

ANNUAL REPORT 2016-17

LIC HFL

LIC HOUSING FINANCE LTD



CONTENTS

AT A GLANCE	1
OUR RICH LEGACY	3
FINANCIAL HIGHLIGHTS FY 2016-17	5
CHAIRMAN'S MESSAGE	7
REVIEW BY THE MANAGING DIRECTOR & CEO	9
AWARDS & ACCOLADES	13
MARKET REACH & SERVICING	15
PRODUCT INNOVATION	17
TECHNOLOGY	19
ADVISORY SERVICES	21
CORPORATE INFORMATION	23
BOARD OF DIRECTORS	24
MANAGEMENT DISCUSSION & ANALYSIS	29
DIRECTORS' REPORT	39
REPORT ON CORPORATE GOVERNANCE	83
BUSINESS RESPONSIBILITY REPORT	105
FINANCIAL SECTION	115

DETAILS OF THE ANNUAL GENERAL MEETING

Date : 18th August, 2017

Time: 3.00 PM

Venue : "M. C. Ghia Hall", Bhogilal Hargovindas Building,
4th Floor, 18/20 Kaikhushru Dubash Marg,
Behind Prince of Whales Museum,
Mumbai - 400001.

Where Dreams come HOME

At LIC Housing Finance, we became the front-runners ensuring access to housing finance for home ownership. We are as passionate as ever to help millions of people on their path to owning their own home. We have invested in building our competencies and stay committed to delivering a superior performance every year.

With a strong business foundation, an extensive distribution network, and proven industry expertise, LIC Housing is a warmly respected and trusted financial services company. The Company's proactive investments in technology, diversified resource profile, and wide product portfolio have contributed to LIC Housing earning this reputation.

Going forward, our responsiveness, resourcefulness and responsibility will help us ensure a sustainable growth trajectory. We are confident that we will uphold our place as a leading Housing Finance Company in India, over the course of time.

In a country like India, where millions of people are yet to own their houses,
we are gratified to serve people across the country. **We make their dreams come home.**

AT A GLANCE

Incorporated in 1989, LIC Housing Finance Limited is one of the largest Housing Finance companies in India, with the key objective of providing long-term finance to individuals for the purchase or construction of a house or a flat for residential purposes. The Company also provides finance on an existing property for business or personal needs, and also gives loans to professionals for buying their office space and equipment. The Company also provides finance to persons engaged in the business of construction and the sale of residential properties.

The Company went public in 1994 and since then its stocks are listed and actively traded on the National Stock Exchange (NSE) and Bombay Stock Exchange Limited (BSE). The Company has also launched its GDR in 2004 and its GDS's are listed on Luxembourg Stock Exchange.

Capital Adequacy Ratio
15.64%

Loans Portfolio
₹ 1,44,534 cr.

Networth
₹ 11,077cr.

Gross Revenue
₹ 14,080cr.

Net Profit
₹ 1,931cr.

EPS
₹ 38.26 per share

Sanctions
₹ 43,575cr.

Disbursement
₹ 41,541cr.

Cumulative Disbursements
₹ 2.41 lakh cr.

LIC Housing Finance Limited possesses one of the industry's most extensive marketing network in India with 240 marketing offices. In addition, there are 21 Back Offices spread across the country to conduct the credit appraisal and administrative functions. The Company has set up Representative Offices in Dubai and Kuwait. Today, the Company has a proud group of over 21 lakh prudent home owners who have enjoyed the Company's financial assistance.

Today, the Company has a proud group of over 21 lakh prudent home owners who have enjoyed the Company's financial assistance.

Gross NPA
0.43%

Promoted by the LIC of India in
1989

Gross NPAs in retail loans at
0.20%

Profit making & dividend paying
since 1990

Highest credit ratings
(AAA) since 2002

More than
21 lakh customers
serviced till date

Market capitalisation more than
₹ 31,069.57 cr.
As on 31st March, 2017

28
Years in Business

OUR RICH LEGACY

1989

INCORPORATION
of LICHFL

LENDING COMMENCES
from first office in Delhi

1994

IPO
of ₹ 120 crore

1999

10 YEARS
completed

2000

PARTICIPATED
in the first MBS transaction in India

2001

FIRST SUBSIDIARY
LICHFL Care Homes Limited incorporated

CREDIT RATING (AAA)

2002

DUBAI OFFICE
opened, marking our first overseas presence

MAIDEN ECB
launched

2004

LOAN PORTFOLIO
crosses ₹ 10,000 crore

US$ 29 Mn GDR ISSUE
First HFC to do GDR issue oversubscribed

2006

AUTOMATED SCOREBOARD
introduced in appraisal of home loans

2007

SECOND SUBSIDIARY
incorporated - LICHFL Financial Services Limited

2008

LOAN PORTFOLIO
crosses ₹ 25,000 crore

THIRD SUBSIDIARY
incorporated - LICHFL Asset Management Company Limited

2009

QIP of US$ 135 Mn
oversubscribed 6 times

AWARDED
Best HFC in Outlook Money - NDTV

2011

UPGRADATION
to web-based Loan Application & Management System

LOAN PORTFOLIO
crosses ₹ 50,000 crore

2012

RECEIVES AWARD
for best HFC from CNBC - TV18

RECEIVES AWARD
"Best in home Finance" from Construction Industry

2013

"BHAGYALAKSHMI"
launched exclusively for women

2014

LOAN PORTFOLIO
crosses ₹ 90,000 crore

HFC AWARD
Receives Best HFC Award from ABP News

2015

LOAN PORTFOLIO
crosses ₹ 1,00,000 crore

2016

LOAN PORTFOLIO
crosses ₹ 1,25,000 crore

Best Home Loan provider Outlook Money Awards 2015

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

Power Brands Glam 2015-2016

2017

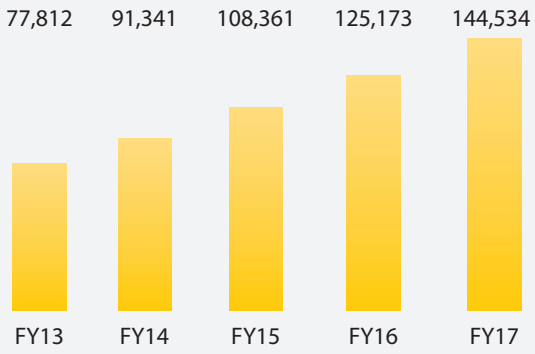
AWARDED
India's Leading Housing Finance Company by Dun & Bradstreet

AWARDED
Housing Finance Company of the year by Outlook Money

FINANCIAL HIGHLIGHTS FY2016-17

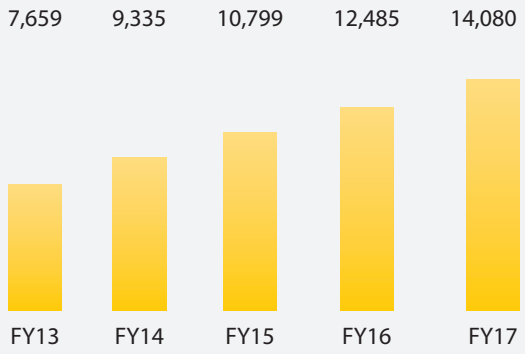
Loan Portfolio (₹ Cr)

17% CAGR



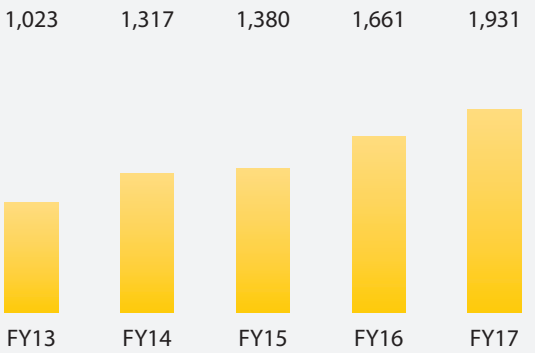
Income (₹ Cr)

16% CAGR

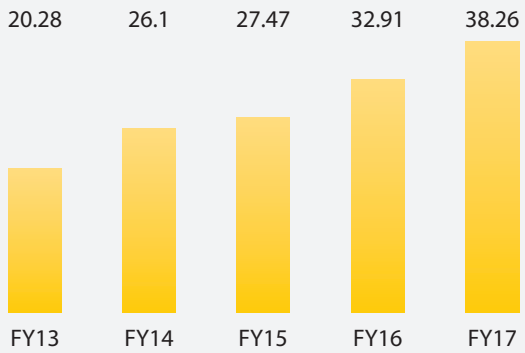


Profit After Tax (₹ Cr)

17% CAGR

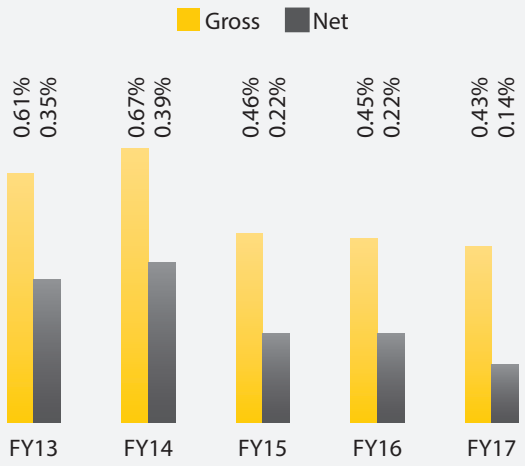


EPS (₹ 2 paid-up)

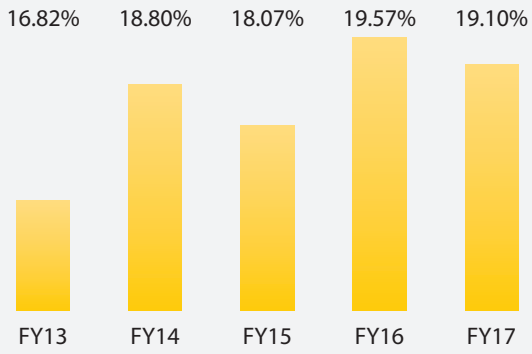


Net Profits ₹ 1931 crore, up by 16%
Total Loan portfolio up by 15% to ₹ 144,534 crore
Individual Loan Portfolio up by 14% to ₹ 139,024 crore
NIMs 2.70% as against 2.52%
Total Gross NPAs 0.43%

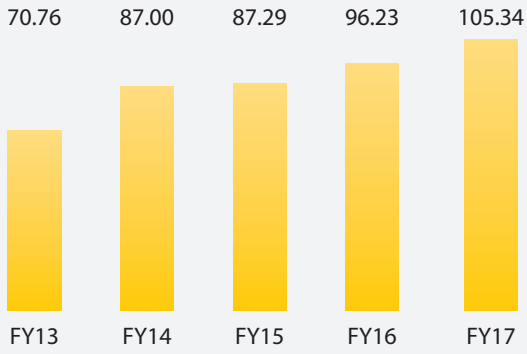
Gross & Net NPAs



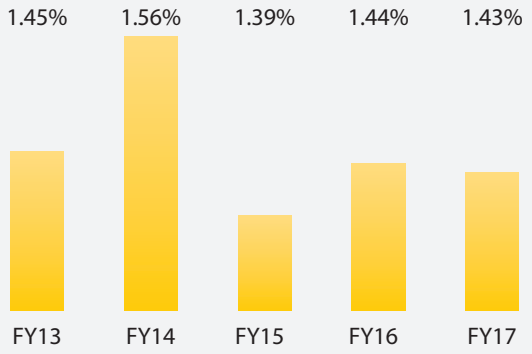
Return on Average Equity



Profit per Employee (₹ Lakh)



Return on Average Loan Assets



Net NPAs 0.14%

Gross NPAs in individual loan portfolio 0.20%

Dividend for the year 310% as against 275%

Cost to NII 16.52% as against 15.59%

CHAIRMAN'S MESSAGE



V. K. SHARMA
Chairman

India is passing through significant positive shifts in terms of income levels, aspirations, living standards and credit awareness. Interestingly, as this side of the sector is strengthening, the government is reinforcing its focus to bridge the gap that still exists in the housing sector. The government is playing a key role in the development of affordable housing sector in India. Under its watchful eyes, the housing sector has been seeing a healthy growth, with transparency and orderliness.

To address the wide unmet housing need of millions of Indians, we offer a disciplined distribution model, product innovation, and operating flexibility. At LIC Housing Finance, we bring to this fast growing sector our deep knowledge and a service mindset directed at enriching the customer experience.

Given the positive push by the government, housing finance is being perceived as the most lucrative sector in the current times, which is elevating the competition within the sector. At LIC Housing Finance, we believe that there is scope for everyone to differentiate and only the most adaptive companies will flourish. With this thought, we plan to leverage our extensive reach in the country to connect with the customer. Digitisation will be used to plug the gaps to enhance customer experience and increase operational efficiency. We will continue to focus on due diligence in line with our policy of 'zero tolerance for non performing assets'.

The impact of this policy has been rightly reflected in the improving asset quality trends of the Company. Our stability in asset quality can be largely attributed to the conservative LTVs, focus on retail home loans, catering predominantly to a salaried class customer base with sufficient collateralised lending.

At LIC Housing Finance, we remain committed to the needs of housing. Our future priorities persist towards expanding our network and visibility to maintain our market leadership position, creating consumer friendly products to target new customer, ensuring access to low-cost and diversified sources of funds, fortifying our operating processes and risk management systems and strengthening our balance sheet to ensure financial flexibility.

It was an honour to take charge as the Chairman of LIC Housing Finance Limited from my illustrious predecessors whose contribution in the success of the Company is inspirational. During the year Mr S.K Roy and Ms Sunita Sharma have exited the Board of Directors. These directors have contributed to the success of the Company. Mr Vinay Shah has assumed charge as the MD and CEO of the Company and has rich experience in the BFSI segment.

Lastly, I would like to express my gratitude to our Board of Directors for their support and guidance. I am also grateful to all our stakeholders who have reposed their trust in us and given us constant support.

Wish Best Wishes,

Mr V. K. Sharma
Chairman

"We are establishing ourselves as a trustworthy, and preferred housing finance institution with a pan-Indian presence"

REVIEW BY THE MANAGING DIRECTOR & CEO



VINAY SAH
Managing Director & CEO

Mr Vinay Sah, Managing Director and CEO of LIC Housing Finance Limited reviews that operational performance of the Company in FY2016-17.

Q **How has the housing finance sector evolved over the years?**

A We believe that there are good times ahead for the housing sector. There are a number of positives, which have come up in the recent past, that will augur immediate as well as future growth prospects for the housing finance industry.

Along with the government's flagship programme of 'Housing for All by 2022', the interest subsidy schemes under the Pradhan Mantri Awas Yojana (PMAY) are fuelling growth of the sector. Furthermore, during the year, Pradhan Mantri Awas Yojana home loan scheme for middle income group (MIG) has been announced by the central government. The government has now included middle-income group under the credit linked subsidy component of the scheme to provide interest subsidy on the housing loans.

The affordable housing segment was also granted the infrastructure status in the Union Budget, 2017-18. This is expected to provide a boost in volume of construction activities across the country and act as a catalyst to meet the objectives of 'Housing to All by 2022'. The credit off take towards affordable segment of housing will lead to creation of supply as developers will now have access to lower cost funding.

The other positive on the regulatory aspect was the introduction of the Real Estate Regulatory Authority (RERA). This will bring in transparency, discipline and reinforce consumer's trust in the sector. It is seen as an act that will safeguard the interest of the home buyer along with timely and quality construction.

Q **How is the Company capitalising on these opportunities?**

A Our focus for the current year persisted around the core home loan space with a major thrust on affordable housing. We advanced in designing the right products that mirrors the government schemes. We believe that affordable housing is set to grow the fastest, given the new schemes of the government's that are bolstering the demand of this segment.

To cater to this segment, we increased our feet on street and grew our distribution channels. We trained and strengthened the quality of our market interface and empowered the people representing us, in line with the housing requirements of millions.

During the year, we have opened two new regional offices with headquarters at Bhopal and Patna.

"We are on a journey from good to great."

REVIEW BY THE MANAGING DIRECTOR & CEO

₹ 41,541 crore
Total Loan Disbursements in FY2017,

15% higher than the previous year.

Q **How would your review the performance of your Company during FY2016-17?**

A The year that just concluded was an eventful year with major local and global events dominating the economy. The impact of demonetisation was witnessed across the country and for some time as it slowed the entire growth of the economy.

However, despite challenging external circumstances, we delivered stellar results across all parameters of performance growth. With nearly three decades of experience in the business, we have experienced different industry cycles and have gained the ability to respond to these sectorial movements, which have been evident in our financial results.

We grew our profit after tax by 16% in FY2017 to ₹ 1,931.05 core. The total loan disbursements for FY 2017 stood at over ₹ 41,541 crore, up by 15% YoY. Our loan portfolio stood at ₹ 1,44,534 crore, with a growth of 15% over the previous year. Our asset quality continued to be one of the best-in-class, true to our commitment to a 'zero tolerance policy to NPAs'. Gross NPAs at the end of FY2017 stood at 0.43%, as against 0.45% in the previous year, while the net NPAs stood at 0.14%, as against 0.22% in FY2016. The lower costs of funds coupled with higher share of high margin business ensured higher margins. The net interest margins for the year stood at 2.70% up from 2.52% in FY2016.

I am pleased to inform you that the Board has recommended a Dividend of 310% at ₹ 6.20 per equity share.

Q **What were the strategic initiatives undertaken by your Company that helped you achieve this result?**

A We were able to retain our market share and profitability amidst the challenging environment by strengthening our organisation through product addition, portfolio restructuring, low cost capital infusion and cost rationalisation. Even as we increased disbursements and assets under management, we focused on protecting the quality of our book.

On the asset side, we had increased our share of high margin business in our portfolio; whereas on the liability front, we re-negotiated with the existing lenders and widened our borrowing profile to mobilise low cost funds.

Q **What were the challenges faced by the Company due to demonetisation?**

A With higher proportion of salaried individuals in our customer base, we are well placed to maintain traction in this segment and were least impacted by demonetisation. Within our customer segment, we predominantly cater to a large number of government employees. The 7th Pay commission-related wage hikes to Central Government employee also provided growth momentum.

Q **What are the reasons for optimism in this business? How is the Company intending to exploit this optimism?**

A Housing reveals a nation's economic growth and social wellbeing. The general optimism in this business stems from the fact that housing is still the basic unmet necessity for millions of citizens in our country.

However, the growing awareness and access to credit, increasing working population, and rising aspirations are expected to boost housing demand. The sustained focus of the government and the tailor-made schemes of HFCs are likely to help further.

We believe the role played by the housing finance segment in India is critical and being a leading housing finance company, we are not just embracing this momentum, but are also contributing to it. As one of India's oldest housing finance companies, we introduced a number of pioneering and forward-looking initiatives that widened the market as opposed to merely catering to it.

Q **What is the long-term vision for the Company?**

A We are long-term players in this business. We have competed 27 years of operations and continue to be one of the largest players growing in size, stature and profitability in the housing finance industry.

Our long-term vision is certainly to be the lender of choice for the customer. We aspire to be the most preferred housing company. We always aim towards transcending the barrier and move ahead in the journey from good to great.

Going forward, we will continue to drive value for all our stakeholders by delivering consistent growth.

We believe the role played by the housing finance segment in India is critical and being a leading housing finance company, we are not just embracing this momentum, but are also contributing to it.

AWARDS & ACCOLADES



Best Housing Finance Company of the year - BFSI Awards by ABP News



Featured in Top 50 PSU Organisations with innovative HR Practices - 15th Edition of Asia Pacific HRM Congress



Best HR Practice in Finance Sector - BFSI Awards by ABP NEWS



India's Leading Housing Finance Company - Dun & Bradstreet



BFSI Awards - Housing Finance



Recognised among Best Brands 2016 by Economic Times in NBFC Category



Best Home Loan provider - Outlook Money Awards 2016



India's Inc.'s Top Performers Housing Finance Category - Seasonal Magazine Corporate Awards 2016



BFSI Awards - HR Practice



Outlook Money Awards - 2016


HOME
means a new chapter in our lives.
We help you set the right beginnings.



WE MAKE IT POSSIBLE FOR MILLIONS TO OWN HOMES, ENRICHING THE NATIONAL FABRIC AND ENHANCING OVERALL LIFE QUALITY.

At LIC Housing Finance, we have the ability to service the largest number of customers in the shortest time, driving our competitiveness. This ability is derived from a progressively widening and deepening geographic footprint that translates into a growing customer base across income segments and market cycles.

Over the years, we have widened our presence to be proximate to customers. We invested in an extensive pan-Indian network of 7 Regional Offices, 21 Back Offices and 240 Marketing Offices across India. During the year, the Company opened two regional offices and advanced in the geographies of Patna and Bhopal. The Company's Representative offices in Dubai and Kuwait helps in servicing the increasing needs of an expatriate population in GCC countries.

We are reaching customers through highly trained agents across our 240 offices. During the year, we increased our feet on streets by adding more than 2,000 trained agents to our sales force. To ensure that they remain motivated and updated with the latest developments, the Company conducts periodic training and educational seminars in India and abroad to enrich their domain knowledge.

To create a consumer pull, the Company actively promoted itself through several brand campaigns across print, digital, radio and television. Stronger branding initiatives were conducted with the objective to be more visible across the country. The Company also formulated attractive incentive schemes and contests for intermediaries, as means to attract customers.

RESPONSIVE TO THE CHANGING INDUSTRY DYNAMICS, WE INTRODUCE NEW PRODUCT PROPOSITION TO MATCH THE NEEDS OF PREVAILING SECTORAL DEMOGRAPHICS.

At LIC Housing Finance, our competence has been scaled up prudently over the years. In the past year, this was particularly palpable, as the Company introduced products with a specific focus on the affordable housing segment.

The changing sectoral scenario has encouraged us to design products in line with market sentiments, offering our customers competitive rates, while upgrading customer service standards by aligning with customer expectations. We have responded to the strategic developments with changes in product pricing to stay ahead of the curve. With our experience of nearly three decades, we have been successful in designing and launching housing products

During the year, we launched a product 'Affordable Housing Finance Scheme' for ready-to-move in or for units which are more than 80% complete. This product was a trendsetter in the market, which was positioned to clear unsold inventories. Under this Scheme, a total of 16,720 loans were sanctioned, amounting to ₹ 3,995.89 crore.

With falling and competitive interest rate scenario in the industry, we launched loan re-writing options that allows the customer to come down to a lower rate of interest by paying a small conversion fee. During the year, 292,286 loan accounts have benefited from this re-writing scheme.




LIC HFL
LIC HOUSING FINANCE LTD
HOME
is a shelter, safe haven and a comfort zone.
We are singularly focused to help you accomplish your dreams.


HOME
is an investment for future.
We help you to shape your future.



WE HAVE BEEN PRUDENT IN OFFERING DIFFERENTIATED SERVICE TO A LARGER POPULATION CLUSTER ON THE BACK OF TECHNOLOGICAL COMPETENCIES.

With customers dispersed nationally, an established IT-enabled platform to engage in multiple functions – from lead generation to customer account closure, makes it possible for us to attract customers and accelerate loan book growth.

At LIC Housing, we invested proactively in technology, convinced that the advantages derived from this would enhance operational consistency and cost-effectiveness.

The focus on technology has helped us accelerate turnaround time, integrate processes, minimise process duplication and enhance productivity. With our prudent investments, we have created a strong foundation for growth.

Effective technology deployment in all aspects of our operations has streamlined our processes and vastly increased operating efficiencies. The Company has invested in Mobility applications for its workforce to enhance ease of doing business. This application has been deployed across multiple operating systems. The system enables our ground force to do valuation and verification onsite, for faster turn around time on credit approvals.

The Company has developed efficient solutions that enable us to deliver a seamless experience to our customers at every step, right from the application stage to online payment of EMI. To efficiently migrate ourselves to a technology-oriented organisation that can enhance operational competence and customer convenience, we have created centralised IT Help Desk. Going forward, implementation of e-document management system and e-KYC upload facilities are the next big initiatives to achieve total automation of our loan process. We are looking forward to cloud based solutions for quick deployments and data management.

WE ARE COGNISANT OF CUSTOMER PRIORITIES AND NEEDS OWING TO SUPERIOR UNDERSTANDING OF THE SECTOR.

In a competitive business environment, customers prefer to work with companies that can be trusted. Over the years, LIC Housings has created this sense of trust by advising its customers on the best way forward.

We possess an experienced team to advise the prospective customers in right product selection. The Company has a pool of expertise, who are specialist with required legal, technical and financial expertise to guide the customers. We supplement our efforts towards consumer protection, financial education and fairness and transparency in lending.

We focused on creating a company that is knowledgeable of both changing market conditions and the evolving products. Taking a step forward, we focused on employee training across verticals and accelerated our service levels without compromising regulatory requirements. We achieved this by investing in consistent training of our employees on customer relationships, products and core business functions.




LIC HFL
LIC HOUSING FINANCE LTD
HOME
gives us the pride of ownership.
We take pride in serving your needs.

CORPORATE INFORMATION

BOARD OF DIRECTORS

V. K. Sharma	:	Chairman (from 27.09.2016)
Usha Sangwan	:	Director (from 23.06.2016)
Vinay Sah	:	Managing Director & CEO (from 12.04.2017)
Jagdish Capoor	:	Director
Savita Singh	:	Director
T. V. Rao	:	Director
Dr. Dharmendra Bhandari	:	Director
Debabrata Sarkar	:	Director
V. K. Kukreja	:	Director
Ameet N. Patel	:	Director
Sunita Sharma	:	Managing Director & CEO (upto 11.04.2017)
S. K. Roy	:	Chairman (upto 16.09.2016)

GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

S K Thakkur	:	General Manager
Samal P	:	General Manager
P. Narayanan	:	Chief Financial Officer
Kiron Singh	:	General Manager
Gurmel Singh Parmar	:	General Manager
Nikhil Jain	:	Chief Manager
Purti Samant	:	Chief Manager
N Mahesh	:	Chief Manager
Sadhana Deshpande	:	Chief Manager
Jayshri Wartak	:	Chief Manager
D. S. Rawat	:	Chief Manager
Sudipto Sil	:	Dy Chief Financial Officer & Investor Relations Manager

REGIONAL MANAGERS (as on 25.04.2017)

D. Thirupathi	:	South Central Region, Bangalore
Y Viswanatha Gowd	:	South Eastern Region, Hyderabad
Saji Paul	:	Central Region, Bhopal
Sanjay Dixit	:	East Central Region, Patna
J. S. Tolia	:	North Central Region, Lucknow
Karuppaiah M K	:	Southern Region, Chennai
K R Meena	:	Northern Region, New Delhi
N Prabhakar Rao	:	Eastern Region, Kolkata
Ashwani Kumar Raina	:	Western Region, Mumbai

AUDITORS

Joint Statutory Auditors:
M/s. Chokshi & Chokshi LLP, Chartered Accountants, Mumbai
M/s. Shah Gupta & Co., Chartered Accountants, Mumbai

BANKERS

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

REGISTERED OFFICE

Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai - 400 001.
Phones : 022- 2204 0006, 2204 9682
& 2204 9919 Fax : (022) 2204 9839.
CIN : L65922MH1989PLC052257

REGISTRAR & TRANSFER AGENT

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

CORPORATE OFFICE

131 Maker Towers, "F" Premises,
13th Floor, Cuffe Parade,
Mumbai – 400 005.
Phones: 022-22178600, 22178700 & 22178611
Fax : (022) 22178777
CIN: L65922MH1989PLC052257
email : lichousing@lichousing.com
website:www.lichousing.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg,
Ballard Estate, Mumbai 400 001.
Phones : 022- 40807000
Fax : 022 – 66311776 / 40807080
Email : itsl@idbitrustee.com
Website : www.idbitrustee.co.in

Vistra ITCL (India) Limited
Plot C-22, G-Block,
Bandra-Kurla Complex,
Bandra East, Mumbai – 400051.
Phones : 022-26533333
Fax : 022- 26593038
Email: info@ilfsindia.com
Website : www.ilfsindia.com

Axis Trustee Services Ltd.
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400025.
Phones : 022-24255215 / 24255216
Fax : 022-24254200
Email : debenturetrustee@axistrustee.com
Website : www.axistrustee.com

Date of Annual General Meeting : Friday, 18th August, 2017

APPEAL TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies through electronic mode. The Companies can now send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register their e-mail addresses at lichsggogreen@sharexindia.com, in respect of holdings in dematerialized mode with the Depository through their concerned Depository Participants.
Those holding shares in physical forms are requested to send their email address directly to the Company or to Registrar & Transfer Agent where various notices / documents can be send through electronic mode.

