interest Cost	104.79	73.27	54.68	43.29	35.28
Expected Return on Plan Assets	(110.85)	(51.18)	(47.45)	(43.36)	(35.82)
Net Actuarial Loss to be recognized	64.56	140.55	156.48	85.76	51.16
Past Service Cost	-	101.74	-	-	-
Expense recognized in the Profit and Loss Account under staff expenses	153.03	347.55	219.81	132.73	86.06

Reconciliation of the Liability recognized in the Balance Sheet:	2011-12	2010-11	2009-10	2008-09	2007-08
Opening Net Liability	(75.73)	276.05	84.80	43.84	50.59
Expense recognized	153.03	347.55	219.81	132.73	86.06
Contribution by the Company	(247.18)	699.33	28.56	91.77	92.81
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	(169.87) *	(75.73)*	276.05	84.80	43.84

**Restricted to NIL*

Experience Adjustments					
On Plan liability (Gains)/Losses	124.29	234.38	214.97	Not Available	Not Available
On Plan Assets (Losses)/Gains	17.84	14.03	5.47	Not Available	Not Available

Plan Assets

Insurer Managed Funds*	1686.87	1,385.61	639.78	-	-
*% to the total fair value of plan assets	100%	100%	100%	-	-

Assumptions	2011-12	2010-11	2009-10	2008-09	2007-08
Discount Rate	8.25%	8.25%	8.00%	7.75%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%	8.00%	8.00%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.00%

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

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2012 is ₹ 106.17 Lacs (Previous Year ₹ 126.30 Lacs).

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

Leave Encashment					
(₹ in Lacs)					
Changes in the Benefit Obligation	2011-12	2010-11	2009-10	2008-09	2007-08
Liability at the Beginning of the year	1,007.68	857.44	548.47	543.17	466.78
Interest Cost	83.13	68.59	45.57	75.04	39.51
Current Service Cost	68.96	57.93	39.48	394.80	27.14
Benefit Paid	-	-	-	-	-
Actuarial (Gain) / Loss on obligations	3.28	23.72	223.93	(464.54)	9.73
Liability at the end of the year	1,163.06	1,007.68	857.44	548.47	543.17
Amount Recognized in the Balance Sheet:					
Liability at the end of the year	1,163.06	1,007.68	857.44	548.47	543.17
Fair Value of Plan Assets at the end of the year	-	-	-	-	-
Amount recognized in the Balance Sheet	(1,163.06)	(1,007.68)	(857.44)	(548.47)	(543.17)
Expense Recognized in the Profit and Loss Account:					
Current Service Cost	68.96	57.93	39.48	394.80	27.14
Interest Cost	83.13	68.60	45.57	75.04	39.51
Expected Return on Plan Assets	-	-	-	-	-
Net Actuarial (Gain) / Loss to be recognized	3.28	23.72	223.93	(464.54)	9.73
Expense recognized in the Profit and Loss Account under staff expenses	155.38	150.24	308.98	5.30	76.38
Reconciliation of the Liability recognized in the Balance Sheet:					
Opening Net Liability	1,007.68	857.44	548.47	543.17	466.78
Expense recognized	155.38	150.24	308.97	5.30	76.39
Contribution by the Company	-	-	-	-	-
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1,163.06	1,007.68	857.44	548.47	543.17
Experience Adjustments:					
On Plan Liability (Gains)/Losses	49.80	53.76	278.22		
On Plan Assets (Losses)/Gains	-	-	-		
Assumptions:					
Retirement Age	58 Years	58 Years	58 Years	58 Years	58 Years
Discount Rate	8.75%	8.25%	8.00%	7.75%	8.00%
Salary Escalation	5.00%	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Mortality Table	LIC(1994-96)Ultimate				

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

11. 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

- LICHFL Asset Management Company Limited (Formerly Known as LICHFL Asset Management Company Private Limited), a subsidiary with 94.62% shareholding is engaged in business of managing, advising, administering mutual funds, unit trusts, investment trusts and to act as financial and investment advisors and render financial advisory services.
- LICHFL Trustee Company Private Limited, a wholly owned subsidiary acts as a trustee to venture capital trusts and funds.
- LIC Nomura Mutual Fund Asset Management Company Limited (Formerly Known as LIC Mutual Fund Asset Management Company Ltd.), an associate acts as asset manager for LIC Nomura Mutual Fund.