BOARD OF DIRECTORS



Shri V K Sharma
Chairman



Ms. Usha Sangwan
Director



Shri Vinay Sah
Managing Director & CEO



Shri Jagdish Capoor
Director



Ms. Savita Singh
Director



Shri T.V Rao
Director



Dr. Dharmendra Bhandari
Director



Shri Debabrata Sarkar
Director



Shri V K Kukreja
Director



Shri Ameet Patel
Director

BOARD OF DIRECTORS

SHRI V K SHARMA

Chairman

Shri Vijay Kumar Sharma took charge as Chairman, Life Insurance Corporation of India on 16th December, 2016. Prior to his taking over as Managing Director, LIC of India, on 1st November, 2013, he was Managing Director & Chief Executive Officer, LIC Housing Finance Limited (LICHFL), a premiere housing finance provider in the country with loan portfolio exceeding `83,000 crore.

Shri Vijay Kumar Sharma, born on 19th December, 1958 is a post-graduate (M.Sc.) in Botany from Patna University. Shri Sharma joined LIC as Direct Recruit Officer in 1981 and has grown with the Company since then. During his stint as Senior Divisional Manager, Karnal, a rural division, had catapulated to Number One position in the country in premium income ahead of all other metro centres. As Executive Director of Pension & Group Schemes, he pioneered the launch of various prestigious pension schemes in the country. As Zonal Manager in-charge of Southern Zone, he successfully turned around its operations and put it on growth trajectory, making it No. 1 zone in 2010.

Shri Sharma's focused leadership, proficiency in invigorating staff performance, re-organizing teams and developing talent, enabled LICHFL maintain its growth momentum despite volatile markets and adverse macro-economic conditions. During his tenure LICHFL was adjudged as "Best Housing Finance Company 2011" by CNBC-TV 18.

His key areas of expertise have been Business Strategy, Business Development, Processes and Systems, Leadership Development, Branding and Product Development, and Risk Mitigation and Compliance. A strategic leader, recognized for making sweeping improvements to efficiency, product development and marketing and identifying areas of opportunity, he is acclaimed as a "Crisis Manager" for stabilizing operations and leading turnaround growth strategies in uniquely challenging situations.

He has been an inspirational leader who utilizes negotiation skills gained over thirty five years of extensive experience in insurance and financial sectors and strongly connects to the grass root levels, believes in "bottom-up approach" and has the ability to see the Big Picture and translate to reality.

Currently he is on Board of LIC Pension Fund Limited, ACC Limited, ICICI Bank Limited, LIC Mutual Fund Asset Management Ltd, LIC Housing Finance Co. Ltd, LIC Card Services Ltd, LICHFL Asset Management Company Ltd, LIC (International) BSC Bahrain, Life Insurance Corporation (LIC) of Bangladesh Ltd, Kenindia Assurance Co. Ltd, LIC (Lanka) Ltd, LIC (Nepal) Ltd, Life Insurance Corporation (Singapore) Pte Ltd. and as a trustee of LIC Golden Jubilee Foundation.

MS. USHA SANGWAN

Director

Mrs. Usha Sangwan, is the first ever woman Managing Director of Life Insurance Corporation of India. She is Post Graduate in Economics and Post Graduate Diploma holder in Human Resource Management and Licentiate from Insurance Institute of India. She joined LIC as Direct Recruit Officer in 1981.

Mrs. Sangwan is the whole time Director of LIC of India, Board Member of General Insurance Corporation of India, LIC Housing Finance Ltd., Axis Bank, Ambuja Cements Ltd. and Bombay Stock Exchange Ltd., Board Member of LIC (International) BSC © Bahrain, Kenindia Assurance Co. Ltd., LIC Card Services Ltd., Member of Governing Council of National Insurance Academy, Member on the Board of Education of Insurance Institute of India, a Trustee of LIC Golden Jubilee Foundation, Chairman of LIC of India (Regular Part-time Employees)Pension Fund, Executive Committee, Investment Committee and Policyholders Protection Committee of LIC of India.

She has worked in all core areas of Life Insurance. She has vast operational and Board level experience of Financial Sector including Banking, Housing Finance, Stock Exchange, Cards, Mutual Funds, General Insurance and Reinsurance. Within Life Insurance, experience in Marketing, Investments (Operations, Monitoring & Accounting, Risk Management & Research), Personnel, Product Development, Information Technology, Customer Relationship management, HRD/ OD, Training, Direct Marketing, Corporate Communication, Corporate Planning, Board Sectt., Estate Management, Engineering, Finance & Accounts, Marketing-all Channels, Group Business, New Business & Reinsurance, Actuarial, Social Media Management, International Operations, Legal, RTI, Audit, Inspection and Mission office for digital India.

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

Awards

- She has been featured in Forbes List of 50 most powerful Business Women in Asia in 2015.
- "Most Powerful Women in Indian Business" by Business Today in 2016.
- She is also featured in Femina – Most powerful women in India.
- Featured on cover page of Bureaucracy Today.
- Featured in Business World as "Most Influential Women".
- Management Woman Achiever of the Year 2015-16 by Bombay Management Association.
- "Women Leadership Award" in BFSI sector by Institute of Public Enterprise.
- "Brand Slam Leadership Award" by CMO Asia.

- "Women Leadership Role Model" by Top Rankers Management Consultants.
- "CEO with HR Orientation Award" by Global HR Excellence arranged by Chartered Institute of Management Accountant.
- Also felicitated by Free Press Journal, Colors TV and Doordarshan for Women in Leadership Role.

SHRI VINAY SAH

Managing Director & CEO

Shri. Vinay Sah has been appointed as the MD & CEO of LIC Housing Finance Ltd (LIC HFL) from 12th April 2017. A Masters in Science (Statistics) from Lucknow University, Shri Sah started his career as a direct recruit officer with LIC of India (LICI) in 1983. Prior to heading LIC HFL, one of the largest housing finance companies in India, Shri. Vinay Sah was Executive Director- Marketing and Product Development, LICI since 2015-16. Under his leadership, LICI created history by achieving its First Premium Income target for 2016-17 in the month of February 2017 itself. During 2016-17, LICI procured First Premium Income (FPI) of ₹ 37853.87crores as against the FPI target of ₹ 31,000 crores. The market share of LICI in First Year Premium increased to 71.07% from 70.44% in the preceding year. The Corporation launched 9 individual plans during his two-year tenure as in charge of product development department.

Agency recruitment during his tenure registered a growth of 53.40%. The prestigious Million Dollar Round Table (MDRT) agency force witnessed around 50% increase taking the number to nearly 6000. It was during his time that LIC of India (Agents) Regulations, 2017, rescinding the existing LIC of India Agents Rules, 1972, was approved and notified by the Government of India.

In a career spanning over three decades in the Corporation, Shri. Sah has successfully handled various portfolios like marketing, IT, personnel and administration. He had the distinction of serving as Zonal Manager in-charge of Western Zone and East Central Zone.

As Zonal Manager in-charge of Western Zone covering the states of Maharashtra, Goa & Gujarat, the zone achieved its First Premium target after seven years in 2013-14 and the Zone was Number One in policies and premium volume and policy growth. Western Zone also increased its share in budget contribution from 19% to 22% in premium to the Corporation.

As Zonal Manager in-charge of East Central Zone covering the states of Bihar, Jharkhand and Orissa, the Zone had obtained number one position at the All India level in policies and premium, both on growth and achievement to target during 2011-12 and 2012-13.

Shri Sah has served in all marketing positions of Central, Zonal, Divisional and Branch Offices of LICI.

SHRI JAGDISH CAPOOR

Director

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

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

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

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

MS. SAVITA SINGH

Director

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

Her experience includes drafting real estate transactional documents like Agreements for Sale, Sale Deeds, Lease Deeds, Development Agreements, General and Special Powers of Attorney, Business Conducting Agreements, Business Centre Agreements, Leave & License Agreements, Tenancy Agreements, Deeds of Indemnity, Declarations, Affidavits, Deeds of Transfer of Flats and Apartments, Trust Deeds, Release Deeds, Gift Deeds and other deal documentation; general Real Estate advisory work; due diligence of properties; handling litigations arising out of property transactions; and allied matters.

BOARD OF DIRECTORS

She has advised various owners, buyers, developers, corporate houses, individuals, domestic investors and foreign investors regarding transactions related to immovable properties and various issues related thereto including structuring and offer for subscription of units representing a Business Trust by way of an Initial Public Offering (IPO) in Singapore. In addition to drafting the documents, Ms Singh is also experienced in negotiating the same.

She has also advised on Real Estate transactions in respect of commercial / retail complexes, multiplexes, hotels, redevelopment projects, serviced apartments, Special Economic Zones, Information Technology / Information Technology Enabled Services Parks and also Integrated Township Projects. She also regularly advises on Hotel Management Contracts.

SHRI T. V. RAO

Director

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

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

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

Mr. Rao has widely travelled representing the institutions he was working from time to time and participated in various international seminars on topics like Mortgage backed Securitisation, Derivative Products, Structured Finance etc. He was a member of the International Trade Committee of the Federation of Karnataka Chambers of Commerce and Industry. He is an independent Director on the Boards of Canfin Homes Limited, Bangalore, STCI Finance Limited, Kisan Mouldings Limited & Ladderup Finance Limited, Mumbai, Electronica Finance Limited, Pune, Natco Pharma Limited & Sanvira Industries Limited, Hyderabad and Director on the Board of Fidas Tech (Private) Limited, New Delhi.

DR. DHARMENDRA BHANDARI

Director

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

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

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

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

SHRI DEBABRATA SARKAR

Director

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

In April, 2012, he was promoted and posted as Chairman & Managing Director in Union Bank of India, Mumbai till retirement in November, 2013.

SHRI V. K. KUKREJA

Director

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

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

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

Global exposure:-

- Shri Kukreja participated in various international conferecnceslikeDeutsche Bank international credit market conference 2005 South Africa,2nd Treasury offsite Macau,Hong Kong 2009 Birla Sunlife AMC.
- Shri kukreja visited Bahrain in 2008 and formulated investment policy for LIC Bahrain office.
- Shri kukreja was a keynote speaker at Indian Private Equity IQ Middle East conference Dubai 2007.

SHRI AMEET PATEL

Director

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

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

He is a member of the Finance & Taxation Panel of CII's Maharashtra Region. He is also a member of the Journal Committee, International Tax Committee, HD & TI Committee and Chairman of Taxation Committee of Bombay Chartered Accountants' Society (which is a voluntary body of CAs with about 9,000 members from across India). He headed this organization as its President in the year 2009-10.

He is an independent non executive director of B4U Television Network India Ltd and B4U Broadband India Pvt Ltd. and also the chairman of the audit committees of both these companies. Recently, he has been inducted on the board of Nextgen Knolwedge Solutions Private Limited.

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

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

"Calculators to Computers – a Paradigm Shift"

"Shares And Securities - Taxation & Accounting"

"Tax Deduction at Source"

"FAQs on e-TDS"

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

I. Introduction

The Economic Survey of 2014-15 spoke about the sweet spot for the Indian economy that could launch India onto a trajectory of sustained growth of 8-10 percent. Last year's Survey assessed that 'for now, but not indefinitely, that sweet spot is still beckoningly there.' This year's stock taking suggests that shifts in the underlying vision will be needed to overcome the major challenges ahead, thereby accelerating growth, expanding employment opportunities, and achieving social justice. In the aftermath of demonetisation, and because cyclical developments will make economic management harder, articulating and embracing those shifts will be critical to ensuring that the sweet spot is enduring not evanescent.

This year has been marked by several historic economic policy developments. On the domestic side, a constitutional amendment paved the way for the long-awaited and transformational Goods and Services Tax (GST) while demonetisation of the large currency notes signaled a regime shift to punitively raise the costs of illicit activities. On the international front, Brexit and the US elections may herald a tectonic shift, forebodingly laden with darker possibilities for the global, and even the Indian, economy.

A radical governance-cum-social engineering measure was enacted on 8th November, 2016. The two largest denomination notes, ₹500 and ₹1000 together comprising 86 percent of all the cash in circulation – were 'demonetised' with immediate effect, ceasing to be legal tender except for a few specified purposes. Demonetisation was aimed at signaling a regime change, emphasizing the government's determination to penalize illicit activities and the associated wealth. In effect, the tax on illicit activities as well as on legal activities that were not disclosed to the tax authorities was sought to be permanently and punitively increased.

The broad conclusion is that demonetisation will create short-term costs and provide the basis for long run benefits. Short-term costs have taken the form of inconvenience and hardship, especially those in the informal and cash-intensive sectors of the economy who have lost income and employment. These costs are transitory, and may be minimized in recorded GDP because the national income accounts estimate, informal activity on the basis of format sector indicators, which have not suffered to the same extent. But the costs have nonetheless been real and significant. The benefits of lower interest rates and dampened price pressure may have cushioned the short-term macro-economic impact. At the same time, demonetisation has the potential to generate long-term benefits in terms of reduced corruption, greater digitalization of the economy, increased flows of financial savings, and greater formalization of the economy, all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues.

The government has taken important steps over the past year. The highlight was, of course, the transformational GST bill, which will create a common Indian market, improve tax compliance, boost investment and growth – and improve governance; the GST is also a bold new experiment in the governance of cooperative federalism. In addition, the government:

- Overhauled the bankruptcy laws so that the 'exit' problem that pervades the Indian economy – with deleterious consequences highlighted in last Economic Survey can be addressed effectively and expeditiously;
- Codified the institutional arrangements on monetary policy with the Reserve Bank of India (RBI) to consolidate the gains from macroeconomic stability by ensuring that inflation control will be less susceptible to the whims of individuals and the caprice of governments; and
- Solidified the legal basis for Aadhaar, to realize the long-term gains from JAM trifecta (Jan Dhan-Aadhaar-Mobile).

The government enacted a package of measures to assist the clothing sector that by virtue of being export-oriented and labour intensive could provide a boost to employment, especially female employment. The National Payments Corporation of India (NPCI) successfully finalized the Unified Payments Interface (UPI) platform. By facilitating inter-operability it will unleash the power of mobile phones in achieving digitalization of payments and financial inclusion, and making the 'M' an integral part of the government's flagship 'JAM' – Jan Dhan, Aadhaar, Mobile initiative. Further, FDI reform measures were implemented, allowing India to become one of the world's largest recipients of foreign direct investment.

II. Global Context

For India, three external developments are of significant consequence. In the short-run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India's capital flows and exchange rates. Markets are factoring in a regime change in advanced countries, especially US macroeconomic policy, with high expectations of fiscal stimulus and unwavering exit from unconventional monetary policies. Second, the medium-term political outlook for globalization and in particular for the world's 'political carrying capacity' for globalization may have changed in the wake of recent developments. In the short run a strong dollar and declining competitiveness might exacerbate the lure of protectionist policies. Third, developments in the US, especially the rise of the dollar, will have implications for China's currency and currency policy. If China is able to successfully re-balance its economy, the spillover effects on India and the rest of the world will be positive. On, the other hand, further declines in the yuan, even if dollar-induced, could interact with underlying vulnerabilities to create disruptions in China that could have negative spillovers for India.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

III. Review of Developments in 2016-17

A. GDP and Inflation

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Real GDP growth in the first half of the year was 7.2 percent, on the weaker side of the 7.0-7.75 percent projection in the Economic Survey 2015-16 and somewhat lower than the 7.6 percent rate recorded in the second half of 2015-16. The main problem was fixed investment, which declined sharply as stressed balance sheets in the corporate sector continued to take a toll on firms' spending plans. On the positive side, the economy was buoyed by government consumption, as the 7th Pay Commission salary recommendations were implemented, and by the long-awaited start of an export recovery as demand in advanced countries began to accelerate. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred in the first half of 2015-16.

Inflation this year has been characterized by two distinctive features. The Consumer Price Index (CPI)-New Series inflation, which averaged 4.9 percent during April-December 2016, has displayed a downward trend since July when it became apparent that kharif agricultural production in general, and pulses in particular would be bountiful. The decline in pulses prices has contributed substantially to the decline in CPI inflation which reached 3.4 percent at end-December. The second distinctive feature has been the reversal of WPI inflation, from a trough of -5.1 percent in August 2015 to 3.4 percent at end-December 2016, on the back of rising international oil prices. The outlook of the year as a whole is for CPI inflation to be below the RBI's target of 5 percent, a trend likely to be assisted by demonetisation.

B. External Sector

The current account deficit has declined to reach about 0.3 percent of GDP in the first half of financial year 2017. Foreign exchange reserves are at comfortable levels, having risen from around US$350 billion at end-January 2016 to US$360 billion at end-December 2016 and are well above standard norms for reserve adequacy. In part, surging net FDI inflows, which grew from 1.7 percent of GDP in financial year 2016 to 3.2 percent of GDP in the second quarter of financial year 2017, helped the balance-of-payments.

The trade deficit declined by 23.5 percent in April-December 2016 over corresponding period of previous year. During the first half of the fiscal year, the main factor was the contraction in imports, which was far steeper than the fall in exports. But during October-December 2016, both exports and imports started a long-awaited recovery, growing at an average rate of more than 5 percent. The improvement in exports appears to be linked to improvements in the world economy, led by better growth in the US and Germany.

C. Fiscal

Trends in the fiscal sector in the first half have been unexceptional and the central government is committed to achieving its fiscal deficit target of 3.5 percent of GDP this year. Excise duties and services taxes have benefitted from the additional revenue measures introduced last year. The most notable feature has been the over-performance of excise duties in turn based on buoyant petroleum consumption: real consumption of petroleum products increased by 11.2 percent during April-December 2016 compared to same period in the previous year. Indirect taxes, especially petroleum excises, have held up even after demonetisation in part due to the exemption of petroleum products from its scope. More broadly, tax collections have held up to a greater extent than expected possibly because of payment of dues in demonetised notes was permitted. Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.

IV. Outlook for 2016-17

This year's outlook must be evaluated in the wake of the November 8 action to demonetize the high denomination notes. Demonetisation affects the economy through three different channels. It is potentially:

- An aggregate demand shock because it reduces the supply of money and affects private wealth, especially of those holding unaccounted money;
- An aggregate supply shock to the extent that economic activity relies on cash as an input; and
- An uncertainty shock because economic agents face imponderables related to the magnitude and duration of the cash shortage and the policy responses.

Demonetisation is also very unusual in its monetary consequences. It has reduced sharply, the supply of one type of money- cash – while increasing almost to the same extent another type of money – demand deposits. This is because the demonetized cash was required to be deposited in the banking system. The price counterparts of this unusual aspect of demonetisation are the surge in the price of cash (inferred largely through queues and restrictions), on the one hand; and the decline in interest rates on the lending rate (based on the marginal cost of funds) by 90 basis points since November 9; on deposits (by about 25 basis points); and on G-Secs on the other (by about 32 basis points).

HOUSING FINANCE INDUSTRY STRUCTURE & DEVELOPMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

India is expected to emerge as the third largest economy in the world by 2030 with an estimated 600 million people inhabiting in cities.

Housing is an important sector for any economy as it has inter-linkages with nearly 269 other industries. The development of housing sector can have direct impact on employment generation, GDP growth and consumption pattern in the economy. To help develop housing in the country, there is need to have a well-developed housing finance market. In India, housing finance market is still in its nascent stage compared to other countries. The outstanding amount of housing finance from all sources accounts for less than 8 per cent of GDP when compared with 12 per cent in China, 29 per cent in Malaysia, 46 per cent in Spain and 80 per cent in the US.

The demand for housing is increasingly being made by individuals and households given the increasing level of income and prosperity. The supply of houses have to come from builders, developers and construction companies scattered widely across the country, both in the private and public sector when examined in the context of demand and supply of housing units, especially in the face of scarce land in the urban areas.

In India, housing finance market is very complex. The government, both at centre and states, is a facilitator and is assisted by two regulators, Reserve Bank of India (RBI) and National Housing Bank (NHB). The housing finance market is dominated by commercial banks, both domestic and foreign. In addition, there are cooperative banks and housing finance companies, self-help groups, micro-finance institutions, and NGOs. The RBI regulates commercial banks and partially cooperative banks (which are mainly governed by the State Governments under State Cooperative Acts) while the NHB regulates the housing finance companies. The others are not regulated by any authority in the country.

The need of long term finance for the housing sector in India is catered by scheduled commercial banks (SCBs), financial institutions, cooperative banks, regional rural banks (RRBs), Housing finance companies (HFCs), agriculture and rural development banks, non-banking finance companies (NBFCs), micro finance institutions (MFIs), and self -help groups (SHGs). The largest contributor to housing loans by virtue of their strong branch network and customer base are SCBs, accounting for the major share of housing loan portfolio in the market followed by HFCs.

The Indian mortgage market is expected to grow at around 15 percent in the next five years. Housing will continue to be the major driver for banks under the personal loan segment. The SCBs had the maximum share among institutional players, which is nearly 60 percent of the total formal outstanding housing loans. The share of banks can be attributed to an extensive network and a broad customer base, access to stable low-cost funds and other regulatory mandates. However, the share of HFCs is also growing and is indicative of the strength of their focused approach, targeting of special customer segments, relatively superior customer service, and significant growth plans. Banks and HFCs are the dominant market players engaged in providing housing finance to households. They cater to all segments of the population, apart from the Government's direct support to specified household segments.

Homebuyers may have felt the pinch of demonetisation after effects during the period January-March 2017 but that did not deter them from buying their dream home.

Conventional wisdom and anecdotal data may have suggested buyers holding back on home purchases in the first quarter, but data from top eight cities shows otherwise.

Primary residential sales across the country's top eight cities increased 21% in January-March over the previous quarter, numbers from a well-known housing and real estate data agency shows. Kolkata, Hyderabad and Ahmedabad led the revival with growth rates of 47%, 43% and 30%, respectively. About 61,214 units were sold across these eight cities compared to 50,788 units in October-December quarter. But year-on-year growth was still 5% lower, dragged down by weak market in Chennai and Bengaluru. Residential property prices in Chennai grew the highest by 5% from a year ago followed by Hyderabad with 4%. However, prices in Pune, Kolkata, and NCR declined by 3%, 2% and 1%, respectively.

In Mumbai Metropolitan Region, country's most expensive property market, weighted average price rose 1% from a year ago to ₹12,966 per sq ft. In NCR, prices eased 1% to ₹4,855 per sq ft, while Bengaluru saw prices moving up 3% to ₹5,584 per sq ft. Government moves to drive affordable housing has also led to higher numbers both in terms of sales as well as the new supply.

The contribution of affordable segment to overall sales in tier-I cities increased to 16% from 15% in October-December quarter. Within the affordable housing segment, maximum sales growth of 25% was recorded in Mumbai Metropolitan Region, followed by Pune with 19%. Out of new launches, a maximum of 43% were seen in the cost bracket of ₹ 25 lakh and ₹ 50 lakh, which indicates that more developers are now catering to affordable housing demand. Collectively, 71% of the new launches were seen in cumulative cost brackets of ₹25 lakh to ₹1 crore. In affordable segment of less than ₹25 lakh, maximum of 34% new launches were in NCR, followed by 18% in Mumbai Metropolitan Region.

Looking ahead:

Efforts are being taken towards making a new and developed India, which are visible at the grassroot level. The mission of the government is to speed up the development and transformation progress of the country and the only mantra to achieve this is – Reform, Perform and Transform.

People need and want progress today and that too, at a rapid pace. In an aim to achieve this, development and good

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

governance are the two missions of the Indian government. The agenda is overall development, at the city level that includes provision of drinking water, road and infrastructure, drainage, housing development, industry development, job opportunities and initiatives such as Swachh Bharat, Beti Bachao and others. Announcing IT exemptions, tax benefits, allowing FDI flow into the real estate sector; giving affordable housing, the infrastructure status and most importantly, RERA (The Real Estate (Regulation and Development)) Act, 2016 slated to come in force in May 2017 is set to regulate and revolutionize the real estate sector.

Ensuring a decent house for all the people by 2022 is one of the key initiatives of today. It is the most fundamental aspiration of our country and under the Pradhan Mantri Awas Yojana (PMAY), it forms the cornerstone for inclusive housing and rapid economic development. Under the PMAY, the ministry has approved the construction of 1.17 lakh houses for the urban poor. The infrastructure status granted to the affordable housing sector will enable developers operating in this segment, to raise loans at a cheaper rate through ECB route and from banks as a priority sector lending, with banks now also being able to fund purchase of land as well. Profits from affordable housing have been exempted from income tax and 20 incentives have been announced by the government for affordable housing alone.

Under the credit rating subsidy scheme of the PMAY, an interest subsidy of 6.50 percent has been announced for the Economically Weaker Section (EWS) and low income groups who have an income of ₹2.65 lakh per annum. For the middle income population, an extension of the credit linked subsidy scheme was also announced. Here, people with an annual income of ₹6-12 lakh will be assisted with an interest subsidy of 4 percent for a 20 year loan of ₹9 lakh and those with an income of ₹12-18 lakh will get an interest subsidy of 3 percent.

In the evaluation of sustainability of the housing market, the absorption of office space is the prime indicator across the world. After all, it is the economic activity and employment quotient of the area that fuel the demand for new houses. Housing loan growth is set for a major appreciation in the current financial year 2017-18 as government's focus on housing for all scheme i.e. PMAY could surge demand for housing.

Competition

With repo rate at 6.25 per cent, the home and auto loans, among other loans set to become cheaper. From the standpoint of the home-buyers, this definitely has a multiplier effect on the psychology, which had been subdued for quite some time due to high interest rates and trust deficit within the sector. The industry has hence given its thumbs-up to the RBI's gesture. On the back of moderating inflation levels, controlled fiscal deficit and cautious economic sentiments, the RBI's decision to pare key interest rates in its latest monetary policy review was largely expected by the industry. The rate cut is likely to help lower borrowing costs and support growth further in 2017-18. For the real estate sector, this is particularly critical. It is expected that this benefit will be completely transferred to the borrowers, which will result in lower lending rates, thus reviving housing sales.

The Housing Finance Industry is one of the most keenly competitive segments of the economy, with the banking sector having a significant presence. New rules announced by RBI in December 2015 take away from banks freedom to decide when to revise rates. Rates will have to be decided based on the 'marginal cost of funds'. In other words, banks have to routinely calculate their cost of funds and any change has to be passed on to borrowers by revising their benchmark. This new formula-based benchmark is called the marginal cost of lending rate (MCLR). MCLR is a benchmark rate which reflects the cost of funds for a particular tenure.

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

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

Due to demonetization, a large amount of cash in circulation will be brought within the purview of the formal banking system. Since this will reduce the dependence of banks on higher cost borrowings, they are likely to slash the MCLR. This will accelerate a fall in home loan interest rates, since CASA ratio is used in computing MCLR. Taking older ₹500 and ₹1,000 notes out of circulation is expected to have a long term deflationary impact as it will bring about a slowdown in high-ticket purchases. This coupled with the adverse impact on real estate and informal sectors, may lead to slowing of GDP growth. This will probably lead to softening in inflation, which may prompt the RBI to carry out interest rate cuts and give more leeway for banks to lower lending rates.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Opportunities

There is a huge unmet demand for affordable housing in India. Apart from Mumbai, the cities of Ahemdabad, Chennai, Bengalaru, Delhi and NCR are growing in terms of infrastructure and connectivity and has become a hub for media, entertainment, consultancy and financial services. This has resulted in job opportunities. High absorption of office space indicates a healthy outlook in the economy and employment, which invariably trickles down to an increase in demand for residential property.

When is a good time to buy property? The answer to this question is - the good time to buy a property is now! It is better to buy a property and wait, rather than wait to buy a property. Around 91 percent of the wealth worldwide, has been created by investing in real estate. Real estate creates real assets and hence, if an individual is looking to buy a home; they should do it right away.

For ages together, investment in real estate has not only been a preference but also a desire by many. This desire has been further reinforced due to the announcement of granting the infrastructure status to the affordable housing segment in the Union Budget 2017. Added to that, demonetization will prove to be an advantage very soon and we may see interest rates being lowered to sub 8 percent levels and this will have a huge impact on home-buyers' equated monthly instalments. The organized sector will only grow from here with stronger foundations forthcoming with the implementation of RERA.

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

The government has offered tax sops for developers sitting on completed unsold inventories. The National Housing Bank will re-finance individual housing loans of about ₹20,000 crore in 2017-18. To promote affordable homes, the government has also proposed to amend Section 80-IBA and has relaxed the condition of the period of completion of the project for claiming deduction, from the current three years to five years. Tax exemptions for developers constructing less than 30 square meters in all metro cities and towns, will help builder to improve margins.

Middle income housing comes with its own subsidy schemes. The scheme will be implemented initially 2017 for a period of one year with effect from 1st January, 2017. The Middle Income Group-I segment has been defined in the notification as households having an annual income between ₹6,00,001 and ₹12,00,000; the Middle Income Group-II households having an annual income between ₹12,00,001 and ₹18,00,000.

Threats (bottlenecks)

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

Residential real estate is defying the conventional wisdoms of economics where a constant price hike is not benefitting the real estate companies either. With pressure on both, the demand and supply side, residential real estate has gone into a vicious cycle of ever increasing cost, falling demand and liquidity crunch, bureaucratic delays, labour shortage and legal wrangles, have contributed to the holding up of projects and consequent slowing down of sales.

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

The approval requirement depends on the type of project undertaken and its location. For example, for projects located within Mumbai, there are basically three approving bodies – SRA, MHADA and BMC. Currently, approvals take between one – three years. According to experts, there are various approvals required to be taken, a few are one-time approvals while the rest need to be taken repeatedly during the course of time.

The Central Government's proposal to approve construction proposals within 60 days, is set to give a huge sense of relief to the real estate sector. To speed up the construction permissions, the central government plans to introduce the model approval process as well. This in turn, will gift buyers with a seamless buying experience and reduce the delayed possession anxieties. Also, developers who have been posing 'delayed approvals' as an excuse to delay the projects, will now be forced to deliver and execute on time.

Segment wise Reporting

Segment has been identified in line with the Accounting Standard on segment reporting, taking into account the

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

Post demonetization, there was a deluge of information, particularly on social platforms, which was directed towards building negative sentiment in the market. And home purchase became the last thing on the consumer's agenda. Pushed to the wall, developers for the first time, were forced to think at the industry level. Tactical thinking gave way to 'strategic thinking'. During the last few months i.e. January 2017 to March 2017, one could therefore see an innovative thought process in reviving the real estate market.

Instead of the ticket size, the communication was now about the 'monthly cost' of buying a home. So, for instance, when a developer talks about say the price of homes at a particular area, the communication is not ₹29 lakh but ₹19,000 per month. The immediate benefit has been that this kind of communication has started attracting eyeballs among people living on rent.

Going forward, falling interest rates, coupled with annual salary increments, would help such communication result in accelerated penetration of the market, especially at the bottom end. In the future one could see the per square feet price and total apartment cost giving way to the monthly outgo as the key decider in a home purchase decision, especially in the affordable housing segment.

Many developers have tied up with reputed banks and HFCs in an endeavor to revive the confidence of the buyers. Through subsidized EMIs. The developers has ensured that a buyer of his ready home, would have an EMI amount that is very close to the rent that the home buyer would have paid, thus tilting the renting versus buying dilemma in favour of buying.

The launch of smaller sized apartments, coupled with lower interest rates and low initial payment, has given a push to the expansion of the home buyer's base. And this is a very positive sign for the industry.

'Demonetization will result in falling real estate prices' was the prevalent dogma that had kept many consumers, from buying homes during the last quarter, on hold. Such was the pressure of various reports that no amount of verbal convincing by developers worked. To break this resistance, developers have offered a safety net against delayed possession wherein they are offering to pay interest on the loan till possession.

Besides, the incentives offered by the government in order to get the market back on track, the developers are also doing their bit to lure the fence sitters –'From offering semi-furnished / furnished apartments with modular kitchens and built-in-wardrobes to other stimulants like stamp duty and registration waivers, waivers on floor rise, memberships, gold coins, airline points, among others, there is an increase in the innovative schemes available to home purchases'.

The government has initiated a slew of reforms in the real estate sector such as the Real Estate Regulation Act (RERA), GST, REITs and Benami Transaction (Prohibition) Amendment Act, 2016, the recent demonetization, besides reforms related to FDI, in order to bring in transparency.

The emergence of office space along with retail space in a single building has been harbinger of good times for the end-user for several reasons. ORC (Office Retail Complex) fulfils an important lifestyle demand that is to do with the proximity of facilities and amenities within one's reach. Even the government has been supportive of office development that complements infrastructure development because of its many benefits in efficient town planning. Many townships and SEZ developers have seized the opportunity to build ORC and offer the ultimate advantage of having walk-to-work as well as the shopping culture in India.

The major reasons of the emergence of ORC are:

- If fulfils the need of home buyers to have the work place as well as shopping facilities within one's reach.
- It curbs traffic snarls that cities and towns of India are known for these days.
- It increases disposable incomes of consumers considerably that can be deployed in other constructive economic activity.
- It is a win-win situation for all stakeholders of real estate development, viz: the commercial real estate buyers and occupiers, the developers and the government.
- It increases the employment opportunities manifold in a region across all economic strata;
- An office space with amenities such as ATMs, F&B outlets (Fashion & Boutique), luxury and high-end stores and departmental stores, makes life convenient for employees working in these offices.
- The retail industry benefits as a large number of people decide to indulge in entertainment, shopping and other activities closer to their office, thus resulting in high footfalls and subsequent profitability.
- Weekday footfalls as well as viewership are guaranteed to be higher than regular malls because of captive customer from offices in the vicinity.
- Retailers get the dual advantage of paying lower rents compared to premium spaces in Grade A malls and closer access to their main target segments of office goers.
- Developers are also open to experimenting more with office-retail complex rather than a less efficient standalone retail format.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Hence, now is the right time to buy your dream home as the realty sector is undergoing an overhaul and expected to boom in the coming years, which will be beneficial to the consumers.

Risks and concerns

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

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

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

▸ **Credit Risk**

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

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

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

▸ **Market Risk**

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

■ **Interest Rate Risk**

Interest Rate Risk refers to the risk associated with the adverse movement in the interest rates .Adverse movement for LIC Housing Finance Limited would imply rising interest rates on liabilities and falling interest yields on the assets. This is the biggest market risk which the company faces. It arises because of maturity and re-pricing mismatches of assets and liabilities. In order to mitigate the impact of this risk, the Company tracks the composition and pricing of assets and liabilities on a continuous basis. For the same purpose, the Company has constituted an ALCO Committee which actively monitors the ALM position and take appropriate action to avoid risk.

■ **Foreign Exchange Risk**

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

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

▸ **Liquidity Risk**

Liquidity Risk implies the risk of not having sufficient funds to make good the liabilities. This very risk has been the cause behind closure of number of banks in the international markets in the past. Various situations

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

in which liquidity risk may arise include higher than estimated disbursements, stress on systemic liquidity due to CRR hikes, higher government borrowing program, advance tax outflows, etc. Therefore it is imperative to anticipate the net cash outflows correctly, as well as have a contingency plan in case of any unforeseen outgo of funds. Another aspect of liquidity management is avoiding hoarding excess money than what may be required as the same would result in sub- optimal returns on the money available to invest. So every institution has to strike a balance between the two positions and manage the liquidity position actively.

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

- **Operations Risk**

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

- Compliance risk is defined as the risk of legal sanctions, material financial loss, or loss to reputation, the Company may suffer as a result of its failure to comply with laws, its own regulations, code of conduct, and standards of best /good practice. In case of LICHFL, the Company is regulated by NHB, registered with ROC and its equity shares are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) and the Luxembourg Stock Exchange, making it imperative that the Company follows all the applicable laws. In order to deal with the same, the Company has a designated Compliance Officer whose role entails complying with the statutory requirements of the Company.
- Legal risk is the cost of litigation due to cases arising out of lack of legal due diligence. Litigation can also arise out of failure or frauds in project delivery. For LIC Housing Finance Limited, the main business is of lending money for/against mortgage loans and is therefore exposed to legal risk. For handling the same, there are robust legal systems for title verification and legal appraisal of related documents. The Company also has standards of customer delivery and the operational mechanism to adhere to such standards aimed at minimum instances of customers' grievances.
- Accounting risk is the risk that an error in accounting practice will necessitate are statement of earnings, which adversely affects the investors or customers 'perception of the firm. The accounting transactions are consolidated through IT system to prevent errors and omission. Company presents a fair and transparent view through its financial statements and should disclose the opinion of statutory auditors in the Annual Report as per the prescribed format by SEBI.

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

- **Regulatory Risk**

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

- **Competition Risk**

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

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

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

Asset Liability Management:

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

The average loan to value is in the range of 50-60 percent (as against the regulatory limit of 90 per cent for loans upto ₹ 20 lakh and 80 percent for loans above ₹ 20 lakh and upto ₹ 75 lakh and 75 percent for loans above ₹75 lakh) and its instalment to income ratio ranges between 30-40 percent, both being amongst the lower ones in the industry. The low average ticket size of the loan of ₹20 lakh and pan India spread of business adequately disperses the risk.
The Company has one of the best recovery machineries in its category, to address NPAs, supported by legislations such as SARFAESI Act.

Internal Control Systems & their Adequacy

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

Discussion of Financial Performance with respect to Operational Performance Financial / Fund Management

The Company's borrowing is planned taking into consideration ALM gaps, interest rate mismatches and the prevailing market conditions. LIC Housing Finance has got highest rating for bank borrowings, non-convertible debentures, commercial paper and public deposit scheme from CRISIL / CARE rating agencies, which has helped the Company to procure funds at very competitive rates.
The prime lending rate of the Company is regularly reviewed and revised as it is a benchmark for asset pricing. Since more 98 percent of the asset portfolio is on the floating/fix-o-floating rate, the Company re-prices the loan assets consequent upon the revision in prime lending rate of the company at specified intervals.

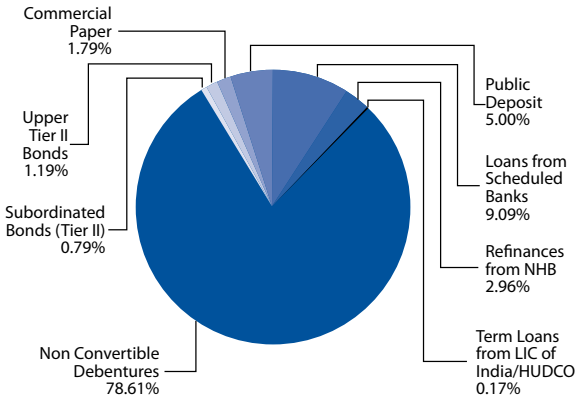
The Company also reviews the fund position on daily basis and parks surplus funds in liquid mutual fund schemes, fixed deposits, certificate of deposits as per the Board approved policy with an objective of reducing the negative carry to the extent possible.

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

The composition of outstanding borrowings as on 31st March, 2017& the ratings assigned by rating agencies is as under:

Particulars	Percent to total Borrowing	Rating
Loans from Scheduled Banks	9.09%	CRISIL AAA/Stable & CRISIL A+
Refinances from NHB	2.96%	-
Term loans from LIC of India / HUDCO	0.17%	-
Non-Convertible Debentures	78.61%	CRISIL AAA/Stable & CARE AAA
Subordinated Bonds (Tier II)	0.79%	CRISIL AAA/Stable & CARE AAA
Upper Tier II Bonds	1.19%	CRISIL AAA/Stable & CARE AAA
Commercial Paper	1.79%	CRISIL A+
Public Deposit	5.00%	FAAA (Stable)
FCNR Loans	0.40%	-
Total	100%	

Composition Borrowings



Performance / Operation Highlights

During the year, the Company sanctioned ₹43,575.29 crore and disbursed ₹41,541.20 crore registering a growth of 11.45 per cent in sanctions and growth of 14.91 per cent in

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

disbursements over the last year. For the year ended 31st March, 2017, the Company's total income from operations was ₹13,986.94 crore as against ₹12,396.15 crore of previous year. Net profit for year ended 31st March, 2017 was ₹1931.05 crore when compared to ₹1,660.79 crore of the previous year, showing a growth 16.27per cent. The outstanding mortgage portfolio as at 31st March, 2017 was ₹1,44,534.01 crore as against ₹1,25,173.20 crore as at 31st March, 2016 thus registering a growth of 15.47 per cent.

Key Elements of statements of profit and loss account for the year ended 31st March, 2017

- Profit before tax grew by 15.30 per cent and Profit after tax grew by 16.27 per cent on year to year basis. Net interest margin for the year was 2.70 per cent.
- Tax provision for the year amounted to ₹1,024.72 crore as compared to ₹902.76 crore in the previous year.
- Net interest income grew by 23.82 per cent year on year basis.
- For the year ended March 31st March 2017 dividend @ 310 per cent is being recommended as against dividend @ 275 per cent in the previous year.

Marketing

LIC Housing Finance is one of the largest housing finance companies in India having one of the widest networks of 240 Marketing Offices, 21 Back Offices to conduct the credit appraisal and administrative functions and 1 Customer Service Point as on 31st March, 2017 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, 2017 stood at ₹627.06 crore as against ₹567.82 crore as on 31st March, 2016 registering an increase of 10.43 per cent. The gross NPA ratio of the company stood at 0.43 per cent as on 31st March, 2017 as against 0.45 per cent as on 31st March, 2016. Net NPAs excluding provision on standard assets as per NHB norms as at 31st March, 2017 stood at 0.14 per cent (₹205.29 crore) as against 0.22 per cent (₹270.48crore) on the corresponding dates last year. The provision cover on the NPAs stood at 67.26 per cent (excluding provision on standard loans as per NHB norms) as on 31st March, 2017.

Human Resources Development

The Company has staff strength of 1,833 employees who have been contributing to the progress and growth of the Company. The manpower requirement of the offices of the company is assessed and recruitment is conducted accordingly. Personal skills of the employees are fine-tuned and knowledge is enhanced by providing them internal and external training from time to time keeping in view the market requirement. Outstanding performers are rewarded by way of elevation to the higher cadre. Apart from fixed salary and perquisites, the employees are paid performance linked incentives which motivates them to perform better.
Loan assets per employee as at 31st March, 2017 was ₹78.85 crore and net profit per employee ₹105.34 lakh.

Conclusion with Caution

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

Directors' Report

To the members of LIC Housing Finance Limited

Your Directors are pleased to present the Twenty Eighth Annual Report together with the Audited Financial Statements for the year ended 31st March, 2017 of LIC Housing Finance Limited ('the Company').

Financial results

(₹ In crore)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit before Tax	2,955.77	2,563.55
Tax Expense	1,024.72	902.76
Profit after Tax	1,931.05	1,660.79
Appropriations		
Special Reserve & Statutory Reserve u/s 29C of NHB Act, 1987	570.00	500.00
General Reserve	500.00	400.00
Proposed Dividend	312.89	277.56
Tax on Dividend	63.00	55.68
Balance carried forward to next year	485.16	427.55
	1,931.05	1,660.79

Dividend

Considering the performance during the financial year 2016-17, your Directors recommend payment of dividend for the financial year ended 31st March, 2017 of ₹6.20 per equity share of face value of ₹2/- per share i.e. @ 310 percent, as against ₹ 5.50/- per equity share of face value of ₹2/- per share for the previous year i.e. @ 275 percent. The total dividend outgo for the current year would amount to ₹375.89 crore including Dividend Distribution Tax of ₹63.00 crore, as against ₹333.25 crore including dividend distribution tax of ₹55.68 crore, for the previous year.

Performance

Income and profit

The Company earned total revenue of ₹14,080.35 crore, registering an increase of 12.77 percent over the previous year. The percentage of administrative expenses to the housing loans, which was 0.37 percent in the previous year, has marginally increased to 0.42 percent during the financial year 2016-17.

Profit before tax and after tax stood at ₹2,955.77 crore and ₹1,931.05 crore respectively as against ₹2,563.55 crore and ₹1,660.79 crore, respectively, for the previous year. Profit before tax increased by 15.30 percent over the previous year while profit after tax showed growth of 16.27 percent over that of the previous year.

Lending operations

Individual loans:

The main thrust continues on individual housing loans with a disbursement growth of 11.02 percent over the previous year. During the year, the Company sanctioned 1,78,636 individual housing loans for ₹39,458.74 crore and disbursed 1,79,035 loans for ₹38,334.13 crore. Housing loan to Individuals i.e. retail loans constitute 90.55 percent of the total sanctions and 92.28 percent of the total disbursements for the year 2016-17 as compared to 92.14 percent and 95.51 percent respectively during the year 2015-16. The gross retail loan portfolio grew by over 14.23 percent from ₹1,21,872.89 crore as on 31st March, 2016 to ₹1,39,210.71 crore as on 31st March, 2017.

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

Amount sanctioned : ₹2,53,005.98 crore
Amount disbursed : ₹2,41,775.04 crore

More than 21,89,000 customers have been serviced by the Company up to 31st March, 2017 since inception.

Project loans:

The project loans sanctioned and disbursed by the Company during the year were ₹4,116.55 crore and ₹3,207.06 crore respectively. Corresponding figures for the previous year were ₹3,075.25 crore and ₹1,621.60 crore. These loans are generally for short durations, giving better yields as compared to individual housing loans.

Awards and Recognitions:

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

- Housing Finance company of the year- ABP news
- Best Data Quality in HFC- CIBIL Data Quality Awards
- Most Recognizable Brand of India origin- Power Brand Glam by Franchise India
- Best Brands 2016- Economic Times
- Featured in Forbes India's Super 50 Companies
- Featured in The Top 40 CEOs BFSI- Business Today
- Housing Finance Company of the year-Award by OUTLOOK money
- India's Leading Housing Finance Company –by Dun & Bradstreet
- Best HR of the year-By ABP news
- CEO with HR orientation-By ABP news
- Award of Gratitude to LICHFL presented by LJN HMOTKARSH NMV.
- Certificate of Achievement to MD & CEO – APEA 2016

Directors' Report

- Top Performer of India Inc.- Seasonal Magazine Corporate Award 2016.
- NSE awarded LIC HFL for Successful Inaugural Issue on the NSE Electronic Bidding Platform.
- Best Home Loan Provider- Outlook Money.

Marketing and Distribution

During the year under review, efforts were taken to further strengthen the distribution network. The distribution network of the Company consists of 240 Marketing Offices, 21 Back Offices to conduct the credit appraisal and administrative functions & 1 Customer Service Point. The distribution network also includes 42 offices of LICHFL Financial Services Ltd., wholly owned subsidiary engaged in distribution of various financial products including housing loan. The Company also has representative offices in Dubai and Kuwait.

Repayments

During the F.Y. 2016-17, ₹19,579.42 crore was received by way of schedule repayment of principal through monthly instalments as well as prepayment of principal ahead of schedule, as compared to ₹18,398.85 crore received last year.

Non-Performing Assets and Provisions

The amount of gross Non-Performing Assets (NPA) as at 31st March, 2017 was ₹627.06 crore, which is 0.43 percent of the housing loan portfolio of the Company, as against ₹567.82 crore i.e. 0.45 percent of the housing loan portfolio as at 31st March, 2016. The net NPA as at 31st March 2017 was ₹205.29 crore i.e. 0.14 percent of the housing loan portfolio vis-à-vis ₹270.48 crore i.e. 0.22 percent of the housing loan portfolio as at 31st March, 2016. The total cumulative provision towards housing loan portfolio including provision for standard assets as at 31st March, 2017 is ₹1,038.18 crore as against ₹820.30 crore in the previous year. During the year, the Company has written off ₹50.42 crore of housing loan portfolio as against ₹34.58 crore during the previous year.

Resource Mobilisation

During the year, the Company raised funds aggregating to ₹54,611.75 crore through Non-Convertible Debentures (NCD), term loans/Foreign Currency Non Resident (FCNR)(B) loan / Line of Credit (LoC) / Working Capital Demand Loan (WCDL) from banks, NHB refinance, commercial paper and Public Deposits.

Non Convertible Debentures (NCD)

During the year, the Company issued NCD amounting to ₹26,874/- crore on a private placement basis which have been listed on Wholesale Debt Segment of National Stock Exchange of India Ltd. The NCDs have been assigned highest rating of 'CRISIL AAA/Stable' by CRISIL & 'CARE AAA' by CARE. As at 31st March, 2017, NCDs amounting to ₹99,307/- crore were outstanding. The Company has been regular in making payment of principal and interest on the NCDs.

As at 31st March, 2017, there were no NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the said NCDs became due for redemption. Hence the amount of NCD remaining unclaimed or unpaid beyond due date is Nil.

Subordinate Bonds & Upper Tier II Bonds

During the year, the Company has not issued any Subordinate Bonds and Upper Tier II Bonds. As at 31st March, 2017, the outstanding Subordinate Bonds and Upper Tier II Bonds stood at ₹2500/- crore. Considering the balance term of maturity as at 31st March, 2017, ₹1500/- crore of the book value of the Subordinate Bonds and Upper Tier II Bonds is considered as Tier II Capital as per the Guidelines issued by NHB for the purpose of Capital Adequacy.

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

The total loans / LOC outstanding from the Banks as at 31st March, 2017 are ₹11,477.44 crore as compared to ₹14,051.65 crore as at 31st March, 2016. The Refinance from NHB as at 31st March, 2017 stood at ₹3,744.06 crore as against ₹3,038.21/- crore as at 31st March, 2016. During the year, the Company has availed ₹1,230 crore Refinance from NHB under regular refinance scheme.

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

Public deposits

As at 31st March, 2017, the outstanding amount on account of public deposits was ₹6,321.38 crore as against ₹3,820.26 crore in the previous year. During F.Y. 2016-17 the number of depositors has increased from 30,397 to 38,638 and ₹4,112.01 crore has been collected as public deposits.

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

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

572 deposits amounting to ₹8.99 crore which were due for repayment on or before 31st March, 2017 were not claimed by the depositors till that date. Since then, 98 depositors have claimed or renewed deposits amounting to ₹1,46,27,000/-. Depositors are appropriately intimated for renewal / claim

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

As per the provisions of Section 125 of the Companies Act, 2013, deposits and interest thereon remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, accordingly, as on date of report ₹1,49,820/- against unclaimed interest on deposits has been transferred to IEPF.

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

Regulatory Compliance

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

Your Company has been maintaining capital adequacy as prescribed by the NHB. The capital adequacy was 15.64 percent (as against 12 percent prescribed by the NHB) as at 31st March, 2017 after considering the loan to value ratio for deciding risk weightage.

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

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

Statutory Auditors

Pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification, or re-enactment thereof, Messrs Chokshi & Chokshi, LLP, Chartered Accountants, Mumbai (Firm Registration No.:101872W / W100045) and Messrs Shah Gupta & Co., Chartered Accountants, Mumbai (Firm Registration No.:109574W), were appointed by the shareholders at the Twenty Seventh Annual General Meeting to hold the office for a term of three years i.e., from the conclusion of the Twenty Seventh Annual General Meeting until the conclusion of the Thirtieth Annual General Meeting on a remuneration to be determined by the Board of Directors in consultation with them and applicable taxes / cess on the said remuneration, for the purpose of audit of the Company's accounts at the Corporate Office as well as at all Back Offices subject to ratification by shareholders at each Annual General Meeting. The Company has received a confirmation from the Joint Statutory Auditors to the effect that they are eligible to continue as Joint Statutory Auditors of the Company in terms of Section 139 and 141 of the Companies Act, 2013 and Rules made thereunder.

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

Corporate Governance

A certificate from Mr. P. S. Gupchup, Company Secretary in practice (Membership No.: ACS 4631 and Certificate of Practice No.:9900), regarding compliance of the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to the Corporate Governance Report.

Your Company has been complying with the principles of good Corporate Governance over the years. The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The report on Corporate Governance is appended in a separate section in this Annual Report.

Management Discussion and Analysis Report

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

Business Responsibility Report

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

Directors' Report

Business Responsibility Report is presented in a separate section forming part of the Annual Report.

Depository system

For transactions of the Company's shares in dematerialised form, the Company has entered into an agreement with Central Depository Services (India) Ltd. (CDSL) and National Securities Depository Ltd. (NSDL). The shareholders have a choice to select the Depository Participant. As at 31st March, 2017, 9,066 members of the Company continue to hold shares in physical form. As per the Securities and Exchange Board of India's (SEBI) circular, the Company's shares have to be transacted in dematerialised form and therefore, members are requested to convert their holdings to dematerialised form.

Auditors' observations

No adverse remark or observation has been given by the Joint Statutory Auditors in their report dated 25th April, 2017.

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

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

Outlook for 2016-17

The initiatives taken by the Company during the financial year 2016-17 are expected to improve its operational and financial performance. During F.Y. 2017-18, the Company proposes:

- To grow business qualitatively by consolidating position and strengthening the competitiveness on service delivery.
- To create brand LIC HFL as a source of trusted partner exuding consumer confidence.
- Understand the inherent risks to the business and managing it effectively.
- Focus on winning and retaining customers.
- Pursue new skills and expand knowledge aimed at managing competition effectively.
- Expand its operations by establishing new business centres.
- Increase its distribution by appointing new agents and activising more agents.
- Incentivising and motivating the marketing intermediaries systematically for improving productivity.
- Raising funds through various sources at attractive terms.
- Making efforts towards reducing overall cost of funds.
- Steps to improve the recovery ratio and ensuring lowest NPA level. Improving receivable management through support IT system.
- Timely review of credit appraisal system to improve the loan asset quality.
- Continuous efforts to upgrade Information Technology platform to ensure prompt and effective service to the clientele.
- Swift, appropriate and competitive pricing of its existing loan schemes to attract new customers.

The management perspective about future of the Company

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving its due recognition. The agenda of housing for all is a key component of the government's strategy for making Indian cities inclusive and productive.

Ensuring a decent house for all the people by 2022 is one of the key initiatives of Union Government. It is the most fundamental aspiration of any country and under the Pradhan Mantri Awas Yojana (PMAY), it forms the cornerstone for inclusive housing and rapid economic development. Under the PMAY, the ministry has approved the construction of 1.17 lakh houses for the urban poor. The infrastructure status granted to the affordable housing sector will enable developers operating in this segment, to raise loans at a cheaper rate. Profits from affordable housing have been exempted from income tax and 20 incentives have been announced by the government for affordable housing alone.