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

12. Related party disclosure:

a) Details of related parties:

Sr. No.	Name of the related party	Nature of relationship
1.	Life Insurance Corporation of India	Enterprise having significant influence
2.	LIC Nomura Mutual Fund Asset Management Company Limited	Associate
3.	Mr. V.K. Sharma, Director and Chief Executive	Key Management Personnel
4.	Mr. H. C. Mishra, Director and Chief Executive of LICHFL Care Homes Ltd	Key Management Personnel

b) Details of transactions with related parties:

Nature of transactions	(₹ in Lacs)	
	Current Year	Previous Year
Life Insurance Corporation of India:		
Preferential Allotment of Equity Shares	81,000.00	-
Issue of non convertible debentures	150,000.00	150,000.00
Repayment of non convertible debentures	50,200.00	80,000.00
Unsecured loans taken	3,173.38	2,948.12
Repayment of Secured loan	21,347.77	27,014.16
Issue of Upper Tier II Bonds	-	100,000.00
Takeover of Housing Loan Portfolio of LIC Employees	-	124,465.99
Interest expenses on Secured and Unsecured loans	93,724.45	76,938.46
Dividend Payment	6,070.49	5,203.27
Advertisement Income received	2.92	2.92
Commission Income received on Insurance Business	48.61	31.69
Consultancy Charges	22.75	14.24
Rent Expenses	281.13	268.43
Reimbursement of Municipal Taxes, etc.	10.45	2.90
Reimbursement of Electricity Expenses	32.27	37.16
Payment for Staff training, Conference, etc.	4.22	2.11
Payments towards Renovation & Repairs	21.82	76.96
Reimbursement of Expenses	1.79	-
Reimbursement of Gratuity for staff on deputation from LIC	20.01	15.54
Year-end Balance (Credit)	1,031,043.78	943,416.13
LIC Nomura Mutual Fund Asset Management Co. Ltd.:		
Dividend Income	-	294.75
Other Income	-	0.20
Interest expenses on NCD	529.05	274.11
Year-end Balance (Credit)	7,000.00	5,000.00

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2012

Nature of transactions	(₹ in Lacs)	
	Current Year	Previous Year
Mr. V. K. Sharma (From 01-12-2010):		
Managerial remuneration**	25.03	4.58

Mr. R. R. Nair (Upto 29-11-2010):		
Managerial remuneration	-	17.04

*During the year investment in unsecured convertible debentures & advances given to LICHFL Asset Management Co. Ltd. were converted into fully paid up equity shares of LICHFL Asset Management Co. Ltd. at par (face value of ₹ 10/-).

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

13. Operating Leases:

The group has taken various offices and residential premises on cancellable operating lease basis for periods which range from 11 to 120 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Profit and Loss Account for such premises are ₹ 1700.79 Lacs (Previous year ₹ 1502.16 Lacs).

14. 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	91,985.42	95,188.02
Weighted average number of equity shares outstanding during the year	Nos.	476,220,377	474,663,000
Basic and Diluted Earnings per share	₹	19.32	20.05
Face value per equity share	₹	2.00	2.00

15. 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.

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

Particulars	(₹ in Lacs)	
	Current Year	Previous Year
Deferred Tax Assets:		
Provisions for Housing loans	20,912.91	15,694.56
Provisions for Contingencies	7.89	8.04
Provision for Tapping Corporate Undertaking	381.90	378.25
Unamortized One Time Gain	687.14	861.62
Provision for Employee Benefits	377.35	326.94
Carry Forward Losses	-	0.19
Preliminary Expenses	-	0.67
(A)	22,367.19	17,270.27

Notes Forming Part of Consolidated Financial Statements

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(₹ in Lacs)		
Particulars	Current Year	Previous Year
Deferred Tax Liabilities:		
Related to Fixed Assets	291.65	292.60
(B)	291.65	292.60
Net Deferred Tax Assets	22,075.54	16,977.67
[(A)-(B)]		

17. The financial statements for the year ended March 31, 2011 were prepared as per the then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared in compliance with the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified / regrouped / restated to conform to current year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of the financial statements.

Signatures to Notes 1 to 28

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi
Chartered Accountants
FRN 101872W

Vipul K. Choksi
Partner
M.No.37606

Vineet Saxena
Partner
M.No. 100770

D.K. Mehrotra
Chairman

Sushobhan Sarker
Managing Director

S.Ravi
Director

V.K Sharma
Director & Chief
Executive

Place: Mumbai
Date : April 25, 2012

Nitin K. Jage
General Manager &
Company Secretary

N.K.Mittal
General Manager
Accounts

Surinder Mohan
CFO



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