In the evaluation of sustainability of the housing market, the absorption of office space is the prime indicator across the world. After all, it is the economic activity and employment quotient of the area that fuel the demand for new houses. Housing loan growth is set for a major appreciation in the current financial year 2017-18 as government's focus on housing for all scheme i.e. PMAY could surge demand for housing.

Compliance under Companies Act, 2013

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

Extract of Annual Return:

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT-9 as on 31st March, 2017 is attached as Annexure 1 to this Report.

Directors' Report

Board Meetings held during the year:

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

Directors' Responsibility Statement:

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

(a) in the preparation of the annual accounts, the applicable accounting standards has been followed and there are no material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the company and that such Internal Financial controls are adequate and were operating effectively. Note on Internal Financial control is attached as Annexure 2 to this Report and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statement on Declaration from Independent Directors:

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

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

The Nomination and Remuneration Committee had laid down criteria for determining Directors Qualification, positive attributes and independence of a Director, remuneration of Directors, Key Managerial Personnel and also criteria for evaluation of Directors, Chairperson, Non-Executive Directors and Board as a whole and also the evaluation process of the same.

The performance of the members of the Board, and the Board as a whole were evaluated at the meeting of Independent Directors held on 23rd February, 2017.

In terms of the provisions of section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a company shall have atleast one Woman Director on the Board of the Company. The Company has Ms. Savita Singh as Director on the Board since 25th May, 2012 and Ms. Usha Sangwan since 23rd June, 2016. Ms. Sunita Sharma has been Managing Director & CEO since 5th November, 2013. On her elevation to Managing Director of LIC of India on 11th April, 2017, Ms. Sunita Sharma tendered her resignation as Managing Director & CEO with effect from 11th April, 2017. Shri Vinay Sah has been appointed as Managing Director & CEO with effect from 12th April, 2017.

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

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

Particulars of loans, guarantees or investments under Section 186:

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

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

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

The Related Party Transactions Policy and Procedures as reviewed by Audit Committee and approved by Board of Directors is uploaded on the website of the Company and is annexed as Annexure 3 to this report.

Form AOC-2 is annexed as Annexure 4 to this report.

State of the Company's affairs:

The year 2016-17 was a significant year in Company's lifecycle. The Company earned total revenue of ₹14,080.35 crore, registering an increase of 12.77 percent. The percentage of

Directors' Report

administrative expenses to the housing loans, which was 0.37 percent in the previous year, has marginally increased to 0.42 percent during the financial year 2016-17.

Profit before tax and after tax stood at ₹2,955.77 crore and ₹1,931.05 crore respectively as against ₹2,563.55 crore and ₹1,660.79 crore, respectively, for the previous year. Profit before tax increased by 15.30 percent over the previous year while profit after tax showed growth of 16.27 percent over that of the previous year.

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

The Company has transferred ₹570 crore to Special Reserve and Statutory reserve u/s 29C of NHB Act, and an amount of ₹500 crore to General Reserve.

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

₹312.89 crore is proposed to be paid by way of dividend to shareholders of the Company i.e. ₹6.20 per equity share of face value of ₹2/- per share.

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

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company i.e. 31st March, 2017 and the date of the Board's Report i.e. 25th April, 2017.

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

A. Conservation of energy –

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

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

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

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

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

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

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

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

B. Technology absorption –

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

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

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

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

(b) The year of import – Not applicable.

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

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

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

C. Foreign Exchange Earnings and Outgo-

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

During the year ended 31st March, 2017 the Company earned ₹18.69 lakh and spent ₹214.69 lakh in foreign currency. This does not include foreign currency cash flows in derivatives and foreign currency exchange transactions.

Risk Management Policy for the Company:

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

Directors' Report

Corporate Social Responsibility (CSR) Policy:

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR activities is annexed as Annexure 5 to this report.

Composition of the Corporate Social Responsibility Committee is as follows

Ms. Usha Sangwan*	Chairperson	Director
Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Shri Vinay Sah^	Member	Managing Director & CEO
Ms. Sunita Sharma**	Member	Managing Director & CEO

*Appointed as Member w.e.f. 23.06.2016 **Ceased to be member w.e.f 11.04.2017 ^Appointed w.e.f.12.04.2017

Annual evaluation made by the Board of its own performance:

The Nomination and Remuneration Committee had recommended criteria for evaluation of Directors, Chairperson, Non-Executive Directors, Board level committee and Board as a whole and also the evaluation process of the same.

The Board of Directors carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, at the meeting of Independent Directors held on 23rd February, 2017.

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

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

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

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

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

Pursuant to Section 129 of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and also of its subsidiaries and associates, in the same form and manner as that of the Company which shall be laid before the ensuing Twenty Eighth Annual General Meeting of the Company alongwith the Company's Financial Statement under sub-section (2) of Section 129 i.e. Standalone Financial Statement of the Company. Further, pursuant to the provisions of Accounting Standard ('AS') 21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company alongwith its subsidiaries and associates for the year ended 31st March, 2017 form part of this Annual Report.

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

Directors:

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

Appointments / Resignations of Directors:

Shri Vinay Sah was appointed as Additional Director and Managing Director & CEO of the Company by the Board with effect from 12th April, 2017. As required under Section 160 of the Companies Act, 2013, a Notice has been received from a member proposing the name of Shri Vinay Sah for the office of a Director. The proposal for appointment of Shri Jagdish Capoor as Independent Director and Ms. Savita Singh as Non-Executive Director is being placed before the members for approval, the relevant details are forming part of the Notice of the Annual General Meeting.

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

Directors' Report

The term of Shri Jagdish Capoor as Independent Director has been extended for a period of five (5) years with effect from 24th May 2017 and he shall not be liable to retire by rotation. Ms. Savita Singh's term as Non-Executive Director has been extended for a period of five (5) years with effect from 24th May 2017 and she will be liable to retire by rotation.

Ms. Sunita Sharma ceased to be Managing Director & CEO of the Company with effect from 11th April, 2017 on account of elevation to the post of Managing Director of LIC of India.

Director Retiring by Rotation:

Ms. Usha Sangwan, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Appointments / Resignation of the Key Managerial Personnel:

Shri Vinay Sah, Managing Director & CEO, Mr. Nitin K. Jage, General Manager & Company Secretary and Mr. P. Narayanan, CFO are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

Committees of the Board:

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

The Company has following Committees of the Board:

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

Composition of Audit Committee is as follows:

• Shri Debabrata Sarkar	Chairman Independent Director
• Shri T. V. Rao	Member Independent Director
• Shri Ameet Patel	Member Independent Director

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

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

Subsidiaries and group companies

As on 31st March, 2017, the Company has four Subsidiaries namely, LICHFL Care Homes Limited, LICHFL Asset Management Company Limited, LICHFL Trustee Company Private Limited and LICHFL Financial Services Limited. The Consolidated financial statements incorporating the results of all the subsidiaries of the Company for the year ended 31st March, 2017, are attached along with the statement pursuant to Section 129 of the Companies Act, 2013, with respect to the said subsidiaries. Brief write up including performance and financial position of each of the subsidiaries is provided as under:

1. LICHFL Care Homes Limited:

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

During the fiscal 2016 - 17, the Company earned a Profit Before Tax (PBT) of ₹2.55 Lakh and Profit After Tax (PAT) after adjustment of excess provisions of tax of earlier year comes to ₹ 82.50 Lakh.

The project at Bangalore Phase II has been completed and handing over of the keys was done on 12th August, 2013. The Company is at present implementing a project at Bhubaneswar and the same is expected to be completed at an early date. The Company is launching another Senior Living Care Homes project at Vasind in Thane district of Maharashtra in collaboration with TATA Value Homes Limited. The project is at its approval stage with concerned authorities.

The Company is also exploring possibilities to start Senior Living Care Homes project at Bhopal, Jaipur, Hyderabad and Aluva subject to viability of the projects.

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

2. LICHFL Asset Management Company Limited.

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

Directors' Report

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

During the year 2017-18 it is proposed to manage LICHFL Housing and Infrastructure Fund having focus on Property backed Infrastructure sectors and Affordable Housing which include Education Institutions; Hospitals; Industrial Parks & Warehouses; Budget Hotels and Highway facilities and Affordable Housing. The expected fund size would be ₹ 750 Crore with a green shoe option of ₹ 250 Crore.

3. LICHFL Trustee Company Private Limited.

LICHFL Trustee Company Private Limited was incorporated on 5th March, 2008 for undertaking the business of trusteeship. In the year 2010 the Company had registered LICHFL Fund with SEBI as Venture Capital Fund (VCF) under the SEBI (Venture Capital Funds) Regulations 1996. The Fund launched its maiden Scheme LICHFL Urban Development Fund (Fund) and 30th March, 2013 was declared as Final Closure Date of the Fund after successfully garnering fund raising of ₹ 529.35 crore as against the target of ₹ 500 crore. The Fund is managed by LICHFL Asset Management Company Ltd. as Investment Manager. The Fund has closed ten investment deals up to 31st March, 2017. During 2017-18 it is proposed to register LICHFL Housing and Infrastructure Trust for launch of a fund under Category I of SEBI (Alternative Investment Funds) Regulation 2012.

4. LICHFL Financial Services Limited

LICHFL Financial Services Limited, a wholly owned subsidiary of LIC Housing Finance Limited, was incorporated on 31st October, 2007, for marketing of housing loan, insurance products (Life and General Insurance), mutual funds, fixed deposits, credit cards. It became operational in March, 2008 and at present has 46 offices spread across the country. During the FY 2016-17, eight new offices were opened. With these new openings, the Company is having its presence in almost all the major locations.

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

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

The Company has earned a Profit Before Tax (PBT) of ₹ 1,634.32 lakhs and Profit After Tax (PAT) stood at ₹ 1,051.76 lakhs for the FY 2016-17 and recommended dividend @ 25 % for FY 2016-17.

Financial Highlights for FY 2016-17 in comparison with last year:

Sr. No.	Particulars	FY 2016-17 in ₹ (lakhs)	FY 2015-16 in ₹ (lakhs)
1.	Total Income	4,095.82	1,917.68
2.	Profit Before Tax	1,634.32	572.72
3.	Profit After Tax	1,051.76	388.72
4.	Dividend (Declared)	237.50	142.50

The Company has consolidated its home loan business during the financial year 2016-17, which is the major revenue earning vertical for the company. The systematic approach along with the new initiatives taken during the year are expected to drive the revenue growth and improve the operational and financial performance in the coming years.

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

As on 31st March, 2017, the Company has two associate companies namely LIC Mutual Fund Asset Management Company Limited and LIC Mutual Fund Trustee Company Private Limited.

The Annual Report which consists of the financial statements of the Company on standalone as well as consolidated financial statements of the group for the year ended 31st March, 2017 has been sent to all the members of the Company. It does not contain Annual Reports of Company's subsidiaries. The Company will make available Annual Report of all subsidiaries upon request by any member of the Company. These Annual Reports will also be available on Company's website viz www.lichousing.com.

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

Internal Financial Control Systems and their Adequacy:

The Company had laid down internal financial controls to be followed by the company and that such internal financial controls

Directors' Report

are adequate and operating effectively. Note on Internal financial control as Annexure 2 is attached to this report.

Vigil Mechanism / Whistle Blower Policy:

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

Employee stock option:

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

Employee Remuneration:

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

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

Non Executive Directors (including Independent Directors)*	Ratio to median remuneration
Nil	N.A.
*No remuneration is paid to Non Executive Directors (including Independent Directors)	
Executive Director (MD&CEO)	Ratio to median remuneration
Ms. Sunita Sharma	7:1

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

Non Executive Directors (including Independent Directors)*	% increase in remuneration in the financial year
Nil	N.A.
*No remuneration is paid to Non Executive Directors (including Independent Directors)	
	% increase in remuneration in the financial year
Executive Director (MD&CEO)	15.32%
Company Secretary	27.60%*
Chief Financial Officer	9.84%

*Remuneration of Company Secretary excludes arrears payment of ₹12,53,573.00 for F.Y.2016-17

c. The percentage increase in the median remuneration of employees in the financial year: 32.23%

d. The number of permanent employees on the rolls of the Company:1833

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

Particulars	31 March, 2017	15 -November 1994 (IPO)	% Change
Market Price (in ₹)	615.65**	12*	5030.42

*Adjusted face value on account of sub-division
**BSE-clg.Pri 615.65

f. Average percentile increase already made in the salaries of employees other than managerial personnel in the financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in managerial remuneration for the year was 15.32%. The average annual increase in the salaries of the employees other than managerial personnel during the year was 32.23% on account of new recruitment and promotion.

g. Affirmation that remuneration is as per the Remuneration policy of the Company:

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

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

In terms of Section 136(1) of the Companies Act, 2013 read with the Rule 592) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board's Report is being sent to all the shareholders of the Company excluding the annexure containing names of the top ten employees in terms of remuneration drawn. Any shareholder interested in obtaining a copy of the said annexure may write to the Company at the address mentioned as : The Company Secretary, LIC Housing Finance Limited, Corporate Office, 131 Maker Towers, 'F' Premises, 13th Floor, Cuffe Parade, Mumbai – 400 005.

Secretarial Auditor and Secretarial Audit Report:

Pursuant to Section 204 of the Companies Act, 2013, the Company had appointed M/s. N. L. Bhatia & Associates, Practicing Company Secretary as its Secretarial Auditor to conduct the secretarial audit of the Company for the Financial

Year 2016-17. The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit. Report of the Secretarial Auditor for the Financial Year 2016-17 in Form MR-3 is annexed to this report as Annexure 7.

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

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

The Company has Zero tolerance towards any action on the part of any executive / staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive / staff working in the company. No complaint was filed during the year in this regard.

Human resources

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

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

Acknowledgments

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

For and on behalf of the Board

Chairman

Place: Mumbai
Date: 25th April, 2017

Annexure 1 to the Directors' Report

EXTRACT OF ANNUAL RETURN
As on financial year ended 31.03.2016
[Pursuant to Section 92(3) of the Companies act, 2013 read with
[The Companies (Management and Administration) Rules, 2014] FORM NO. MGT-9

A. REGISTRATION AND OTHER DETAILS:

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

B. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service% to total turnover of the company	% to total turnover of the company
a.	Housing Finance	65922	100%
b.			
c.			
d.			

C. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held
a	Housing Finance			
	LICHFL Cares Homes Limited	U85310MH2001PLC133341	Subsidiary	100.00%
	LICHFL Financial Services Limited	U67100MH2007PLC175564	Subsidiary	100.00%
	LICHFL Asset Management Company Limited	U65900MH2008PLC178883	Subsidiary	94.62%
	LICHFL Trustee Company Private Limited	U67190MH2008PTC179718	Subsidiary	100.00%
	LIC Mutual Fund Asset Management Company Limited	U67190MH1994PLC077858	Associate	39.30%
	LIC Mutual Fund Trustee Company Private Limited	U67190MH1994PLC077858	Associate	35.30%

Annexure 1
to the Directors' Report

D. SHARE HOLDING PATTERN

i) Category-wise Share Holding

Categiory of Shareholder	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				"% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTER'S									
(1). INDIAN									
(a). individual	0	0	0		0	0	0		0.000
(b). Central Govt.	0	0	0	0	0	0	0	0	0
(c). State Govt(s).	0	0	0		0	0	0		0.000
(d). Bodies Corpp.	0	0	0		0	0	0		0.000
(e). FIINS / BANKS.	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0.000
(f). Any Other		0				0			0.000
Sub-total (A) (1):-	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0
(2). FOREIGN									
(a). Individual NRI / For Ind	0	0	0	0	0	0	0	0	0
(b). Other Individual	0	0	0	0	0	0	0	0	0
(c). Bodies Corporates	0	0	0	0	0	0	0	0	0
(d). Banks / FII	0	0	0	0	0	0	0	0	0
(e). Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
(f). Any Other Specify	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	203442495	0	203442495	40.313	203442495	0	203442495	40.313	0
(B) (1). PUBLIC SHAREHOLDING									
(a). Mutual Funds	19484635	12000	19496635	3.863	16681089	12000	16693089	3.308	-0.555
(b). Banks / FI	2788016	11000	2799016	0.555	2660951	11000	2671951	0.529	-0.026
(c). Central Govt.	0	0	0		0	0	0		0.000
(d). State Govt.	8643120	7500	8650620	1.714	7122426	7500	7129926	1.413	-0.301
(e). Venture Capital Funds	0	0	0	0.000	0	0	0	0.000	0.000
(f). Insurance Companies	0	0	0	0.000	0	0	0	0.000	0.000
(g). FIIs	136906439	25000	136931439	27.133	34978936	25000	35003936	6.936	-20.197
(h). Foreign Venture Capital Funds	0	0	0		0	0	0		0.000
(i). Others (specify)	0	0	0		0	0	0		0
Sub-total (B)(1):-	**167822210**	**55500**	**167877710**	**33.265**	**61443402**	**55500**	**61498902**	**12.186**	**-21.079**
2. Non-Institutions									
(a). BODIES CORP.									
(i). Indian	81697282	87500	81784782	16.206	21022224	80500	21102724	4.182	-12.024
(ii). Overseas	0	0	0	0.000	0	0.000	0	0.000	0.000
(b). Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	33306829	4935900	38242729	7.578	34599247	4759545	39358792	7.799	0.221

Annexure 1
to the Directors' Report

	No. of Shares held at the beginning of the year 01/04/2016				No. of Shares held at the end of the year 31/03/2017				"% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	4845320	0	4845320	0.960	8697318	0	8697318	1.723	0.763
(c). Other (specify)									
Non Resident Indians	2260464	1500	2261964	0.448	2457903	1500	2459403	0.487	0.039
Overseas Corporate Bodies	2961344	0	2961344	0.587	166248534	0	166248534	32.942	32.355
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	1684862	0	1684862	0.334	1854832	0	1854832	0.368	0.034
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies - D R	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**126756101**	**5024900**	**131781001**	**26.113**	**234880058**	**4841545**	**239721603**	**47.501**	**21.388**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**294578311**	**5080400**	**299658711**	**59.378**	**296323460**	**4897045**	**301220505**	**59.687**	**0.309**
C. Shares held by Custodian for GDRs & ADRs	**1561794**	**0**	**1561794**	**0.309**		**0**			**-0.309**
Grand Total (A+B+C)	**499582600**	**5080400**	**504663000**	**100.00**	**499765955**	**4897045**	**504663000**	**100.00**	**0**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2016			Share holding at the end of the Year 31/03/2017			%change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	**LIFE INSURANCE CORPORATION OF INDIA**	203442495	40.313	0	203442495	40.313	0.000	0

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

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01/04/2016			Share holding at the end of the Year 31/03/2017			% of total shares of the company
		No. of Shares at the beginning (01-04-2016) / end of the yrar (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	
	NIL	NIL				NIL		

Annexure 1
to the Directors' Report

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

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
1	**BANK MUSCAT S A O G A/C BANKMUSCAT INDIA FUND**	5721890	1.134	01-04-2015				
	-Closing Balance		0	31-03-2017		No Change	11496000	2.278
2	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD**	275996	0.055	31-03-2016				
				08-04-2016	-105	Sold	275891	0.055
				29-04-2016	853	Buy	276744	0.055
				13-05-2016	264061	Buy	540805	0.107
				20-05-2016	105746	Buy	646551	0.128
				27-05-2016	600	Buy	647151	0.128
				03-06-2016	1994624	Buy	2641775	0.523
				10-06-2016	1485425	Buy	4127200	0.818
				17-06-2016	674203	Buy	4801403	0.951
				24-06-2016	858170	Buy	5659573	1.121
				30-06-2016	277142	Buy	5936715	1.176
				08-07-2016	67512	Buy	6004227	1.19
				15-07-2016	-218232	Sold	5785995	1.147
				22-07-2016	103035	Buy	5889030	1.167
				29-07-2016	544366	Buy	6433396	1.275
				05-08-2016	1395751	Buy	7829147	1.551
				12-08-2016	26589	Buy	7855736	1.557
				19-08-2016	28675	Buy	7884411	1.562
				26-08-2016	32712	Buy	7917123	1.569
				02-09-2016	22479	Buy	7939602	1.573
				09-09-2016	-6725	Sold	7932877	1.572
				16-09-2016	2179	Buy	7935056	1.572
				23-09-2016	1815	Buy	7936871	1.573
				30-09-2016	39161	Buy	7976032	1.58
				07-10-2016	38519	Buy	8014551	1.588
				21-10-2016	-228988	Sold	7785563	1.543
				04-11-2016	216539	Buy	8002102	1.586
				11-11-2016	395454	Buy	8397556	1.664
				18-11-2016	13346	Buy	8410902	1.667
				25-11-2016	-9009	Sold	8401893	1.665

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				02-12-2016	70789	Buy	8472682	1.679
				09-12-2016	-165463	Sold	8307219	1.646
				31-12-2016	57735	Buy	8364954	1.658
				06-01-2017	58120	Buy	8423074	1.669
				13-01-2017	-4636	Sold	8418438	1.668
				20-01-2017	447138	Buy	8865576	1.757
				27-01-2017	104710	Buy	8970286	1.777
				03-02-2017	54607	Buy	9024893	1.788
				10-02-2017	6052	Buy	9030945	1.79
				17-02-2017	67241	Buy	9098186	1.803
				24-02-2017	70950	Buy	9169136	1.817
				03-03-2017	1187551	Buy	10356687	2.052
				10-03-2017	128641	Buy	10485328	2.078
				17-03-2017	226371	Buy	10711699	2.123
				24-03-2017	58783	Buy	10770482	2.134
	-Closing Balance			31-03-2017	-56561	Sold	10713921	2.123
3	**MAWER INVESTMENT MANAGEMENT LTD. A/C MAWER INTERNATIONAL EQUITY FUND**	8473715	1.679	31-03-2016				
				29-04-2016	276272	Buy	8749987	1.734
				06-05-2016	8269	Buy	8758256	1.735
				10-06-2016	54986	Buy	8813242	1.746
				17-06-2016	48076	Buy	8861318	1.756
				24-06-2016	41088	Buy	8902406	1.764
				30-06-2016	38297	Buy	8940703	1.772
				01-07-2016	4580	Buy	8945283	1.773
				08-07-2016	4931	Buy	8950214	1.774
				15-07-2016	10442	Buy	8960656	1.776
				29-07-2016	133400	Buy	9094056	1.802
				11-11-2016	46600	Buy	9140656	1.811
				18-11-2016	86300	Buy	9226956	1.828
				25-11-2016	197586	Buy	9424542	1.867
				02-12-2016	167375	Buy	9591917	1.901

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				09-12-2016	27949	Buy	9619866	1.906
				16-12-2016	45877	Buy	9665743	1.915
				20-01-2017	105035	Buy	9770778	1.936
				17-03-2017	-215457	Sold	9555321	1.893
				24-03-2017	-420643	Sold	9134678	1.81
	-Closing Balance			31-03-2017			9134678	1.81
4	**GOVERNMENT OF SINGAPORE**		8795894	1.743	31-03-2016			
				08-04-2016	-468048	Sold	8327846	1.65
				15-04-2016	7	Buy	8327853	1.65
				22-04-2016	-141266	Sold	8186587	1.622
				29-04-2016	-67740	Sold	8118847	1.609
				06-05-2016	-356758	Sold	7762089	1.538
				13-05-2016	-10	Sold	7762079	1.538
				03-06-2016	372153	Buy	8134232	1.612
				10-06-2016	120660	Buy	8254892	1.636
				08-07-2016	-83176	Sold	8171716	1.619
				22-07-2016	-82	Sold	8171634	1.619
				29-07-2016	-61239	Sold	8110395	1.607
				05-08-2016	-98223	Sold	8012172	1.588
				12-08-2016	-855	Sold	8011317	1.587
				02-09-2016	-166954	Sold	7844363	1.554
				09-09-2016	6018	Buy	7850381	1.556
				16-09-2016	71	Buy	7850452	1.556
				23-09-2016	107223	Buy	7957675	1.577
				07-10-2016	-182488	Sold	7775187	1.541
				14-10-2016	94	Buy	7775281	1.541
				21-10-2016	-623291	Sold	7151990	1.417
				04-11-2016	-10500	Sold	7141490	1.415
				11-11-2016	-10078	Sold	7131412	1.413
				25-11-2016	127	Buy	7131539	1.413
				02-12-2016	75455	Buy	7206994	1.428
				09-12-2016	-188220	Sold	7018774	1.391
				16-12-2016	-157869	Sold	6860905	1.36
				23-12-2016	-276913	Sold	6583992	1.305

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				30-12-2016	33823	Buy	6617815	1.311
				06-01-2017	31322	Buy	6649137	1.318
				20-01-2017	-176242	Sold	6472895	1.283
				03-02-2017	824472	Buy	7297367	1.446
				10-02-2017	-71981	Sold	7225386	1.432
				03-03-2017	-33540	Sold	7191846	1.425
				10-03-2017	9167	Buy	7201013	1.427
				24-03-2017	317411	Buy	7518424	1.49
	-Closing Balance			31-03-2017	225605	Buy	7744029	1.534
5	**HSBC GLOBAL INVESTMENT FUNDS - INDIAN EQUITY**			250000	0.05	31-03-2016		
				15-07-2016	2680000	Buy	2930000	0.581
				19-08-2016	1860000	Buy	4790000	0.949
				30-09-2016	79193	Buy	4869193	0.965
				07-10-2016	895291	Buy	5764484	1.142
				11-11-2016	561440	Buy	6325924	1.253
				18-11-2016	427440	Buy	6753364	1.338
				06-01-2017	100000	Buy	6853364	1.358
				10-02-2017	-214972	Sold	6638392	1.315
				17-02-2017	-368379	Sold	6270013	1.242
				03-03-2017	-140997	Sold	6129016	1.214
				10-03-2017	-31100	Sold	6097916	1.208
	-Closing Balance			31-03-2017			6097916	1.208
6	**FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND**	5249878	1.04	31-03-2016				
				08-04-2016	63752	Buy	5313630	1.053
				15-04-2016	84693	Buy	5398323	1.07
				06-05-2016	57972	Buy	5456295	1.081
				02-12-2016	231288	Buy	5687583	1.127
				09-12-2016	79868	Buy	5767451	1.143
				24-02-2017	-143936	Sold	5623515	1.114
	-Closing Balance			31-03-2017			5623515	1.114
7	**FIL INVESTMENTS(MAURITIUS) LTD**	5291828	1.049	31-03-2016				
	-Closing Balance	5291828	1.049	31-03-2017				

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
8	**CREDIT SUISSE (SINGAPORE) LIMITED**	743268	0.147	31-03-2016				
				08-04-2016	-39600	Sold	703668	0.139
				15-04-2016	46200	Buy	749868	0.149
				29-04-2016	5	Buy	749873	0.149
				13-05-2016	-5	Sold	749868	0.149
				20-05-2016	18222	Buy	768090	0.152
				27-05-2016	9311	Buy	777401	0.154
				03-06-2016	-269686	Sold	507715	0.101
				10-06-2016	-37400	Sold	470315	0.093
				17-06-2016	-8800	Sold	461515	0.091
				30-06-2016	-26694	Sold	434821	0.086
				08-07-2016	353780	Buy	788601	0.156
				15-07-2016	258229	Buy	1046830	0.207
				22-07-2016	71790	Buy	1118620	0.222
				29-07-2016	-67	Sold	1118553	0.222
				05-08-2016	39174	Buy	1157727	0.229
				12-08-2016	13269	Buy	1170996	0.232
				19-08-2016	-14950	Sold	1156046	0.229
				26-08-2016	-8718	Sold	1147328	0.227
				02-09-2016	-5454	Sold	1141874	0.226
				09-09-2016	108481	Buy	1250355	0.248
				16-09-2016	319955	Buy	1570310	0.311
				23-09-2016	20000	Buy	1590310	0.315
				30-09-2016	-207954	Sold	1382356	0.274
				07-10-2016	362925	Buy	1745281	0.346
				14-10-2016	327911	Buy	2073192	0.411
				04-11-2016	251964	Buy	2325156	0.461
				11-11-2016	2041349	Buy	4366505	0.865
				18-11-2016	-203467	Sold	4163038	0.825
				25-11-2016	-319014	Sold	3844024	0.762
				09-12-2016	78954	Buy	3922978	0.777
				16-12-2016	1571	Buy	3924549	0.778
				23-12-2016	48237	Buy	3972786	0.787
				30-12-2016	-6260	Sold	3966526	0.786

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				06-01-2017	900971	Buy	4867497	0.965
				20-01-2017	-139454	Sold	4728043	0.937
				27-01-2017	114207	Buy	4842250	0.96
				10-03-2017	-557	Sold	4841693	0.959
				24-03-2017	-5500	Sold	4836193	0.958
	-Closing Balance			31-03-2017	-96800	Sold	4739393	0.939
9	**VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES OF VANGUARD INTERNATIONAL EQUITY INDE X FUND**	3889933	0.771	31-03-2016				
				08-04-2016	14140	Buy	3904073	0.774
				22-04-2016	11760	Buy	3915833	0.776
				10-06-2016	11799	Buy	3927632	0.778
				24-06-2016	44792	Buy	3972424	0.787
				22-07-2016	9162	Buy	3981586	0.789
				29-07-2016	28026	Buy	4009612	0.795
				05-08-2016	22661	Buy	4032273	0.799
				12-08-2016	24075	Buy	4056348	0.804
				19-08-2016	34240	Buy	4090588	0.811
				09-09-2016	14520	Buy	4105108	0.813
				07-10-2016	15488	Buy	4120596	0.817
				14-10-2016	10648	Buy	4131244	0.819
				21-10-2016	36300	Buy	4167544	0.826
				28-10-2016	14520	Buy	4182064	0.829
				11-11-2016	31460	Buy	4213524	0.835
				25-11-2016	38236	Buy	4251760	0.842
				02-12-2016	21780	Buy	4273540	0.847
				06-01-2017	12240	Buy	4285780	0.849
				13-01-2017	26010	Buy	4311790	0.854
				20-01-2017	12240	Buy	4324030	0.857
				03-02-2017	36720	Buy	4360750	0.864
				17-02-2017	10200	Buy	4370950	0.866
				24-03-2017	21690	Buy	4392640	0.87
	-Closing Balance			31-03-2017	21208	Buy	4413848	0.875

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
10	**NPS TRUST- A/C UTI RETIREMENT OLUTIONS PENSION FUND SCHEME E - TIER I**	3085750	0.611	31-03-2016				
				08-04-2016	12252	Buy	3098002	0.614
				15-04-2016	639	Buy	3098641	0.614
				22-04-2016	-19664	Sold	3078977	0.61
				29-04-2016	5706	Buy	3084683	0.611
				06-05-2016	50647	Buy	3135330	0.621
				13-05-2016	42337	Buy	3177667	0.63
				20-05-2016	1758	Buy	3179425	0.63
				27-05-2016	49684	Buy	3229109	0.64
				03-06-2016	2070	Buy	3231179	0.64
				10-06-2016	267	Buy	3231446	0.64
				17-06-2016	63662	Buy	3295108	0.653
				24-06-2016	14200	Buy	3309308	0.656
				30-06-2016	18	Buy	3309326	0.656
				01-07-2016	480	Buy	3309806	0.656
				08-07-2016	301	Buy	3310107	0.656
				15-07-2016	377	Buy	3310484	0.656
				22-07-2016	-100426	Sold	3210058	0.636
				29-07-2016	8967	Buy	3219025	0.638
				05-08-2016	23242	Buy	3242267	0.642
				12-08-2016	1385	Buy	3243652	0.643
				02-09-2016	12500	Buy	3256152	0.645
				09-09-2016	332	Buy	3256484	0.645
				16-09-2016	6028	Buy	3262512	0.646
				30-12-2016	559923	Buy	3822435	0.757
				06-01-2017	4092	Buy	3826527	0.758
				13-01-2017	19921	Buy	3846448	0.762
				20-01-2017	-26774	Sold	3819674	0.757
				27-01-2017	67699	Buy	3887373	0.77
				03-02-2017	391	Buy	3887764	0.77
				10-02-2017	14458	Buy	3902222	0.773

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				17-02-2017	11037	Buy	3913259	0.775
				03-03-2017	91027	Buy	4004286	0.793
				10-03-2017	10268	Buy	4014554	0.795
				17-03-2017	622	Buy	4015176	0.796
				24-03-2017	865	Buy	4016041	0.796
	-Closing Balance			31-03-2017	7731	Buy	4023772	0.797
11	**JANUS OVERSEAS FUND.**	1825357	0.362	31-03-2016				
				08-04-2016	422695	Buy	2248052	0.445
				22-04-2016	453854	Buy	2701906	0.535
				29-04-2016	316981	Buy	3018887	0.598
				06-05-2016	40686	Buy	3059573	0.606
				13-05-2016	78095	Buy	3137668	0.622
				27-05-2016	64338	Buy	3202006	0.634
				30-06-2016	147639	Buy	3349645	0.664
				15-07-2016	168061	Buy	3517706	0.697
				22-07-2016	164765	Buy	3682471	0.73
				29-07-2016	82794	Buy	3765265	0.746
				24-03-2017	67948	Buy	3833213	0.76
	-Closing Balance			31-03-2017			3833213	0.76
12	**BNY MELLON INVESTMENT FUNDS NEWTON**	462948	0.092	02-12-2016				
				09-12-2016	1163794	Buy	1626742	0.322
				16-12-2016	216663	Buy	1843405	0.365
				23-12-2016	794514	Buy	2637919	0.523
				30-12-2016	160321	Buy	2798240	0.554
				06-01-2017	926697	Buy	3724937	0.738
	-Closing Balance			31-03-2017			3724937	0.738

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
13	**TEMPLETON FUNDS -TEMPLETON FOREIGN FUND**	4173484	0.827	31-03-2016				
				02-09-2016	-149990	Sold	4023494	0.797
				28-10-2016	-1627400	Sold	2396094	0.475
	-Closing Balance			04-11-2016	-865800	Sold	1530294	0.303
14	**GMO EMERGING DOMESTIC OPPORTUNITIES FUND**	3987953	0.79	31-03-2016				
				29-04-2016	451796	Buy	4439749	0.88
				15-07-2016	-403489	Sold	4036260	0.8
				05-08-2016	-271259	Sold	3765001	0.746
				12-08-2016	-414600	Sold	3350401	0.664
				02-09-2016	386260	Buy	3736661	0.74
				09-09-2016	134984	Buy	3871645	0.767
				18-11-2016	-124110	Sold	3747535	0.743
				09-12-2016	-340010	Sold	3407525	0.675
				13-01-2017	-491721	Sold	2915804	0.578
				17-02-2017	-1077379	Sold	1838425	0.364
				24-02-2017	-735865	Sold	1102560	0.218
	-Closing Balance			31-03-2017			1102560	0.218
15	**HDFCSL SHAREHOLDERS SOLVENCY MARGIN ACCOUNT**	7060412	1.399	31-03-2016				
				08-04-2016	300000	Buy	7360412	1.458
				22-04-2016	150000	Buy	7510412	1.488
				29-04-2016	50134	Buy	7560546	1.498
				06-05-2016	981	Buy	7561527	1.498
				13-05-2016	150673	Buy	7712200	1.528
				20-05-2016	125572	Buy	7837772	1.553
				27-05-2016	353289	Buy	8191061	1.623
				03-06-2016	204107	Buy	8395168	1.664
				10-06-2016	140000	Buy	8535168	1.691
				17-06-2016	1810	Buy	8536978	1.692
				24-06-2016	-125692	Sold	8411286	1.667
				30-06-2016	441	Buy	8411727	1.667
				01-07-2016	368	Buy	8412095	1.667

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				08-07-2016	-74530	Sold	8337565	1.652
				15-07-2016	-1719460	Sold	6618105	1.311
				22-07-2016	-560161	Sold	6057944	1.2
				29-07-2016	-872761	Sold	5185183	1.027
				05-08-2016	-300000	Sold	4885183	0.968
				12-08-2016	-558800	Sold	4326383	0.857
				19-08-2016	-46800	Sold	4279583	0.848
				26-08-2016	200000	Buy	4479583	0.888
				02-09-2016	155601	Buy	4635184	0.918
				09-09-2016	-675000	Sold	3960184	0.785
				16-09-2016	-153664	Sold	3806520	0.754
				23-09-2016	-85008	Sold	3721512	0.737
				30-09-2016	-41617	Sold	3679895	0.729
				07-10-2016	-516134	Sold	3163761	0.627
				14-10-2016	-292845	Sold	2870916	0.569
				21-10-2016	-796673	Sold	2074243	0.411
				28-10-2016	-325000	Sold	1749243	0.347
				11-11-2016	-194176	Sold	1555067	0.308
				02-12-2016	16798	Buy	1571865	0.311
				09-12-2016	-12115	Sold	1559750	0.309
				16-12-2016	12079	Buy	1571829	0.311
				31-12-2016	-15817	Sold	1556012	0.308
				06-01-2017	-195000	Sold	1361012	0.27
				20-01-2017	-400090	Sold	960922	0.19
				10-03-2017	95900	Buy	1056822	0.209
				17-03-2017	44100	Buy	1100922	0.218
				24-03-2017	-48100	Sold	1052822	0.209
	-Closing Balance			31-03-2017	-1515	Sold	1051307	0.208

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
16	**GOVERNMENT PENSION FUND GLOBAL**	4758650	0.943	31-03-2016				
				22-04-2016	-1077864	Sold	3680786	0.729
				29-04-2016	-1426563	Sold	2254223	0.447
				06-05-2016	-523438	Sold	1730785	0.343
				17-06-2016	-282241	Sold	1448544	0.287
				24-06-2016	-421047	Sold	1027497	0.204
				16-12-2016	-120984	Sold	906513	0.18
	-Closing Balance			31-03-2017			906513	0.18
17	**HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GIF MAURITIUS LIMITED**	6564935	1.301	31-03-2016				
				22-04-2016	-222504	Sold	6342431	1.257
				30-06-2016	-216807	Sold	6125624	1.214
				08-07-2016	-224595	Sold	5901029	1.169
				15-07-2016	-2792217	Sold	3108812	0.616
				22-07-2016	-218796	Sold	2890016	0.573
				19-08-2016	-1969427	Sold	920589	0.182
				02-09-2016	-136974	Sold	783615	0.155
	-Closing Balance			30-09-2016			783615	0.155
18	**SWISS FINANCE CORPORATION (MAURITIUS) LIMITED**	3924679	0.778	31-03-2016				
				08-04-2016	-23392	Sold	3901287	0.773
				15-04-2016	144100	Buy	4045387	0.802
				22-04-2016	-525786	Sold	3519601	0.697
				29-04-2016	-145349	Sold	3374252	0.669
				06-05-2016	284303	Buy	3658555	0.725
				13-05-2016	476624	Buy	4135179	0.819
				20-05-2016	-95162	Sold	4040017	0.801
				27-05-2016	-200947	Sold	3839070	0.761
				03-06-2016	-2739	Sold	3836331	0.76
				10-06-2016	-470180	Sold	3366151	0.667
				17-06-2016	33991	Buy	3400142	0.674
				24-06-2016	45479	Buy	3445621	0.683
				30-06-2016	-420972	Sold	3024649	0.599
				08-07-2016	232734	Buy	3257383	0.645

Annexure 1
to the Directors' Report

Sr. no	Name	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total Shares of the company	Date	Increasing / Decreasing in shareholding	Reason	No. of shares	% of total shares of the company
				15-07-2016	-322796	Sold	2934587	0.581
				22-07-2016	473538	Buy	3408125	0.675
				29-07-2016	217529	Buy	3625654	0.718
				05-08-2016	-731181	Sold	2894473	0.574
				12-08-2016	242341	Buy	3136814	0.622
				19-08-2016	374200	Buy	3511014	0.696
				26-08-2016	262536	Buy	3773550	0.748
				02-09-2016	147326	Buy	3920876	0.777
				09-09-2016	-276525	Sold	3644351	0.722
				16-09-2016	47485	Buy	3691836	0.732
				23-09-2016	2790	Buy	3694626	0.732
				30-09-2016	9616	Buy	3704242	0.734
				07-10-2016	-204973	Sold	3499269	0.693
				14-10-2016	-359685	Sold	3139584	0.622
				21-10-2016	-662343	Sold	2477241	0.491
				28-10-2016	-3498	Sold	2473743	0.49
				04-11-2016	2889	Buy	2476632	0.491
				11-11-2016	-1099613	Sold	1377019	0.273
				18-11-2016	15193	Buy	1392212	0.276
				25-11-2016	579916	Buy	1972128	0.391
				02-12-2016	15506	Buy	1987634	0.394
				09-12-2016	-520387	Sold	1467247	0.291
				16-12-2016	610960	Buy	2078207	0.412
				23-12-2016	-11107	Sold	2067100	0.41
				30-12-2016	-2200	Sold	2064900	0.409
				06-01-2017	-781343	Sold	1283557	0.254
				13-01-2017	-1153848	Sold	129709	0.026
				20-01-2017	448193	Buy	577902	0.115
				27-01-2017	40700	Buy	618602	0.123
				03-02-2017	-246182	Sold	372420	0.074
				10-02-2017	306620	Buy	679040	0.135
				17-02-2017	78750	Buy	757790	0.15
				24-02-2017	-38435	Sold	719355	0.143
				03-03-2017	245139	Buy	964494	0.191
				10-03-2017	-60000	Sold	904494	0.179
				24-03-2017	121683	Buy	1026177	0.203
	-Closing Balance			31-03-2017	-912754	Sold	113423	0.022

Annexure 1
to the Directors' Report

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year 01/04/2016		Cumulative Shareholding during the year 31/03/2017	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Director/s				
1	**Dr. Dharmendra Bhandari**				
	At the beginning of the year	500	0.00	500	0.00
	Date-wise Increase/ Decrease in shareholding during the year specifying the reasons for increase / decrease e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	500	0.00	500	0.00

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

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
	Independent Directors	**Jagdish Capoor**	**Savita Singh**	**T. V. Rao**	**Dr. Dharmendra Bhandari**	**Debabrata Sarkar**	**V K Kukreja**	
1	Fee for attending Board / Committee meetings	955000.00	120000.00	305000.00	315000.00	255000.00	905000.00	2855000.00
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	955000.00	120000.00	305000.00	315000.00	255000.00	905000.00	2855000.00
2	Other Non-Executive Directors	Ameet N Patel						
	Fee for attending Board / Committee meetings	235000.00						235000.00
	Commission	Nil						Nil
	Others, please specify	Nil						Nil
	Total (2)	235000.00	0.00	0.00	0.00			235000.00
	Total (B) = (1+2)	3090000.00						3090000.00
	Total Managerial Remuneration	8234666.85						8234666.85
	Overall ceiling as per the Act							3281764645.33

Annexure 1
to the Directors' Report

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

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		
1		Nitin K. Jage, GM & CS	P. Narayanan, CFO	Total
	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	2974653.00	2340626.00	5315279.00
	b) Value of perquisites u/s 17(2) of Income tax Act, 1961	71838.00	368958.00	440796.00
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit	Nil	Nil	Nil
	others, specify	Nil	Nil	Nil
5	Others, please specify (like Company Contribution)	303186.00	203448.17	506634.17
	Total	**3349677.00**	**2913032.17**	**6262709.17**

V. INDEBTEDNESS

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

(₹ In crore)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year : 01.04.2016					
i)	Principal Amount	103,453.36	3,650.72	3,820.26	110,924.34
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due*	4,002.48	110.38	205.90	4,318.76
Total (i+ii+iii)		**107,455.84**	**3,761.10**	**4,026.16**	**115,243.10**
Change in Indebtedness during the financial year					
Addition		42,394.00	8,090.80	3,528.60	54,013.40
Reduction		30,601.11	6,974.47	1,027.48	38,603.06
Net Change		**11,792.89**	**1,116.33**	**2,501.12**	**15,410.34**
Indebtedness at the end of the financial year : 31.03.2017					
i)	Principal Amount	**115,246.25**	**4,767.05**	**6,321.38**	**126,334.68**
ii)	Interest due but not paid	0.00	0.00	0.00	0.00
iii)	Interest accrued but not due*	5,039.18	108.92	328.77	5,476.87
Total (i+ii+iii)		**120,285.43**	**4,875.97**	**6,650.15**	**131,811.55**

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

Annexure 1
to the Directors' Report

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. no.	Particulars of Remuneration	Name of MD / WTD / Manager: Ms. Sunita Sharma	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,219,456.00	4,219,456.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	656,933.00	656,933.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00
			0.00
	Stock Option	0.00	0.00
	Sweat Equity	0.00	0.00
	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	- others, specify…	0.00	0.00
	Others, please specify (like Company contribution)	268,277.85	268,277.85
	Total (A)	5,144,666.85	5,144,666.85
	Ceiling as per the Act	1,491,711,202.42	1491711202.42

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

Annexure 2 to the Board's Report.

NOTE ON INTERNAL FINANCIAL CONTROL

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

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

2. **Policies and Procedures:** The Company has laid down policies and procedures. As part of the Internal Control Framework (ICF), the Company has in place standard operating procedures (SOP) covering the key activities / functions / processes (Retail Loans, Project Loans, Borrowings, Treasury, Accounting, etc.)

3. **Compliance Reporting:** The Company has in place process to ensure compliance with the provisions of all applicable laws and the same is reported in the form of quarterly compliance reports by the process owners to the MD & CEO / Audit Committee / Board.

4. **Risk Management System:** The Company has in place a Risk Management Policy which provides a framework to address the risk faced by the Company on a sustainable basis. The risk management function within the Company is responsible for review of existing risks and identifying potential risks and risk mitigation measures. There is a system of quarterly / half-yearly reporting to the Risk Management Committee / Audit Committee / Board.

5. **Internal Audit System:** The Internal Audit process determines the existence, adequacy, effectiveness and adherence to the Company's internal controls, besides review of processes, adherence to SOPs and compliance with statutory provisions/ regulatory guidelines. The internal audit of back offices is conducted by the Internal Audit Department and Internal audit of Corporate Office is conducted by an independent firm of chartered accountants.

6. **Adequacy and Effectiveness of Internal Financial Control:** The Standard Operating Procedures, Compliance Reporting, Risk Management System and Internal Audit System adopted by the Company facilitate orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. All these ensure that Internal financial controls within the Company are adequate and operating effectively.

Annexure 3 to the Board's Report

LIC Housing Finance Limited

Related Party Transaction Policy and Procedures

Policy:

LIC Housing Finance Limited recognises that related party transactions present a potential or actual risk of conflicts of interest (or the perception thereof) and therefore the Company has adopted this policy, under which all Related Party Transactions will be subject to approval or ratification in accordance with the procedures set forth in this policy.

Definitions:

Related Party: [section 2(76)]
With reference to company, Related Party would mean and include the following:

i) A director or his relative;

ii) Key Managerial Personnel or their relative;

iii) A firm in which a director / manager or his relative is a partner;

iv) A private company in which a director or manager is a director or holds alongwith his relatives, more than 2% of its paid-up share capital;

v) A person on whose advice, directions or instruction (except given in professional capacity) a director or manager is a accustomed to act;

vi) A holding / subsidiary or associate company, subsidiary's subsidiary and such person as would be prescribed.

Relative: [section 2(77)]
For the purposes of this policy and pursuant to Rule 4 of the Companies (Specification of Definitions, Details) Rules, 2014 provides that a person shall be deemed to be the relative of another if he or she is related to another in the following manner, namely:

i) Father (including step father);

ii) Mother(including step mother);

iii) Son (including step-son);

iv) Son's wife;

v) Daughter;

vi) Daughter's husband;

vii) Brother (including step-brother);

viii) Sister (including step-sister).

Related Party Transaction [section 188] liable to be treated as Related Party Transactions is as set below:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company;
- Underwriting the subscription of any securities or derivatives thereof, of the company;

Key Managerial Personnel: [section 2(51)]
In relation to a company, Key Managerial Personnel means the following:

i) The Chief Executive Officer or the Managing Director or the Manager;

ii) The Company Secretary;

iii) The Whole-time director;

iv) The Chief Financial Officer;

v) And such other officer as may be prescribed.

For the purpose of this policy, a Related Party Transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries or associate) was, is or will be a participant and the amount involved exceeds 10% of the networth or 10% of turnover and in which any Related Party (as defined above) had, has or will have a direct or indirect interest.

It may be mentioned here that the word 'material' is omitted from this definition so that the Audit Committee can assess the materiality of a Related Party's interest in the transaction, rather than management or employees in their determination of whether a transaction fall under the policy.

While the Audit Committee has historically monitored related party transaction, Company may determine that their Nomination and Remuneration Committee may be better suited to administer this policy, atleast with respect to directors, as these matters are relevant to the independen t determinations.

Procedures:

The Audit Committee of the Board of Directors of the Company will review the relevant facts and circumstances of each Related Party Transaction, including if the transaction is on terms comparable to those that could be obtained on arm's length dealings with an unrelated third party and the extent of the Related Party's interest in the transaction, take into account the conflicts of interest and either approve or disapprove the Related Party Transaction. Any Related Party Transaction that would be entered into and would continue only if the Audit Committee has approved or ratified such transaction in accordance with the guidelines set forth in this policy. If advance approval of a Related Party Transaction requiring the Audit Committee's approval, is not practicable, then the transaction may be preliminarily entered into by

Annexure 3 to the Board's Report.

management subject to ratification of the transaction by the Audit Committee at the Audit Committee's next regularly scheduled meeting; provided that if ratification will not be done, management will make all reasonable efforts to cancel or annul such transaction.

All Related Party Transactions shall require prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting omnibus approval in line with the policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature;

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;

c. Such omnibus approval shall specify the following:
   - Name(s) of the Related Party;
   - Name of the transaction;
   - Maximum amount of transaction that can be entered into;
   - The indicative base price / current contracted price and the formula for variation in the price, if any, and;
   - Such other conditions as the Audit Committee may deem fit.

d. In such cases where the need for Related Party Transactions cannot be foreseen and details as required above are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹10 Crore per transaction;

e. The Audit Committee shall review, atleast on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given;

f. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transactions to the Board for the approval.

Management will present to the Audit Committee each proposed Related Party Transaction, including all relevant facts and circumstances, and will update the Audit Committee as to any material changes to an approved or ratified Related Party Transaction and will provide a status report annually at a regularly scheduled meeting of the Audit Committee, of all then current Related Party Transactions.

No director shall participate in approval of a Related Party Transaction for which he or she is a Related Party.

Approval of Board of Directors:

All the Related Party Transactions under section 188 of the Companies Act, 2013 shall be approved by the Board of Directors of the Company; however this provision will not apply to the transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis.

Factors / Criteria to be considered while granting approval to Related Party Transactions:

The Audit Committee / Board will consider the following factors, among others, to the extent relevant to the Related Party Transactions while granting its approval:

a. Whether the terms of the Related Party Transaction are fair and on arms length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;

b. Whether there are any compelling business reasons for the Company to enter into a Related Party Transaction and the nature of alternative transactions, if any;

c. Whether the Related Party Transaction would affect the independence of an independent director;

d. Whether the transaction qualifies to be a transaction in ordinary course of business;

e. Whether the proposed transaction includes any potential risk issues that may arise as a result of or in connection with the proposed transaction;

f. Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the terms and size of the transaction, the purpose and timing of the transaction, the overall financial position of the director or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of the any proposed relationship and any other factors the Board / Committee deems relevant.

Pre-Approved Transactions:

The Audit Committee has reviewed and pre-approved each of the following types of Related Party Transactions, which will be deemed to be approved or ratified, as applicable under this policy:

1. Managerial Remuneration
   a) To Managing Director & CEO if the remuneration is required to be reported / circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's

Annexure 3 to the Board's Report.

Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors of the Company; or

b) To Key Managerial Personnel if the remuneration is required to be reported / circulated to the shareholders pursuant to requirement of the Companies Act, 2013 and such remuneration has been approved, or recommended to the Company's Board of Directors for approval, by Nomination and Remuneration Committee of the Board of Directors of the Company.

2. Transactions that are in the Company's ordinary course of business such as the following:

   a) Borrowing or Raising of funds in the nature of NCD, Bonds (Tier I or II, subordinate etc) for business of the company from the promoter, repayment / payment of interest or principal towards secured or unsecured loans. Issue of equity shares, PTC and payment of interest or other return on such subscription.

3. Transactions that are in the nature of payment of rent, dividend, reimbursement of municipal taxes, reimbursement of electricity expenses, reimbursement of gratuity for staff on deputation from promoter, payment for staff training, conference and towards renovation and repairs either to promoter or subsidiary or associate.

Disclosure:

All Related Party Transactions are to be disclosed in the Company's applicable returns / report as required by the Companies Act, 2013, Listing Agreement. Furthermore, any material Related Party Transactions will be disclosed to the Board of Directors.

Other Agreements:

Management will assure that all Related Party Transactions are not in violation of and are approved in accordance with any requirements of the Company's financing or other material agreements.

Review & Monitoring of Related Party Transactions:

The Audit Committee may review and monitor a Related Party Transaction taking into account the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In connection with any review of a Related Party Transaction, the Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the requirements of the Companies Act, 2013 and Listing Regulations.

Interpretation:

This policy is intended to comply with the requirement of the Companies Act, 2013, Listing Regulations. Notwithstanding anything herein to the contrary, this policy will be interpreted only in such a manner as to comply with the requirement of the Companies Act, 2013, Listing Regulations.

Annexure 4 to the Board's Report

FORM No. AOC-2
[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act, and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

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

2. Details of material contracts or arrangements or transactions at arm's length basis:
   a) Name(s) of the related party and nature of relationship: Annexed as Annexure 5 to this report
   b) Nature of transactions: As annexed as Annexure 5 to this report.
   c) Duration of the transactions: On going basis
   d) Salient terms of the contracts or arrangements or transactions including the value if any: As per Annexure 5
   e) Date(s) of approval by the Board: 25th April, 2017
   f) Amount paid as advance, if any: Nil

For and on behalf of the Board of Directors

V. K. Sharma
Chairman

Place: Mumbai
Date: 25th April, 2017

Annexure 5 to the Board's Report.

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

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

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

https://www.lichousing.com/Polices&Codes.

2. Composition of the CSR Committee:

Ms. Usha Sangwan*	Chairperson	Director
Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Ms Sunita Sharma	Member	Managing Director & CEO

*Appointed as Member w.e.f. 23.06.2016

3. Average net profit of the Company for last three financial years: ₹2,167.21 crore

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

The Company, during the financial year 2016-17, was required to spend ₹43.34 crore towards CSR.

5. Details of CSR spent during the financial year:

a) Total amount spent for the financial year: ₹16.85 crore.

b) Amount unspent, if any: ₹26.49 crore.

c) Manner in which amount spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (₹)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (₹)	Cumulative Expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
1.	Contribution to Lala Jagat Narain Himotkarsh Kanya Mahavidalaya Shiksha Samiti of towards setting-up of I.T-cum-digital centre.	Education and Empowering women	District Una, Himachal Pradesh.	26,20,000	26,20,000	26,20,000	Through implementing agency namely Lala Jagat Narain Himotkarsh Kanya Mahavidalaya Shiksha Samiti

Annexure 5 to the Board's Report.

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (₹)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (₹)	Cumulative Expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
2.	Contribution to Tarun Bharat Sangh of for their project of Making Climate Resilient Communities in Rivulet Agrani Basin of Maharashtra through Integrated Natural Resource Management	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water	Sangli District, Maharashtra	2,67,08,000	2,67,08,000	2,67,08,000	Through Implemen-ting agency namely agency namely Tarun Bharat Sangh
3.	Continuation of support for the second year of the project "Adapting to Climate Change through Water Management in Rajasthan".	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water	Villages of Karauli district of Rajasthan	₹ 1,10,90,600 being project implementation cost of first year out of the four year project	Program Activities Cost ₹ 95,72,600 and Administration cost ₹ 15,18,000	77,51,000	Through Implementing agency namely agency namely Tarun Bharat Sangh
4.	Corpus Contribution to DEEDS (Development Education Empowerment of The Disadvantaged In Society) Public Charitable Trust	Providing education, skill training facilities for the hearing handicapped	The project area is located in Mumbai	Corpus Contribution of ₹ 1,00,00,000	₹ 1,00,00,000	₹ 1,00,00,000	Through Impleme-nting agency namely DEEDS (Development Education Empowerment of The Disadvantaged In Society) Public Charitable Trust
5.	Contribution to Concern India foundation for the purpose of providing educational support for 606 marginalized children studying in three government schools in Hyderabad with the purpose of enhancing their qualitative learning	Promoting education	Hyderabad, Telangana	₹ 7,72,000	₹ 7,72,000	₹ 7,72,000	Through Implementing agency namely agency namely Concern India Foundati-onn

Annexure 5 to the Board's Report.

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (₹)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (₹)	Cumulative Expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
6.	Contribution to Thirumalai Charity Trust (TCT)/Thirumalai Health Mission(THM) for their project rural Community Centred Prevention, Care and Control of Non Communicable Diseases	Promoting Health care including preventive health care	Vellore District, Tamil Nadu	50,00,000	50,00,000	50,00,000	Through Implemen-ting agency namely Thirumalai Charity Trust (TCT)/ Thirumalai Health Mission(THM)
7.	Contribution to Akshaya Patra Foundation for Sponsorship of 1 Delivery Van in Guwahati for carrying mid-day meal food to Schools	Eradicating hunger, malnutrition and Promoting Education	Guwahati, Assam	₹10,72,000	₹10,72,000	₹10,72,000	Through Impleme-nting agency namely Akshaya Patra Foundation
8.	Contribution to Sulabh Sanitation Mission Foundation for the construction of 130 IHHLs (Internal House Hold Latrins)	Promoting sanitation	Tapkan village of Mewat district Harayana	₹63,80,000	₹63,80,000	₹63,80,000	Through Implementing agency namely Sulabh Sanitation Mission Foundation
9.	Contribution to Sulabh Sanitation Mission Foundation for construction of two Toilet Complexes in Amritsar	Promoting sanitation	Amritsar, Punjab	₹35,00,000	₹35,00,000	₹35,00,000	Through Implementing agency namely Sulabh Sanitation Mission Foundation
10.	Contribution to Say Trees Forest Creation, Planting of 10000 saplings	Ensuring environmental sustainability, ecological balance	Bagepalli region of Karnataka	₹8,00,000	₹8,00,000	₹8,00,000	Through Implementing agency namely Say Trees

Annexure 5 to the Board's Report.

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	Amount Outlay (budget) project or programme wise (₹)	Amount spent on the projects or programmes Subhead: (1) Direct expenditure (2) Overheads (₹)	Cumulative Expenditure upto the reporting period (₹)	Amount Spent: Direct or through implementing agency
11.	Contribution to Advait Foundation, for the projects namely 'One Pack in Each Rack' (sanitary napkins project plant project) and 'My Skills My Life' (skill development of the local rural youth in computer based interventions and IT)	Promoting health care and sanitation, enhancing vocational skills, Empowering women	Purba Gopalnagar village in Jagdishpur panchayat of 24 South Parganas, West Bengal and Silchar Assam	₹36,22,000	₹36,22,000	₹36,22,000	Through Implementing agency namely Advait Foundation.
12.	Contribution to Nana Palkar Smruti Samiti for the purpose of contribution to the corpus fund for extending medical Aid to poor patients	Promoting health care	Providing medical Aid to patients visiting Mumbai for medical treatment at various hospitals like Tata Cancer Hospital and King Edward Memorial Hospital (KEM), Parel, Mumbai, Maharashtra.	Contribution to the corpus fund of ₹ 1,00,00,000	₹1,00,00,000	₹1,00,00,000	Through Impleme-nting agency namely Nana Palkar Smruti Samiti
13.	Contribution to Savitribai Phule Mahila Ekatma Samaj Mandal for their project Jal Abhiyan 2017 covering 15 villages spread over the districts of Aurangabad and Jalna	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water	Fifteen villages spread over the districts of Auranga-bad and Jalna, Maharas-htra	2,50,00,000	2,50,00,000	2,50,00,000	Through Impleme-nting agency namely Savitribai Phule Mahila Ekatma Samaj Mandal
14.	Contribution to Mahatma Phule Krushi Pratishthan for their River and Nalla Deepening and Widening project covering 26 villages	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water	Auranga-bad, Maharas-htra	₹2,19,11,000	₹2,19,11,000	₹2,19,11,000	Through Implementing agency namely Mahatma Phule Krushi Pratishthan

Annexure 5 to the Board's Report.

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

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

The Company in the process of gradually building and developing the internal CSR appraisal mechanism, for appraising CSR projects, as it intends to contribute towards genuine projects and partner with only reputed implementation agencies with proven track record. The Company is also emphasising in periodically monitoring the CSR contribution made by it. In financial year 2016-2017 the Company has made its best endeavour to appraise and process the contribution requests received by it. The Company is committed towards spending maximum CSR funds and such commitment is evident from the gradually increasing outlay in each Financial Year.

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

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

For and on behalf of the Board of Directors

Vinay Sah
Managing Director & CEO

V. K. Sharma
Chairman

Place: Mumbai
Date : 25th April, 2017

Annexure 6 to the Board's Report

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

Related Party	**Nature of transactions**	**Current Year** Rupees
LIC of India	Issue of non convertible debentures	28000000000.00
	Repayment of non convertible debentures	8181000000.00
	Repayment of Secured loan	427500000.00
	Interest expenses on Secured and Unsecured loans	15846602129.00
	Dividend Payment	1118933723.00
	Rent	53398223.00
	Reimbursement of Electricity Expenses	1772044.00
	Payment for Staff training, Conference, etc.	1114220.00
	Reimbursement of Gratuity for staff on deputation from LIC	3396507.43
	Balance as at the year end (Credit)	196507427313.42
LICHFL Care Homes Limited	Payment of Expenses	0.00
	Reimbursement of Expenses	0.00
	Balance as at the year end (Debit)	0.00
LICHFL Financial Services Limited	Dividend Income	14250000.00
	Commission Expenses on Loan Business	328743723.00
	Commission Expenses on Public Deposit	824616.00
	Payment of Expenses	996705.36
	Reimbursement of Expenses	996309.17
	Balance as at the year end (Credit)	89642155.00
LICHFL Asset Management Co. Ltd.	Dividend Income	26100000.00
	Payment of Expenses	3264295.60
	Reimbursement of Expenses	3137546.00
	Balance as at the year end (Debit)	126014.54
LIC Mutual Fund Asset Management Co. Ltd.	Investment in Share Capital	274912783.00
LIC Mutual Fund Trustee Co. Pvt. Ltd.	Investment in Share Capital	151023.00
LICHFL Urban Development Fund	Investment	58550000.00
	Redemption of Investment	86595977.00
	Income from Investment	37905552.00
	Balance as at the year end (Debit)	364370002.00
Ms. Sunita Sharma, MD & CEO	Managerial remuneration	5144666.85
Shri Nitin K Jage, Company Secretary	Managerial remuneration	3349677.00
Shri P Narayanan, CFO	Managerial Remuneration	2913032.17

Note:

i) There are no amounts written off or written back during the year for debts due from or to related parties.

ii) There are no doubtful debts

iii) Related Party relationship is as identified by the Company as per the Related Party Transaction Policy.

Annexure 7 to the Board's Report

Form Aoc-1
Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries / associate companies.

Part 'A' Subsidiaries

Amt in Rs.

Sl. No.	Name of the Subsidiary Company	Reporting period	Reporting currency	Issued, subscribed and paid up Capital	Reserves & surplus	Total assets	Total liabilities	Investments	Turnover	Profit/(Loss) before taxation	Tax Expenses / (Credit)	Profit / (Loss) after taxation	Proposed dividend	% of shareholding
1	LICHFL Care Homes Limited	April 2016 - March 2017	INR	85,500,000	198,426,629	457,412,933	457,412,933	Nil	54,162,599	255,117	(7,995,722)	8,250,839	2%	100
2	LICHFL Financial Services Limited	April 2016 - March 2017	INR	95,000,000	193,008,644	350,368,175	350,368,175	Nil	409,582,430	163,432,384	58,256,029	105,176,355	25%	100
3	LICHFL Asset Management Company Limited	April 2016 - March 2017	INR	91,944,000	212,144,325	307,475,505	307,475,505	179,202,503	97,225,301	50,333,145	15,937,821	34,395,324	10%	94.62
4	LICHFL Trustee Company Private Limited	April 2016 - March 2017	INR	900,000	1,001,794	1,931,064	1,931,064	1,877,318	501,844	379,060	113,290	265,770	Nil	100
Part 'B' Associate														
1	LIC Mutual Fund Asset Management Company Limited	April 2016 - March 2017	INR	110,000,000	950,445,628	1,122,491,865	1,122,491,865	639,000,000	521,813,555	20,646,138	15,978,035	4,668,103	Nil	39.30
2	LIC Mutual Fund Trustee Private Limited	April 2016 - March 2017	INR	100,000	1,276,382	1,700,564	1,700,564	Nil	2,007,191	804,522	212,551	591,971	Nil	35.30

Annexure 7 to the Board's Report

To,

The Members,
LIC Housing Finance Limited

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

(1) Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

(3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

(4) Where ever required we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

(5) The compliance of the provisions of Corporate and Other Applicable Laws, Rules, Regulations, Standard is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

(6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For N L Bhatia & Associates
UIN: P1996MH055800
Practicing Company Secretaries

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

Place: Mumbai
Date: 25/04/2017

Annexure 7 to the Board's Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
LIC Housing Finance Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LIC Housing Finance Limited having CIN: L65922MH1989PLC052257 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulation and Bye-Laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The National Housing Bank Act, 1987;

(vi) The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.

(vii) Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014

(viii) Guidelines and Circulars issued under the National Housing Bank Act, 1987 from time to time.

(ix) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations , 2013 – Not applicable to the Company during the financial year;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable to the Company during the financial year;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the financial year ; and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company during the financial year.

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Other Laws applicable to the Company;

1. Tax Laws:
   - Value Added Tax (VAT) Act
   - The Finance Act, 1994 (Service Tax)
   - Income Tax Act, 1961

2. Employee Laws:
   - Payment of Gratuity Act, 1972 and Payment of Gratuity (Central) Rules, 1972;
   - The Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975;
   - The Payment of Wages Act, 1936;
   - The Minimum Wages Act 1948;

Annexure 7 to the Board's Report

- The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and Scheme framed thereunder;
- The Employees' State Insurance Act 1948;
- The Maternity Benefit Act, 1961;
- The Contract Labour (Abolition and Regulation) Act, 1970 & Rules;
- Equal Remuneration Act, 1976;
- Workmen's Compensation Act, 1923;
- Employment Standing Orders Act, 1946;
- Child Labour (Prohibition and Regulation) Act, 1986;
- The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959;
- The Apprentices Act, 1961 and Apprenticeship Rules, 1991 under the above Rules;
- Labour Welfare Fund Act

3. Indian Stamp Act, 1899 and the State Stamp Acts;
4. The Labour Welfare Fund, Act, 1953;
5. Indian Contract Act, 1872
6. Negotiable Instruments Act, 1881
7. Information Technology Act, 2000
8. Whistle Blowers Protection Act, 2011
9. Registration Act, 1908;
10. Limitation Act, 1963;
11. The Shops and Establishment Act;
12. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI);

(ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India limited read with the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015;

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

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

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

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

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

We further report that; during the audit period the Members at the Annual General Meeting held on August 19, 2016 approved and authorised the Board of Directors to;

1. Issued secured / unsecured redeemable Non-Convertible Debentures (NCDs) and/or other Hybrid Instruments in one or more series / tranches, on private placement basis as per the provision of Section 42 and other applicable provisions of the Companies Act, 2013, on such terms and conditions as the Board may deem fit and appropriate for each series / tranche, up to an aggregate amount not exceeding Rs. 47,000 Crores (Rupees Forty Seven Thousand Crore only) approved by the shareholders within the limits provided under Section 180(1)(c) of the Companies Act, 2013.

2. Appointed Mr. Ameet Patel as the Independent Director of the Company for a period of five consecutive years with effect from 19th August, 2015

3. Appointed Ms. Usha Sangwan as Director of the Company, liable to retire by rotation.

For N L Bhatia & Associates
UIN: P1996MH055800
Practicing Company Secretaries

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

Place: Mumbai
Date: 25/04/2017

Report of Directors on Corporate Governance

Company's Philosophy on Code of Governance

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

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

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

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

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

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

The Company has strong legacy of transparency and ethical governance practices. The Company has adopted Code of Conduct for its employees and Directors which is hosted on the Company's website. The Company complies with all the requirements stipulated under SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (SEBI (LODR)) and shortened version of Listing Agreement entered into with the Stock Exchanges with regard to Corporate Governance.

Board of Directors

Composition

The Board of Directors as on the report date comprised of ten members — nine Non-Executive Directors and one Executive Director. Shri Vinay Sah, Managing Director & CEO is an Executive Director. The Executive and Non-Executive Directors are competent and knowledgeable personalities in their respective fields. None of the Directors on the Board hold Directorship in more than 10 public companies and none of them is a member of more than 10 committees or chairman of more than 5 committees in Companies in which they are Director. Necessary disclosures in this regard as on 31st March, 2017 have been made by the Directors. The Directors are not related to each other.

The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the Board and Committee meetings, other than Corporate Social Responsibility Committee 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 2016-17, the composition of the Board was in conformity with SEBI (LODR). Details of Board Meetings and the last Annual General Meeting attended by Directors, number of other Directorships / Committee membership & chairmanship (viz. Audit Committee and Stakeholders Relationship Committee as per SEBI (LODR) held by them as on 31st March, 2017 are tabulated below:

Sr. No.	Directors	Category of Directorship	Attendance at 27th Annual General Meeting	Attendance at the Board meetings (No. of meetings held – 6)	No. of Director-ships of other Companies (other than LIC Housing Finance Ltd.)	No. of Committees Membership / Chairmanship (other than LIC Housing Finance Ltd.)	
						Member	Chairperson
1.	Shri V. K. Sharma^	Non Executive Chairman	Not Applicable	2	6	-	-
2.	Ms. Usha Sangwan**	Non Executive	Present	4	4	-	-
3.	Shri Jagdish Capoor	Independent and Non-Executive	Present	4	7	4	3
4.	Ms. Savita Singh	Non- Executive	Present	4	-	-	-
5.	Shri T. V. Rao	Independent and Non-Executive	Present	6	6	7	2
6	Dr. Dharmendra Bhandari	Independent and Non-Executive	Present	6	2	2	-
7.	Shri Debabrata Sarkar	Independent and Non Executive	Present	6	6	2	2
8.	Shri V. K. Kukreja	Independent and Non Executive	Present	6	1	-	-
9.	Shri Ameet N. Patel	Independent and Non Executive	Present	6	1	1	1
10.	Ms. Sunita Sharma	Executive	Present	6	6	2	2
11.	Shri S. K. Roy*	Non Executive	Present	2	3	-	-

Note:

1. Excluding Foreign Companies, Private Limited Companies and Companies under Section 8 of Companies Act, 2013, trust and alternate directorships as per Regulation 26 of the Listing Regulations.
2. Includes only chairmanships / membership of audit committees and stakeholders relationship committees in public companies.
3. None of the directors are related inter-se

*Ceased to be Director w.e.f. 16.09.2016. ** Appointed w.e.f. 23.06.2016
^ Appointed w.e.f. 27.09.2016

Report of Directors on Corporate Governance

Changes during the Year

Shri V. K. Sharma was appointed as Chairman of LIC Housing Finance Limited with effect from 27th September, 2016. Brief Profile of Shri V. K. Sharma is given below:

Shri V. K. Sharma took charge as Chairman, Life Insurance Corporation of India on 16th December, 2016. Prior to his taking over as Managing Director, LIC of India, on 1st November, 2013, he was Managing Director & Chief Executive Officer, LIC Housing Finance Limited (LICHFL), a premiere housing finance provider in the country with loan portfolio exceeding Rs.83,000 crore.

Shri V. K. Sharma, born on 19th December, 1958 is a post-graduate (M.Sc.) in Botany from Patna University. Shri Sharma joined LIC as Direct Recruit Officer in 1981 and has grown with the Company since then. During his stint as Senior Divisional Manager, Karnal, a rural division, had catapulated to Number One position in the country in premium income ahead of all other metro centres. As Executive Director of Pension & Group Schemes, he pioneered the launch of various prestigious pension schemes in the country. As Zonal Manager in-charge of Southern Zone, he successfully turned around its operations and put it on growth trajectory, making it No. 1 zone in 2010.

Shri Sharma's focused leadership, proficiency in invigorating staff performance, re-organizing teams and developing talent, enabled LICHFL maintain its growth momentum despite volatile markets and adverse macro-economic conditions. During his tenure LICHFL was adjudged as "Best Housing Finance Company 2011" by CNBC-TV 18.

His key areas of expertise have been Business Strategy, Business Development, Processes and Systems, Leadership Development, Branding and Product Development, and Risk Mitigation and Compliance. A strategic leader, recognized for making sweeping improvements to efficiency, product development and marketing and identifying areas of opportunity, he is acclaimed as a "Crisis Manager" for stabilizing operations and leading turnaround growth strategies in uniquely challenging situations.

He has been an inspirational leader who utilizes negotiation skills gained over thirty five years of extensive experience in insurance and financial sectors and strongly connects to the grass root levels, believes in "bottom-up approach" and has the ability to see the Big Picture and translate to reality.

The details of other Directorships, Committee Membership & Chairmanship of Shri V. K. Sharma are as follows:

Sr. No.	Name of the Companies/Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman*	Date on which interest or concern arose/ changed
1	Infrastructure Leasing & Financial Services Limited	Director	Nil	Nil	29.08.2013
2	ACC Limited	Director	Nil	Nil	06.02.2014
3	ICICI Bank Limited	Director	Nil	Nil	06.03.2014

Note: As per Regulation 36 (3) only names of listed entities in which the person holds the directorships and the membership of committees of the board are taken.
*includes only Audit Committee & Stakeholders' Relationship Committee as per Listing Regulation for reckoning.

Smt. Usha Sangwan was appointed as Additional Director (Nominee Category) of the Company by the Board of Directors with effect from 23rd June, 2016.

Event after Balance Sheet date:

Smt. Sunita Sharma tendered her resignation from Directorship as well as Managing Directorship & CEO of the Company with effect 11th April, 2017 consequent upon elevating to the position of Managing Director of LIC of India.

Shri Vinay Sah, has been appointed as Additional Director and Managing Director & CEO of the Company with effect from 12th April, 2017.

Brief Profile of Shri Vinay Sah is given below:

Shri. Vinay Sah with Masters in Science (Statistics) from Lucknow University, started his career as a direct recruit officer with LIC of India in 1983. Prior to heading LIC HFL, one of the largest housing finance companies in India, Shri. Vinay Sah was Executive Director- Marketing and Product Development, LIC of India since 2015-16. Under his leadership, LIC of India created history by achieving its First Premium Income target for 2016-17 in the month of February 2017 itself. During 2016-17, LIC of India procured First Premium Income (FPI) of ₹37,853.87 crore as against the FPI target of ₹31,000 crore. The market share of LIC of India in first year premium increased to 71.07% from 70.44% in the preceding year. The Corporation launched 9 individual plans during his two-year tenure as in charge of product development department.

Agency recruitment during his tenure registered a growth of 53.40%. The prestigious Million Dollar Round Table (MDRT) agency force witnessed around 50% increase taking the number to nearly 6000. It was during his time that LIC of India (Agents) Regulations, 2017, rescinding the existing LIC of India Agents Rules, 1972, was approved and notified by the Government of India.

In a career spanning over three decades in the Corporation, Shri. Sah has successfully handled various portfolios like marketing, IT, personnel and administration. He had the distinction of serving as Zonal Manager in-charge of Western Zone and East Central Zone.

As Zonal Manager in-charge of Western Zone covering the states of Maharashtra, Goa & Gujarat, the zone achieved its First Premium target after seven years in 2013-14 and the Zone was Number One in policies and premium volume and policy growth. Western Zone also increased its share in budget contribution from 19% to 22% in premium to the Corporation.

As Zonal Manager in-charge of East Central Zone covering the states of Bihar, Jharkhand and Orissa, the Zone had obtained number one position at the All India level in policies and premium, both on growth and achievement to target during 2011-12 and 2012-13. Shri Sah has served in all marketing positions of Central, Zonal, Divisional and Branch Offices of LIC of India.

The details of other Directorships, Committee Membership & Chairmanship of Shri Vinay Sah are as follows:

Sr. No.	Name of the Companies/Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman*	Date on which interest or concern arose/changed
1.	Kesoram Industries Ltd.	Director	Nil	Nil	03.11.2011

Note: As per Regulation 36 (3) only names of listed entities in which the person holds the directorships and the membership of committees of the board are taken.

*includes only Audit Committee & Stakeholders' Relationship as per Listing Regulation for reckoning.

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

Ms. Usha Sangwan

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

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

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

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

Achievements –

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

Also felicitated by Free Press Journal, Colors TV and Doordarshan for Women in Leadership Role.

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

Report of Directors on Corporate Governance

Sr. No.	Name of the Companies/ Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman*	Date on which interest or concern arose/changed
1.	Ambuja Cements Ltd.	Nominee Director	Nil	Nil	24.04.2014
2.	Axis Bank Ltd.	Nominee Director	Nil	Nil	17.10.2013
3.	BSE Ltd.	Nominee Director	Nil	Nil	04.09.2015

Note: As per Regulation 36 (3) only names of listed entities in which the person holds the directorships and the membership of committees of the board are taken.
*includes only Audit Committee & Stakeholders' Relationship Committee as per Listing Regulation for reckoning.

Shri Jagdish Capoor
Shri Jagdish Capoor served RBI for 39 years in various capacities and finally retired as Deputy Governor in 2001. During his tenure as Deputy Governor he was appointed Chairman of Deposit Insurance and Credit Guarantee Corpn and also Chairman of RBI Note Mudran Ltd (currency printing). These were concurrent charges. He was also appointed on Boards of several banks like Bank of Baroda, National Housing Bank, Exim Bank, Infrastructure Development and Finance Co, State Bank of India and National Bank for Agriculture and Rural Development. While with RBI, he was deputed to Unit Trust of India to take over as Chairman temporarily for a year in 1996.

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

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

The details of other Directorships and Committee Membership / Chairmanship of Shri Jagdish Capoor are as follows:

Sr. No.	Name of the Companies/ Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman*	Date on which interest or concern arose/changed
7.	Nitesh Estates Limited.	Director	Nil	Audit Committee- Chairman Stakeholders' Relationship Committee - Chairman	14.03.2013

Note: As per Regulation 36 (3) only names of listed entities in which the person holds the directorships and the membership of committees of the board are taken.
*includes only Audit Committee & Stakeholders' Relationship Committee as per Listing Regulation for reckoning.

Report of Directors on Corporate Governance

Ms. Savita Singh

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

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

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

Sr. No.	Name of the Companies/ Bodies corporate/firms/ Association of individuals	Nature of interest or concern/Change in interest or concern	Shareholding	Name of Committee – Member / Chairman*	Date on which interest or concern arose/changed
Nil					

*includes only public company information as per Listing Regulation 36

Board meetings

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the Managing Director & CEO. The detailed agenda and other relevant notes are circulated to the Directors well in advance. The Directors are allowed to suggest additional item for deliberation. Members of the Senior Management team are invited in the meetings to provide additional information and clarification, if required. During 2016-17, six Board meetings were held as listed below:

Sr. no.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors present
1	18.04.2016	9	9
2	15.07.2016	10	7
3	19.08.2016	10	10
4	20.10.2016	10	10
5	16.01.2017	10	8
6	10.03.2017	10	8

Number of shares and convertible instruments held by Directors:

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

Familiarisation Programme for Independent Directors

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

Sitting fee

Sitting fee is paid to the Directors (other than Shri V. K. Sharma, Chairman, Smt. Usha Sangwan, Director, Shri Vinay Sah, Managing Director & CEO, Shri S. K. Roy, Ex-Chairman and Ms. Sunita Sharma, Ex-Managing Director & CEO) for every Board and Committee meetings, other than Corporate Social Responsibility Committee meetings they attend. Remuneration is paid to Shri Vinay Sah and Ms. Sunita Sharma as applicable to an officer in the cadre of Executive Director of LIC of India.

Board Committees

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

Report of Directors on Corporate Governance

Audit Committee

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

Composition

Shri Debabrata Sarkar	Chairman	Independent Director
Shri T. V. Rao	Member	Independent Director
Shri Ameet Patel	Member	Independent Director

Dates of Audit Committee Meetings & Attendance Record of Members:

Sr. no.	Dates on which Audit Committee meetings were held	Shri Debabrata Sarkar	Shri T. V. Rao	Shri Ameet N. Patel
1	18.04.2016	Attended	Attended	Attended
2	15.07.2016	Attended	Attended	Attended
3	20.10.2016	Attended	Attended	Attended
4	23.12.2016	Attended	Attended	Attended
5	16.01.2017	Attended	Attended	Attended
6	08.03.2017	Attended	Attended	Attended

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

The Audit Committee possesses adequate powers and its terms of reference enable it to play an effective role as mentioned in SEBI (LODR), Regulations, 2015.

Role and powers of Audit Committee

The terms of reference of the Audit Committee comprise:

Role

i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. Recommendation for appointment, remuneration, and terms of appointment of auditors of the company;

iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause(c) of sub-section 3 of section 134 of the Companies Act, 2013;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgement by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

   e. Compliance with listing and other legal requirements relating to financial statements;

   f. Disclosure of any related party transactions;

   g. Modified opinion(s) in the draft audit report.

v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency on utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

vii. Reviewing and monitoring the Auditor's independence and performance and effectiveness of audit process;

viii. Approval or any subsequent modification of transactions of the company with related parties.

ix. Scrutiny of inter-corporate loans and investments.

x. Valuations of undertakings or assets of the company wherever it is necessary.

xi. Evaluation of Internal Financial Controls and Risk Management systems.

xii. Reviewing, with the management, performance of Statutory and Internal auditors, adequacy of the Internal Control Systems;

xiii. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xiv. Discussion with the Internal Auditors of any significant findings and follow up thereon;

xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xviii. To review the functioning of the Whistle Blower Mechanism;

xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate;

xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

Powers

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

The Audit Committee mandatorily reviews the following:

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

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

Executive Committee

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

1) To frame the norms, policies, guidelines, conditions, parameters for all housing loan schemes including Project Finance schemes.
2) To relax / waive / alter the norms/ guidelines/ conditions of the housing loan schemes including Project Finance schemes on case to case basis.
3) To sanction loans to Builders and Developers under Project Loans beyond the limits delegated to Managing Director & CEO as per Financial Power Standing Order, 1990 (as amended upto 25th April, 2012 (FPSO) on recommendation of the HODs Committee as constituted by the Managing Director & CEO from time to time.
4) To sanction loans under Rental Securitization of the loan amount more than the amount delegated to Managing Director & CEO as per FPSO.
5) To sanction loans under Individual loan schemes beyond the loan amount delegated to Managing Director & CEO as per FPSO.
6) To approve any new loan scheme that Company may launch.
7) To revise the interest rate in the existing schemes & new schemes of Individual/ Project loans/ Apna Hospital / Unsold Inventory.
8) To modify/ restructure existing & new schemes for Individual / Project loans.
9) To revise terms and conditions of the existing & new Individual/ Project loans.
10) To take over the portfolio of the Housing Loans subject to the limits as specified by the Board from time to time.

Report of Directors on Corporate Governance

11) To waive Interest, Additional Interest, and other charges beyond the limits delegated to Managing Director & CEO in respect of the One Time Settlement under FPSO.

12) To waive principal amount irrespective of the waiver amount involved in respect of One Time Settlement beyond the limits delegated to Managing Director & CEO under FPSO.

13) To approve the Reserve price under SARFAESI Act, 2002 beyond the limits delegated to Managing Director & CEO under FPSO.

14) To approve LICHFL- PLR and to review & revise the same from time to time.

15) To approve the purchase / construction of the property for office building / staff quarters beyond the limits delegated to Managing Director & CEO generally on such terms and conditions as it may think fit and in any such purchase or other acquisition to accept such title as it may believe or may advise to be reasonably satisfactory.

16) To borrow money for the purpose of the business of the Company subject to the limit specified by the Board from time to time.

17) To approve the payment to arrangers for fund mobilization.

18) To approve the payment of processing or any other fees payable to Banks/FIs.

19) To approve the availing of re-finance from National Housing Bank.

20) To delegate its powers to Managing Director & CEO any or all of the powers listed above for a specific period.

21) To approve / ratify relaxation/ waiver/ refund of processing fees, administrative fee, prepayment charges in respect of project finance (including at the time of revalidation).

22) To approve / ratify restructuring / reschedulement of project loan.

23) To approve revision of rate of interest in respect of project loans on case to case basis.

24) To approve/ ratify issue of NOC, release of charge in respect of project loan.

25) To approve the cases under consortium/ Joint financing.

26) To approve takeover of existing project loan/ term loan of other institution/s.

27) To approve loan against unsold inventory.

28) To approve loan against Apna Hospital Scheme.

29) To modify existing schemes.

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

Composition of the Executive Committee:

Shri Vinay Sah*	Member	Managing Director & CEO
Shri Jagdish Capoor	Member	Independent Director
Shri V. K. Kukreja	Member	Independent Director
Ms. Sunita Sharma ^	Member	Managing Director & CEO

*Appointed as a Member of the Committee w.e.f 12th April, 2017. ^ Ceased w.e.f 11th April, 2017

Dates of Executive Committee Meetings & Attendance Record of Members:

Sr . no.	Dates on which Executive Committee meetings were held	Shri Jagdish Capoor	Ms. Sunita Sharma	Shri V. K. Kukreja
1.	13.05.2016	Attended	Attended	Attended
2.	24.06.2016	Attended	Attended	Attended
3.	28.07.2016	Attended	Attended	Attended
4.	31.08.2016	Attended	Attended	Attended
5.	07.09.2016	Attended	Attended	Attended
6.	19.09.2016	Attended	Attended	Attended
7.	26.09.2016	Attended	Attended	Attended
8.	30.09.2016	Attended	Attended	Attended
9.	07.10.2016	Attended	Attended	Attended
10.	14.10.2016	Attended	Attended	Attended
11.	21.10.2016	Attended	Attended	Attended
12.	28.10.2016	Attended	Attended	Attended

Report of Directors on Corporate Governance

Sr . no.	Dates on which Executive Committee meetings were held	Shri Jagdish Capoor	Ms. Sunita Sharma	Shri V. K. Kukreja
13.	21.11.2016	Attended	Not Attended	Attended
14.	30.11.2016	Attended	Not Attended	Attended
15.	07.12.2016	Attended	Not Attended	Attended
16.	16.12.2016	Attended	Not Attended	Attended
17.	24.12.2016	Attended	Not Attended	Attended
18.	30.12.2016	Attended	Attended	Attended
19.	13.01.2017	Not Attended	Attended	Attended
20.	31.01.2017	Not Attended	Attended	Attended
21.	17.02.2017	Attended	Attended	Attended
22.	24.02.2017	Attended	Attended	Attended
23.	28.02.2017	Attended	Not Attended	Attended
24.	06.03.2017	Attended	Attended	Attended
25.	09.03.2017	Not Attended	Attended	Attended
26.	10.03.2017	Not Attended	Attended	Attended
27.	15.03.2017	Attended	Not Attended	Attended
28.	19.03.2017	Attended	Not Attended	Attended
29.	21.03.2017	Attended	Not Attended	Attended
30.	23.03.2017	Not Attended	Attended	Attended
31.	24.03.2017	Attended	Not Attended	Attended
32.	27.03.2017	Attended	Attended	Attended
33.	29.03.2017	Attended	Attended	Attended
34.	31.03.2017	Attended	Attended	Not Attended

Stakeholders Relationship Committee

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

Composition of the Stakeholders Relationship Committee is as follows:

Shri Debabrata Sarkar	Chairman	Independent Director
Ms. Savita Singh	Member	Non Independent Director
Ms. Sunita Sharma^	Member	Managing Director & CEO
Shri Vinay Sah*	Member	Managing Director & CEO

*Appointed as a Member of the Committee w.e.f 12th April, 2017. ^ Ceased w.e.f 11th April, 2017

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

Sr. no.	Date on which Stakeholders Relationship Committee Meeting was held	Shri Debabrata Sarkar	Ms. Sunita Sharma	Ms. Savita Singh
1	23.03.2017	Attended	Attended	Attended

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

Compliance Officer

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

Report of Directors on Corporate Governance

Details of shareholders' complaints

During 2016-17, 65 complaints / requests such as non receipt of Annual Report, Address change, change in ECS details, non receipt of Duplicate Share Certificate/s, Revalidation of Dividend Warrant etc. from investors and the same were replied/resolved to their satisfaction. As on 31st March, 2017, only 3 complaints were pending which were resolved subsequently.

During the year, 334 dematerialisation requests for 1,83,405 shares and 55 requests for transfer involving 34,500 shares were received. The request for dematerialisation and transfers were promptly attended and there were no requests pending for approval as on 31st March, 2017.

OTHER COMMITTEES:

Debenture Allotment Committee

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

Composition of the Debenture Allotment Committee is as follows:

Ms. Sunita Sharma^	Member	Managing Director & CEO
Shri Jagdish Capoor	Alternate Member	Independent Director
Dr. Dharmendra Bhandari	Alternate Member	Independent Director
Ms. Usha Sangwan*	Member	Director
Shri Vinay Sah**	Member	Managing Director & CEO

* Appointed with effect from 22.07.2016 ** Appointed as a Member of the Committee w.e.f 12th April, 2017. ^ Ceased w.e.f 11th April, 2017

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

Sr no.	Dates on which Debenture Allotment Committee Meetings were held	Shri Jagdish Capoor (Alternate Member)	Ms. Sunita Sharma	Dr. Dharmendra Bhandari (Alternate Member)	Ms. Usha Sangwan
1	27.04.2016	Attended	Attended	Not Attended	Not Applicable
2	02.05.2016	Attended	Not Attended	Attended	Not Applicable
3	10.05.2016	Attended	Attended	Not Attended	Not Applicable
4	23.05.2016	Not Attended	Attended	Attended	Not Applicable
5	10.06.2016	Not Attended	Attended	Attended	Not Applicable
6	15.06.2016	Not Attended	Attended	Attended	Not Applicable
7	23.06.2016	Attended	Attended	Not Attended	Not Applicable
8	29.06.2016	Not Attended	Attended	Attended	Not Applicable
9	30.06.2016	Attended	Not Attended	Attended	Not Applicable
10	07.07.2016	Attended	Attended	Not Attended	Not Applicable
11	12.07.2016	Attended	Attended	Not Attended	Not Applicable
12	27.07.2016	Attended	Attended	Not Attended	Not Applicable
13	18.08.2016	Not Attended	Attended	Not Attended	Attended
14	29.09.2016	Not Attended	Attended	Not Attended	Attended
15	25.10.2016	Attended	Attended	Not Attended	Not Attended
16	17.11.2016	Attended	Not Attended	Attended	Not Attended
17	25.11.2016	Attended	Not Attended	Attended	Not Attended
18	23.11.2016	Attended	Not Attended	Attended	Not Attended
19	06.01.2017	Attended	Attended	Not Attended	Not Attended
20	11.01.2017	Attended	Attended	Not Attended	Not Attended
21	27.02.2017	Attended	Not Attended	Attended	Not Attended
22	16.03.2017	Not Attended	Attended	Attended	Not Attended

Report of Directors on Corporate Governance

Nomination & Remuneration Committee

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

The terms of reference of Nomination & Remuneration Committee are:

(1) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) devising a policy on diversity of board of directors;

(4) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

Composition of the Nomination & Remuneration Committee is as follows:

Shri Jagdish Capoor	Chairman	Independent Director
Shri Debabrata Sarkar	Member	Independent Director
Ms. Usha Sangwan**	Member	Director

** Appointed as Member w.e.f 15.07.2016.

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

Sr no.	Dates on which Nomination & Remuneration Committee meetings were held	Ms. Usha Sangwan	Shri Jagdish Capoor	Shri Debabrata Sarkar
1	18.04.2016	Not Applicable	Attended	Attended

REMUNERATION POLICY

The Company framed this policy in order to align with various provisions under SEBI (LODR) vide its circular no.CIR/CFD/Policy Cell/2/2014 dated 17th April 2014 and circular no.CIR/CFD/Policy Cell/7/2014 dated 15th September 2014.

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

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

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

The Remuneration to Non Executive (Promoter) Directors:

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

The Remuneration to Executive (Promoter) Director:

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

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

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

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

Report of Directors on Corporate Governance

Criteria of making payments to Non-Executive Directors:

The Directors except Shri V. K. Sharma, Chairman, Ms. Usha Sangwan, Director, Shri Vinay Sah, Managing Director & CEO, Ms. Sunita Sharma, Ex-Managing Director & CEO and Shri S. K. Roy, Ex-Chairman were paid sitting fees for Board and Committee, other than Corporate Social Responsibility Committee meetings attended.

The details of sitting fees paid to the Directors during the period from 1st April, 2016 to 31st March, 2017 is mentioned below:

Names of Non –Executive Directors	Sitting fees (In ₹)
Shri Jagdish Capoor	955000
Ms. Savita Singh	120000
Shri T. V. Rao	305000
Dr. Dharmendra Bhandari	315000
Shri Debabrata Sarkar	255000
Shri V. K. Kukreja	905000
Shri Ameet N. Patel	235000

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

The remuneration paid to Managing Director & CEO of Company for F.Y. 2016-17 is as under:

Ms. Sunita Sharma (from 1st April 2016 to 31st March 2017), was paid remuneration as under:

Particulars	Rupees
Gross Salary, Sodexo and Productivity Linked Incentive* (PLI), PL encashment, medical lumpsum	42,19,456.00
Contribution to pension and gratuity funds	2,68,277.85
Perquisites in cash or in kind	6,56,933.00
Total	**51,44,666.85**

* It may be mentioned here that Performance linked incentive for F.Y. 2015-16 was paid during the F.Y. 2016-17 and calculated as per the performance criteria (like growth in portfolio, recovery ratio, NPA ratio and Profit after Tax) approved by the Board.

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

Meeting of Independent Directors

Separate meeting of the Independent Directors of the company was held on 23rd February 2017 and in the said meeting, the Independent Directors reviewed the performance of Non Independent Directors and the Board as a whole. They reviewed the performance of the Chairperson of the company, taking into account the views of Executive Director and Non Executive Directors.

Annual evaluation made by the Board of its own performance:

The Board of Directors had carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by SEBI (LODR) at the meeting of Independent Directors held on 23rd February 2017.

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

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

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

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

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee monitors the implementation of the CSR Policy and apprise the Board accordingly. The CSR Budget of the Company for the F.Y. 2016-2017 was ₹43.34 crore out of which the Company spent ₹16.85 crore in the said F.Y. . The expenditure is spread across sectors namely education, health care & sanitation, water harvesting, women empowerment and environmental conservation. The

Report of Directors on Corporate Governance

CSR Committee of the Company has also decided to explore the possibility of partnering with the Government of Maharashtra in its plan of having a crèche and hostel for women in every ward in city as mentioned in Mumbai's draft Development Plan 2034 (DP), a blueprint for the city's infrastructure development for the next 20 years.

Composition of the CSR Committee is as follows:

Ms. Usha Sangwan*	Chairman	Director
Shri Jagdish Capoor	Member	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Shri Vinay Sah^^	Member	Managing Director & CEO
Ms Sunita Sharma^	Member	Ex-Managing Director & CEO

* Appointed w.e.f. 22.07.2016, ^ Ceased w.e.f 11th April, 2017, ^^ Appointed as Member w.e.f 12th April, 2017

Dates of CSR Committee Meetings & Attendance of Members:

Sr. no.	Dates on which CSR Committee Meetings were held	Ms. Usha Sangwan	Shri Jagdish Capoor	Dr. Dharmendra Bhandari	Ms Sunita Sharma
1	29.09.2016	Attended	Attended	Not Attended	Attended
2	21.03.2017	Attended	Attended	Attended	Not Attended

Risk Management Committee

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

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

Composition of the Risk Management Committee is as follows:

Shri T. V. Rao	Chairman	Independent Director
Dr. Dharmendra Bhandari	Member	Independent Director
Shri V. K. Kukreja	Member	Independent Director
Shri Vinay Sah^	Member	Managing Director & CEO
Ms. Sunita Sharma*	Member	Ex-Managing Director & CEO

* Ceased w.e.f 11th April, 2017, ^ Appointed as Member w.e.f 12th April, 2017

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

Sr. no.	Dates on which Risk Management Committee Meetings were held	Shri T. V. Rao	Dr. Dharmendra Bhandari	Shri V. K. Kukreja	Ms. Sunita Sharma
1	13.04.2016	Attended	Attended	Attended	Attended
2	14.07.2016	Attended	Attended	Attended	Attended
3	19.10.2016	Attended	Not Attended	Attended	Attended
4	11.01.2017	Attended	Not Attended	Attended	Attended

Report of Directors on Corporate Governance

HR Committee

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

Composition of the HR Committee is as follows:

Ms. Usha Sangwan	Chairman	Director
Shri T. V. Rao	Member	Executive Director
Ms. Savita Singh	Member	Non Executive Director

Dates of HR Committee Meetings & Attendance Record of Members:

Sr. no.	Dates on which HR Committee meetings were held	Ms. Usha Sangwan	Shri T. V. Rao	Ms. Savita Singh
1	18.04.2016	Not Applicable	Attended	Attended
2	18.08.2016	Attended	Attended	Attended
3	11.01.2017	Attended	Attended	Not Attended
4	07.03.2017	Attended	Attended	Attended

Subsidiary companies

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

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

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

General body meetings

Annual General Meeting

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

Year	Location	Date	Time
2013-14	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	19th August, 2014	3.00 p.m.
2014-15	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	19th August,2015	3.00 p.m.
2015-16	"M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18/20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001	19th August,2016	3.00 p.m.

Special resolutions passed at the three previous Annual General Meetings

2014:	Increase in Borrowing Limit u/s 180(1)(c) of the Companies Act, 2013. Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis u/s 42 of the Companies Act, 2013. Alteration of Articles of Association u/s 14 of the Companies Act, 2013. Related party transactions u/s 188 of the Companies Act, 2013.
2015:	Related party transactions u/s 188 of the Companies Act, 2013. Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis
2016:	Issuance of Redeemable Non-Convertible Debentures and / or other hybrid instruments on a private placement basis

Report of Directors on Corporate Governance

There was no resolution passed through postal ballot during the year ended 31st March, 2017. At the ensuing Annual General Meeting no business is proposed to be transacted through postal ballot.

Procedure for Postal Ballot:

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

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

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

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

Unclaimed Dividends and Transfer to IEPF

Pursuant to Section 124 of Companies Act, 2013, the Company has transfered the unpaid or unclaimed final dividend for the financial year 2008-09 on due date to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Pursuant to the provision of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 19th August, 2016 (date of last Annual General Meeting) on the website of the Company www.lichousing.com as also on the website of the Ministry of Corporate Affairs. After completion of seven years, no claims shall lie against the said Fund or against the Company for the amounts of Dividend so transferred nor shall any payment be made in respect of such claims under Companies Act, 1956. The Companies Act, 2013 provides for claiming such dividends from the Central Government. Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), equity shared in respect of which dividend has not been claimed for the financial year 2008-09 will be transferred to the IEPF Authority in accordance with the aforesaid rules.

Disclosures

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

The details of all transactions with related parties in the manner required to be tabled before the Audit Committee as per the SEBI (LODR) Regulations, 2015, were placed before the Audit Committee on quarterly basis during F. Y. 2016-17. The policy on dealing with Related Party transactions and procedures is disclosed on the company's website: www.lichousing.com and Related Party Transaction are appended to the Directors' Report.

There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges or the SEBI or any statutory authority of any matter related to the capital markets during the last three years.

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

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

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

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

As provided under SEBI (LODR) Regulations, 2015, all Board and Senior Management personnel affirmed compliance with LIC Housing Finance Limited — Code of Conduct for Board of Directors and Senior Management for the year ended 31st March, 2017.

For LIC Housing Finance Limited

Vinay Sah
Managing Director & CEO

Mumbai, 25th April, 2017

Report of Directors on Corporate Governance

The Company has a whistleblower policy – a Vigil Mechanism for employees to report to the management any concerns about unethical behaviour, actual or suspected fraud or violation of the rules and regulations. The Board confirms that no personnel were denied access to the Audit Committee.

The Company does not have an Employee Stock Option Scheme.

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

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

The Company has formulated policy for determining 'material' subsidiaries at www.lichousing.com/Polices & Codes/Policy for Determining Material Subsidiaries. However, it may be mentioned here that none of the company's subsidiaries' income or networth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or networth respectively of the listed holding company (LIC Housing Finance Limited) and its subsidiaries in the F.Y. 2016-17.

The Company has also adopted Policy on archiving of information or content hosted on website (www.lichousing.com/Policies & Codes/Policy on Archiving of Information or Content) and Policy for Preservation of Documents (www.lichousing.com/Policies & Codes/Policy on Preservation of Documents).

CEO / CFO certification

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

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

Mandatory / Non-Mandatory requirements

During F.Y. 2016-17, the Company has duly complied with all mandatory requirements of SEBI (LODR) Regulations, 2015. The Company is in compliance with all the Non – Mandatory requirements listed in SEBI (LODR) Regulations, 2015 except half-yearly financial results including summary of significant events are presently not being sent to the shareholders. However, the quarterly as well as the annual results are published in the newspapers.

Financial Calendar for 2017-18 (provisional)

a.	Unaudited Financial Result for the first quarter ending 30th June, 2017	In the month of July, 2017
b.	Unaudited Financial Result for the second quarter ending 30th September, 2017	In the month of October, 2017
c.	Unaudited Financial Result for the third quarter ending 31st December, 2017	In the month of January, 2018
d.	Audited Financial Result for the fourth quarter & for the year ending 31st March, 2018	In the month of April, 2018
e.	Annual General Meeting for the year ending March, 2018	In the month of August, 2018

Means of communication

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

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

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

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

Management Discussion and Analysis Report

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

General shareholder information

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

a) Annual General Meeting :

Date and time: 18th August, 2017 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

Report of Directors on Corporate Governance

b) Financial year: 1st April, 2016 to 31st March, 2017.

c) Book closure : From 10th August 2017 to 18th August 2017 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if approved by the Members.

d) Dividend payment date: On or after 21st August, 2017

e) The shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and the Luxembourg Stock Exchange.

f) Stock Exchanges

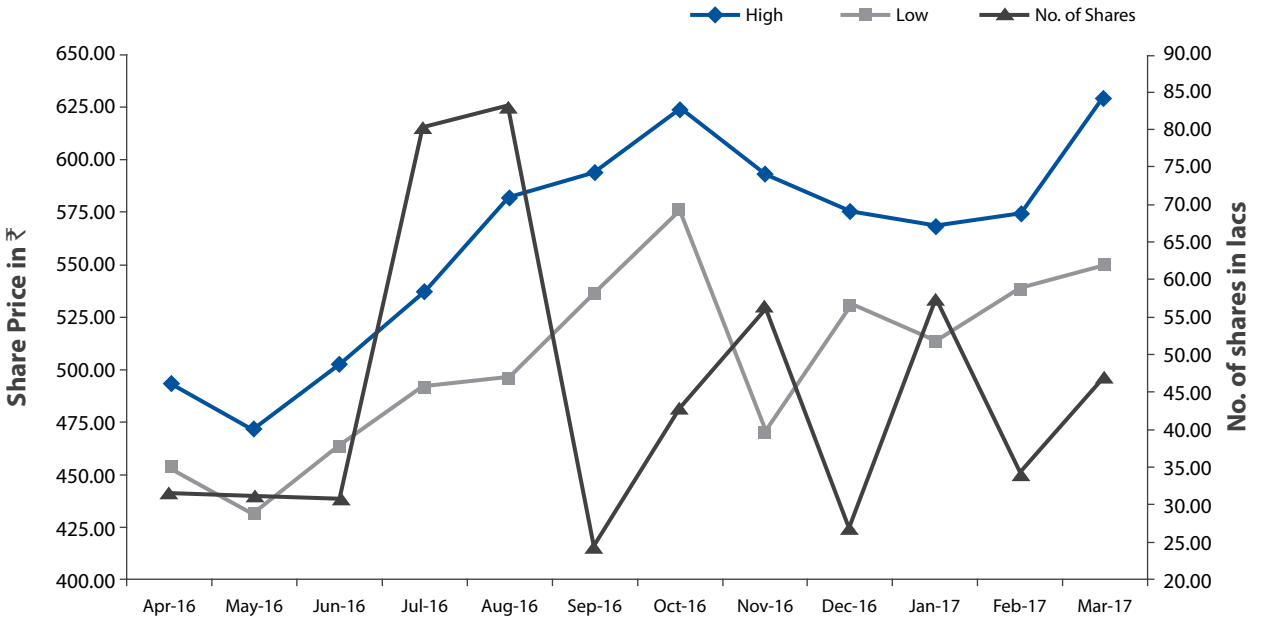
Name of Stock Exchanges	**Address**	Stock Code
Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers, Dalal Stree, Mumbai – 400001. Tel.Nos. :022-22721233 / 22721234 Fax Nos. : 022-22721919 Website : www.bseindia.com	500253
National Stock Exchange of India Ltd.	Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra – East, Mumbai – 400051. Tel Nos: 022-26598100-114 Fax Nos. : 022-26598120 Website : www.nseindia.com	LICHSGFIN EQ
Luxembourg Stock Exchange	35A Boulevard Joseph II L-1840 Luxembourg. Tel: (352) 47 79 36 – 1 Fax: (352) 47 32 98 Website : www.bourse.lu	US50186U2033

g) International Securities Identification Number (ISIN): INE 115A01026

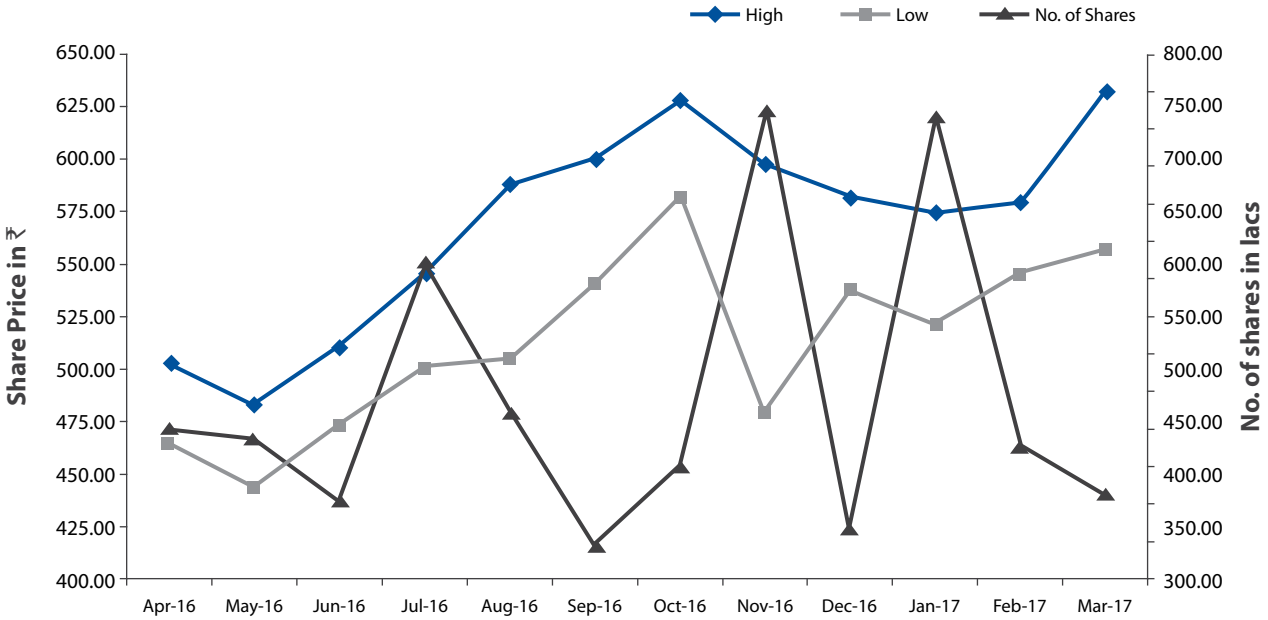
Month	**BSE**					**NSE**		
	Company's share price (₹)		**Volume of shares**	**BSE Sensex**		**Company's share price (₹)**		**Volume of shares**
	(Nos.)	**Low**		**High**	**Low**	**(Nos.)**	**Low**	
Apr-16	494	453	3154758	26100.54	24523.2	493.5	453.2	45844578
May-16	471.4	431.6	3107945	26837.2	25057.93	472.7	431.1	41109398
Jun-16	502.4	463.05	3085327	27105.41	25911.33	501.65	462.5	34839374
Jul-16	537.35	491.5	8030925	28240.2	27034.14	537.9	491.1	58363706
Aug-16	581.95	495.55	8300201	28532.25	27627.97	582.15	495.4	43789066
Sep-16	594	536	2438306	29077.28	27716.78	594.95	532.8	30444370
Oct-16	624	576	4298548	28477.65	27488.3	624.25	576.05	38432959
Nov-16	592.95	470	5592018	28029.8	25717.93	592.9	467.85	73893368
Dec-16	575.3	530.75	2673054	26803.76	25753.74	575.9	530.45	31988960
Jan-17	568	513.6	5758201	27980.39	26447.06	568.5	513.05	73282214
Feb-17	573.95	538.4	3424418	29065.31	27590.1	573.55	538.1	40370344
Mar-17	629.1	550	4701693	29824.62	28716.21	629	550.3	35657176

Report of Directors on Corporate Governance

Share Price Movement on BSE



Share Price Movement on NSE



Report of Directors on Corporate Governance

h) Details of Shareholders holding more than 1% of the share capital of the Company as at 31st March, 2017 are given below:

Sr. No.	Name of the shareholders	No. of shares held	% to share capital
1.	LIFE INSURANCE CORPORATION OF INDIA	203442495	40.313
2.	BANK MUSCAT INDIA FUND	11496000	2.28
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	10713921	2.12
4.	MAWER INTERNATIONAL EQUITY FUND	9134678	1.81
5.	GOVERNMENT OF SINGAPORE	8420766	1.67
6.	HSBC GLOBAL INVESTMENT FUNDS - INDIAN EQUITY	6097916	1.21
7.	FIDELITY INVESTMENT TRUST FIDELITY SERIES EMERGING MARKETS FUND	5623515	1.114
8.	FIL INVESTMENTS(MAURITIUS)LTD	5291828	1.049

Distribution of shareholding as at 31st March, 2017

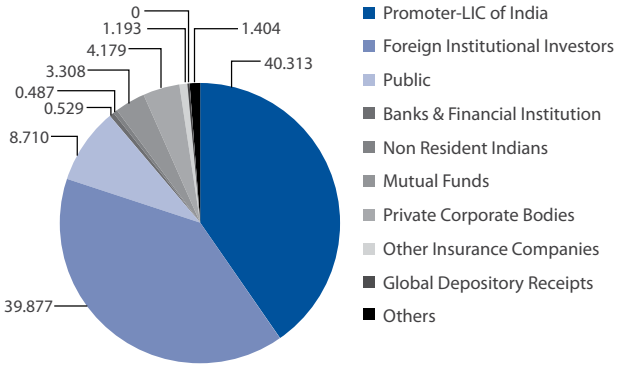
	Folio / Shareholders		Shares	
No. of equity shares held	**Number**	**Percentage**	**Number**	**Percentage**
Up to 5,000	181343	98.76	64446432	6.39
5,001-10,000	1042	0.57	7712678	0.76
10,001-20,000	443	0.24	6450066	0.64
20,001-30,000	135	0.07	3438408	0.34
30,001-40,000	84	0.05	2944766	0.29
40,001-50,000	57	0.03	2605454	0.26
50,001-1,00,000	155	0.08	11091534	1.1
1,00,001 and Above	362	0.2	910636662	90.22
Total	183621	100	1009326000	100

Details of shareholding based on category as on 31st March, 2017:

	Physical Form		Demat Form		Total		% to total
	No. of Shareholders	**No. of Shares**	**No. of Shareholders**	**No. of Shares**	**No. of Shareholders**	**No. of Shares**	**Capital**
Promoter-LIC of India	0	0	1	203442495	1	203442495	40.313
Foreign Institutional Investors	8	19000	530	201227470	538	201246470	39.877
Public	8979	4758545	168720	39195810	177699	43954355	8.710
Banks & Financial Institutions	3	11000	7	2660951	10	2671951	0.529
Non Resident Indians	3	1500	3822	2456145	3825	2457645	0.487
Mutual Funds	5	12000	20	16681089	25	16693089	3.308
Private Corporate Bodies	59	80500	1095	21009552	1154	21090052	4.179
Other Insurance Companies	1	7500	6	6013048	7	6020548	1.193
Global Depository Receipts	0	0	0	0	0	0	0.000
Others	3	7000	359	7079395	362	7086395	1.404
TOTAL	**9061**	**4897045**	**174560**	**499765955**	**183621**	**504663000**	**100**

Report of Directors on Corporate Governance

Details of Shareholding



i) Global Depository Shares (GDS):

Of the total 5,00,000 GDS issued by the Company, 1776 GDSs were outstanding as on 31st March, 2017.

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

k) Address for correspondence:

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

A) The Company Secretary
LIC Housing Finance Limited\
Corporate Office,
131 Maker Tower, "F" Premises,
13th Floor, Cuffe Parade,
Mumbai - 400 005.
Phones: (91-22) 22178600 / 22178700 / 22178611.
Fax: (91-22) 22178777.
CIN: L65922MH1989PLC052257.

and / or

B) the Registrar and Transfer Agent of the Company at its following address:
Sharex Dynamic (India) Pvt. Limited
Unit 1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai – 400 072.
Phones: (91-22) 28515606 / 28515644.
Fax: (91-22) 28512885.

l) Share transfer system:

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

m) 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, 2017, 499764705 equity shares i.e., 99.03% of the Company's share capital were dematerialised.

n) Debt Securities:

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

o) Listing Fees:

The Company has paid listing fees to Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE) for listing of equity shares on BSE and NSE for Financial Year 2017-2018. In respect of GDS listed on Luxembourg Stock Exchange, the Company has paid the listing fees to the Luxembourg Stock Exchange. The Company has also paid listing fees for listing of Non-Convertible Debenture on Wholesale Debt market segment on NSE for Financial Year 2017-2018.

p) Demat Suspense Account / Unclaimed Suspense Account:

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

q) Foreign Exchange Risk and Hedging Activities:

The Company has foreign exchange exposure and hedging is done for a significant portion of the same.

CERTIFICATE ON CORPORATE GOVERNANCE

TO

THE MEMBERS OF LIC HOUSING FINANCE LIMITED

1. I have examined the compliance of conditions of Corporate Governance by LIC Housing Finance Limited ("the Company"), for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

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

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

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

P. S. GUPCHUP
Practising Company Secretary
ACS: 4631 CP No.: 9900

Place: Mumbai
Date: April 25, 2017

ANNUAL CERTIFICATION

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

Date: 25th April, 2017

ANNUAL CERTIFICATION

We the undersigned Vinay Sah, Managing Director and CEO and P. Narayanan, Chief Financial Officer hereby certify that for the financial year ended 31st March 2017, we have reviewed Annual accounts, financial statement and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

3. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct;

4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of some internal control system of the Company and we have disclosed to the auditors and the Audit Committee the deficiencies, of which we are aware, in the design or operation of the internal control systems and we have taken the steps to rectify these deficiencies.

5. We further certify that:

   (a) There have been no significant changes in internal control during this year.

   (b) There have been no significant changes in accounting policies during this year except as mentioned in the significant accounting policies and notes to accounts.

Managing Director & CEO

Chief Financial Officer

BUSINESS RESPONSIBILITY REPORT

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company:** L65922MH1989PLC052257
2. **Name of the Company:** LIC Housing Finance Limited
3. **Registered Address:** Bombay Life Building, 2nd Floor, 45/47, Veer Nariman Road, Fort, Mumbai 400001.
4. **Website:** www.lichousing.com
5. **E-mail id:** lichousing@lichousing.com
6. **Financial Year Reported:** 1st April, 2016 to 31st March, 2017.
7. **Sector that the Company is engaged in (Industrial activity code-wise):**

   Housing Finance
8. **List three key products/ services that the Company manufactures/ provides (as in Balance Sheet):**

   Housing loan to Individuals, Housing loan to Builders/ Developers, Loan against Property
9. **Total number of locations where business activity is undertaken by the Company:**

   Number of National Locations: LIC Housing Finance Limited (LICHFL) is spread across the entire nation with 7 Regional Offices, 21 Back Offices, 245 Marketing Offices and 1 Customer Service Point.

   Number of International Locations: LICHFL has overseas representative office at Dubai and Kuwait.
10. **Markets served by the Company:**

    India, UAE (Dubai) & Kuwait

Section B: Financial Details of the Company

1. **Paid up Capital:** ₹ 100.93 crore
2. **Revenue from Operations:** ₹ 13,986.94 crore
3. **Profit after Taxes:** ₹ 1,931.05 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 0.87 percent.
5. **List of activities in which expenditure in 4 above has been incurred:**

   The activities towards which the company has contributed are hereunder:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered
1.	Contribution to Lala Jagat Narain Himotkarsh Kanya Mahavidalaya Shiksha Samiti towards setting-up of Information Technology -cum-digital centre.	Education and Empowering women
2.	Contribution to Tarun Bharat Sangh for their project of Making Climate Resilient Communities in Rivulet Agrani Basin of Maharashtra through Integrated Natural Resource Management and continuation of support for the second year of the project namely "Adapting to Climate Change through Water Management in Eastern Rajasthan".	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water
3.	Contribution made to the Corpus fund of DEEDS (Development Education Empowerment of The Disadvantaged In Society) Public Charitable Trust to their corpus fund, for the purpose of ensuring continuous support for their various programmes to provide education, skill training facilities for the hearing handicapped and to provide employment to the Deaf.	Providing education, skill training facilities for the hearing handicapped
4.	Contribution made to Concern India Foundation for providing educational support for 606 marginalized children studying in three government schools in Hyderabad with the purpose of enhancing their qualitative learning.	Promoting education
5.	Contribution to Thirumalai Charity Trust (TCT)/Thirumalai Health Mission(THM) for their project Rural Community Centered Prevention, Care and Control of Non Communicable Diseases	Promoting Health care including preventive health care
6.	Contribution to Akshaya Patra Foundation for sponsorship of a Delivery Van for the purpose of transportation of cooked mid-day meals to the students of government schools	Eradicating hunger, malnutrition and Promoting Education
7.	Contribution to Sulabh Sanitation Mission Foundation for construction of 130 Internal House Hold Latrines (IHHT) and construction of Two Toilet Complexes at Amritsar	Promoting sanitation

BUSINESS RESPONSIBILITY REPORT

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered
8.	'Say Trees' Environmental Trust for plantation of 10,000 saplings to enhance forest cover.	Ensuring environmental sustainability, ecological balance
9.	Advait Foundation, for the projects namely 'One Pack in Each Rack' (sanitary napkins project plant project) and 'My Skills My Life' (skill development of the local rural youth in computer based interventions and Information Technology).	Promoting health care and sanitation, enhancing vocational skills, Empowering women
10.	Nana Palkar Smruti Samiti for the purpose of contribution to the corpus fund for extending medical Aid to poor patients	Promoting health care
11.	Swachh Bharat Kosh	Environment protection and Sanitation
12.	Contribution to Prime Minister's National Relief Fund	Socio-economic development and relief, welfare of the scheduled castes, the scheduled tribes, other backward classes, minorities and women.
13.	Contribution to Savitribai Phule Mahila Ekatma Samaj Mandal for their project Jal Abhiyan 2017 covering 15 villages	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water
14.	Contribution to Mahatma Phule Krushi Pratishthan for their River and Nalla Deepening and Widening project covering 26 villages	Ensuring environmental sustainability, conservation of natural resources by water harvesting, making available safe drinking water

Section C: Other Details

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

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

   Yes, the four subsidiary companies of the Company participates in the Business Responsibility initiatives of LICHFL. One subsidiary company namely, LICHFL Care Homes Limited, directly participates in the BR initiatives. The subsidiary Companies which fall under the purview of the CSR provisions also make contribution under CSR.

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

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

Section D: BR Information

1. Details of Director/ Directors responsible for BR
   - **a. Details of the Director/ Directors responsible for implementation of the BR policy/ policies:**
     The Board of the Company is collectively responsible for the implementation of the BR policies of the Company.
   - **b. Details of the BR head:**

Sr. no.	Particulars	Details
1.	DIN Number	02425847
2.	Name	Vinay Sah
3.	Designation	Managing Director & CEO
4.	Telephone number	022-22189214
5.	e-mail id	pa.mdceo@lichousing.com

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

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

BUSINESS RESPONSIBILITY REPORT

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

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

3. Governance related to BR

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

  Annually

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

  Businesses Responsibility Report forms part of the Annual Report and is published annually. The hyperlink for viewing the report is http://www.lichousing.com/annual_report.php

Section E: Principle-wise performance

Principle 1

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

e

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

   The Company believes in value based governance and practices. It is committed to maintain the highest standards of ethics in all spheres of its business activities. The Board of Directors and senior management have a responsibility to set exemplary standards of ethical behavior, both internally within the organization, as well as in their external relationships. Management makes constant endeavor to inculcate this ethical behavior at all

BUSINESS RESPONSIBILITY REPORT

levels in the organization so that it becomes an essential part of the work culture among all its employees. Every employee of the Company shall conduct himself / herself and deal on behalf of the Company with professionalism, honesty and integrity, while conforming to high moral and ethical standard.

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

Empowerment is an essential component of the Company's principle of governance that management must have the freedom to take the enterprise forward. Empowerment unleashes creativity and innovation throughout the organization by truly bestowing decision-making powers at the most appropriate levels in the organizational hierarchy. The Board of Directors is accountable to the shareholders and the management is accountable to the Board of Directors. Each executive and employee is similarly accountable for the functions and responsibilities entrusted to him / her. The Company believes that empowerment coupled with accountability, provides the impetus to performance and effective Corporate Governance.

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

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

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

   10475 complaints were received (including opening outstanding complaints) during the year 2016-17, from various stakeholders namely shareholders, deposit holders, investors and customers. Out of the total complaints, 10401 complaints, working out to 99.29 percent were satisfactorily resolved.

Principle 2

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

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

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

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

   a. Apna Ghar LIG (Scheme on the lines of Pradhan Mantri Awas Yojana):

   Housing for All is a vision of Prime Minister of India where all facilities will be provided in a place. As per the Urban Development Ministry, as many as 2,508 cities in 26 states have been selected under 'Pradhan Mantri Awas Yojana' for providing affordable houses to the urban poor. Having regard to the above vision of the Prime Minister the Company has introduced Apna Ghar LIG Scheme wherein Housing loan for new construction and addition of rooms, kitchen, toilet etc to existing dwelling as incremental housing is provided to individuals belonging to Low Income Group (LIG), whose household annual income is between ₹3, 00,001 (₹ Three Lakhs One) to ₹6,00,000 (₹ Six Lakhs) at subsidized rate of interest of 6.50% for a tenure of maximum 20 years without processing fees. The carpet area of the house being constructed/acquired under this component is up to 60 square meter. The beneficiaries at his/ her discretion can build a house of larger area but interest subvention would be limited to first ₹6 Lakhs only. The Company funds upto 85% of the cost of the property subject to maximum ₹6, 00,000/- (₹ Six Lakhs).

   b. Apna Ghar EWS (Scheme on the lines of Pradhan Mantri Awas Yojana)

   Another scheme which has been designed having regard to the Prime Minister's Vision of Housing for All is Apna Ghar EWS scheme under which Housing

loan may be availed for new construction and addition of rooms, kitchen, toilet etc to existing dwelling as incremental housing. The carpet area of the house being constructed/acquired under this component is up to 30 square meter. The beneficiaries at his/her discretion can build a house of larger area but interest subvention would be limited to first ₹6 Lakhs only. Beneficiaries will be provided interest subsidy at the rate of 6.50% for a tenure of maximum 20 years without processing fees. Beneficiary would belong to Economically Weaker Section (EWS) whose household annual income should not be more than ₹3, 00,000/- (₹ Three Lakh per annum). The Company funds upto 85% of the cost of the property subject to maximum ₹6, 00,000/- (₹ Six Lakhs).

c. Affordable Housing Finance Scheme

In line with Government of India's mission "Housing for all by 2022" and our consistent focus on the core housing loan schemes, the Company had launched "Affordable Housing Finance Scheme" on 1st January 2017. The Scheme was designed to finance purchase of ready to move-in or nearing possession flats/housing units. Under this Scheme, the loan was granted at lower rate of interest with Zero processing fees. The Company could disburse ₹2862 crs under this scheme.

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

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

It may be mentioned here that the Company minimises the consumption of electrical energy and natural resources and shall strive to prevent pollution of air, water and land. The Company would commit all the necessary resources required to meet the goals of Corporate Social Responsibility. It is an opportunity for the company to create or shore up a pack of intangibles – reputation, brand image, trust or the capacity to innovate, to build partnerships – all recognised as critical drivers of value creation in today's complex and fluid business environment. The Company uses energy efficient products wherever it is required. Also the company encourages paperless methods and limits the use of papers wherever possible and also re-uses the waste papers to the extent possible.

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

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

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

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

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

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

Principle 3

Businesses should promote the wellbeing of all employees

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

Total number of employees as on 31st March, 2017 is 1,833.

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

98 are hired on a contractual basis.

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

534 are permanent women employees in the company as on 31st March, 2017, which constitute 29.13 percent of the total permanent employee strength of the Company.

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

4 permanent employees with disabilities are engaged with the company as on 31st March, 2017.

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

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

BUSINESS RESPONSIBILITY REPORT

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

   Not applicable.

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

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

8. **What safety & skill up-gradation training was provided in the last year?**
   - **Permanent employees**
   - **Permanent Women employees**
   - **Casual/ Temporary/ Contractual employees**
   - **Employees with disabilities**

Internal training for upgrading and enhancing the skills and knowledge level was given to different categories of employees consisting of 22 training programmes covering 658 employees.

Principle 4

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

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

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

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

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

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

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

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

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

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

Infrastructure Development project: The Company would endeavour to set up essential services that form the foundation of sustainable development through basic infrastructure facilities like housing facilities, safe drinking water, sanitation & hygiene and renewable sources of energy.

Social Change (project): To bring about Social Change the Company would advocate and Support Dowry less marriage, Widow remarriage, Mass marriage, awareness programmes on anti-social issues, De-addiction campaigns and programmes

Environment sustainable (project): The Company would take steps or measures in order to make environment sustainable project and would advocate and support Plantation of trees, Making people aware of hazards of use of plastic, Encouraging to go green through less usage of paper, Awareness programmes on hazards of usage of pesticides, chemical and artificial colours and agents in food and drinks.

BUSINESS RESPONSIBILITY REPORT

Ecological balance (project): The Company would would advocate and support Awareness programmes on cleanliness of ponds and rivers, unauthorized mining, land grab, increasing ground water level, increasing number of forest areas.

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

   The Company through its CSR initiative via Development Education Empowerment of the Disadvantaged In Society (DEEDS) Public Charitable Trust, Akshaya Patra Foundation, Advait Foundation, Nana Palkar Smruti Samiti has supported various programmes to provide education, skill training facilities for the hearing handicapped and to provide employment to the Deaf; has sponsored a Delivery Van for the purpose of transportation of cooked mid-day meals to the students of government schools; supported in setting up of sanitary napkins project plant; supported skill development of the local rural youth in computer based interventions and Information Technology; has extending medical Aid to poor patients for their treatment.

   A proper and effective redressal mechanism is available at different level for the stakeholders to take up their issues, if any. Formal and informal consultations / meetings are held with the different stakeholders at different management level to obtain their ideas, views and opinions for better handling of their interests. The Company also has its own Customer Relationship Management (CRM) portal namely TALISMA which acts as an interface between the aggrieved customer and the Company. The services to the Employees who also are very important stake holders to the Company are provided through the Company's eHRMs and HRmantra intranet portals.

Principle 5

Businesses should respect and promote human rights

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

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

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

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

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

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

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

   The Company has not received any complaint from stakeholders in this regard.

Principle 6

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

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

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

   The Company is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure. The Company has contributed a large portion of its CSR Contribution towards projects in the field of water conservation, water harvesting and restoration of the ground water levels.

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

   Not applicable since the Company is engaged in providing finance for construction / purchase of house / flat. However as part of its CSR initiative the

BUSINESS RESPONSIBILITY REPORT

Company intends to appraise such projects which serves environmental sustainability.

However, it may be mentioned here that the Company has opted for efficient processes in order to minimize impact on the environment. Energy efficiency shall be given high priority for selecting or changing over to new system to have less carbon emission initiatives.

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

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

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

The Company has actively funded projects in the area of water conservation, water harvesting and restoration of the ground water levels which is an important contributory towards climate change, global warming.

The Company has also taken an initiative to plant 10,000 saplings to enhance forest cover at Bagepalli region of Karnataka and has done its bit in the endeavour to reduce global warming and tackle climate change.

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

   Yes, LICHFL is fully aware of the direct and indirect environmental impacts of its operations and considers it as a major criterion in all its decisions. The Company being in the business of granting housing loans encourages housing projects which are environmentally safe and secure. Further the CSR Committee of the Company has been active in funding environmentally sustainable projects as it intends to do its bit in addressing the issue pertaining to environmental sustainability.

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

   The Company directly does not have any project related to Clean Development Mechanism, however the Company has contributed ₹2,00,00,000/- in Swachh Bharat Kosh and has also extended contribution to a projects namely "Making Climate Resilient Communities in Rivulet Agrani Basin of Maharashtra through Integrated Natural Resource Management" while continuing its support for the second year to the four year project namely "Adapting to climate change through water harvesting in Eastern Rajasthan" in partnership with Tarun Bharat Sangh, an organisation which is run by the "Waterman of India" Dr. Rajendra Singh, the recipient of the reputed Stockholm water prize (prestigious award that recognizes outstanding achievements in water related activities the equivalent to Nobel Prize in the field of water) under its CSR initiative. Apart from the above the Company has also extended contribution to Savitribai Phule Mahila Ekatma Samaj Mandal, for their project Jal Abhiyan 2017 covering 15 villages spread over the districts of Aurangabad and Jalna and Mahatma Phule Krushi Pratishthan, for their River and Nalla Deepening and Widening project covering 26 villages in Aurangabad District.

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

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

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

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

   The Company under its CSR initiative has also planted 10000 to enhance its forest cover and also have contributed towards four projects in the field of water conservation, water harvesting, river rejuvenation, recharge of ground water level and creation of decentralized water harvesting structures.

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

   Not applicable.

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

   NIL.

Principle 7

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

BUSINESS RESPONSIBILITY REPORT

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

   The Company presently is not a member of any trade and chamber or association.

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

   Not applicable.

Principle 8

Businesses should support inclusive growth and equitable development

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

   LICHFL functions on the principles of inclusive growth and equitable development. By opening offices throughout the length and breadth of the country, including rural areas, the Company is trying in its own way to contribute to the overall development of the country. The Company has implemented rural housing scheme of NHB for development of the rural areas. The Company has been offering appropriate products especially for vulnerable and marginalized sections of the society. Further the Company as part of its CSR initiative, contributes towards projects with an intention to benefit the poor and marginalised in the society and looks to bring them in the main stream. The Company has extended its contribution to Concern India Foundation for the purpose of providing educational support for 606 marginalized children studying in three government schools in Hyderabad with the purpose of enhancing their qualitative learning, DEEDS (Development Education Empowerment of the Disadvantaged In Society) Public Charitable Trust for supporting the various programmes to provide education, skill training facilities for the hearing handicapped and to provide employment to the Deaf.

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

   The Company as a part of its Corporate Social Responsibility (CSR) initiative has identified and partnered with various Implementation Agencies (NGOs) for carrying out various projects pertaining to education, health care, women empowerment, water harvesting, setting up of IT labs and training centres, providing employment to hearing handicapped people. Further, the Company has also contributed towards Swachh Bharat Kosh and Prime Minister's National Relief Fund. Moreover, the Company's own subsidiary namely, LICHFL Care Homes Limited's main objective is to build assisted living centres for the elderly and provide them with a roof at a competitive price, for a peaceful and enjoyable retired life support growth and inclusive development.

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

   The Company as part of its CSR expenditure monitoring initiative has called for quarterly reports from the various Implementation agencies (NGOs) with which it has partnered while expending its CSR funds. The Implementation agencies (NGOs) submit their report with details of all those beneficiaries who have benefitted from the project and also the overall implementation of the project. At the time of appraisal of the CSR projects the representatives of the Company conduct a field visit to the project site and try to assess the overall feasibility of the project which is considered to be funded. The Company is in the process of engaging an agency for analysing the impact of the CSR contributions made by the Company. The agency would provide its report on the impact on the society through the CSR contributions made by the Company.

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

   The Company as part of its CSR initiative has funded Thirumalai Charity Trust (TCT)/Thirumalai Health Mission (THM) for their project, namely, Rural Community Centred Prevention, Care and Control of Non Communicable Diseases. The project also includes formation of Community Based Organisation and spreading of awareness throughout the local community. The Company has also partnered with Tarun Bharat Sangh which is an NGO headed by Dr. Rajendra Singh also known as the "Waterman of India" for a project namely " Adapting to Climate Change through water harvesting in Eastern Rajasthan" which involves forming 90 Rain Water Harvesting Structure constructed in the 30 project villages. The Company also extended its Contribution to Tarun Bharat Sangh by funding another project namely "Making Climate Resilient Communities in Rivulet Agrani Basin of Maharashtra through Integrated Natural Resource Management" the said project also involves community participation in creating decentralised water structure. The Company has also provided its CSR funds to Lala Jagat Narain Himotkarsh Kanya Mahavidalaya Shiksha Samiti for setting-up of Information Technology-cum-digital centre in order to impart training to students of the College and use infrastructure for benefit requirements of the institution/students. Contribution have also been made to Advait Foundation for setting up a sanitary napkins project plant and also contributed to setting up a digital academy for skill development of the 1000 local rural

BUSINESS RESPONSIBILITY REPORT

youth of Jagdishpur panchayat West Bengal in computer based interventions and Information Technology. Further the Company through its subsidiary LICHFL Care Homes Limited, is engaged in Community Development Project. The main objective of LICHFL Care Homes Limited is to establish & operate assisted community centres for senior citizens in major cities across India. The said Company has been working towards ensuring comfort, privacy and security to the elderly citizens along with their dignity and independence. LICHFL Care Homes Limited had taken up two projects, one in Bangalore and another in Bhubaneswar. The project at Bangalore is an eco-friendly campus promoting Shelter & Freedom from routine chores, social interaction and harmonious companionship among residents and also providing comprehensive services. The project consists of 98 cottages and 144 flats divided into 4 blocks of 2BHK and 3BHK at economical prices. The project includes on-campus amenities and cost-effective independent cottages fully structured and self-contained with library, community centre, home theatre, meditation centre and ambulance on campus. The project in Bhubaneswar consists of 240 flats of 1BHK, 2BHK and 3BHK and construction is in full swing, expected to be completed soon. All the 240 flats have been sold out.

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

   Yes, The Company has partnered with such Implementation Agencies, while extending its CSR contribution, which has considerable past track record in the same area/nature of work in relation to which the Company is extending contribution. The said implementation agencies in their respective quarterly reports have reported the successful implementation of the projects. Further with regard to the LICHFL Care Homes Limited's project(s) to establish & operate assisted community centres for senior citizens in major cities across India, the development initiative is being welcomed and has been successfully adopted by the community mainly because of increase in life expectancy and increase in number of senior citizens year after year. The concept of nucleus family has become prevalent almost throughout India. Parents prefer to maintain their own privacy and enjoy their social life amongst their peer group. Also children employed out of India and their parents not willing to shift out of India prefer such community homes for their parents wherein the senior citizens' social needs, medical needs and emotional needs are taken care of. This fact is confirmed by the response to the project in both Bangalore and Bhubaneswar wherein the projects were fully sold out within a short period.

Principle 9

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

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

   Percentage of customer complaints pending as on 31st March, 2017 – 0.28 percent.

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

   LICHFL is a housing finance company and hence this question is not applicable. However, features of housing loan schemes are disclosed to the applicant before financing. The company also displays the information pertaining to the basket of products at a conspicuous location at each of its offices across India.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   There is no such instance.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company has not carried out any consumer survey/ consumer satisfaction trends.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of LIC HOUSING FINANCE LIMITED (hereinafter referred to as "the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in sub-section 5 of the section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under sub-section 11 of Section 143 of the Act.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

INDEPENDENT AUDITORS' REPORT

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 27(2) to the standalone financial statements;

ii. Provision has been made in the financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The Company has provided requisite disclosures in its standalone financial statements as to its holdings as well as dealing in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer Note 27(31) to the standalone financial statements.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No.037606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

ANNEXURE A

Annexure Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and the records examine by us and based on the examination of the registered sale deed/ transfer deed /conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) The nature of the Company's business is such that it is not required to hold any inventories and, hence, the reporting under paragraph 3 (ii) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under Section 186.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 of the Act, to the extent applicable to the Housing Finance Company and the Housing Finance Companies (NHB) Directions, 2010 (as amended) with regard to the deposits accepted from the public. We have been informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Act, for the products / services of the Company.

(vii) (a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amounts payable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of debt instruments and term loans have been applied by the Company during the year for the purpose for which they were raised, other than temporary deployment pending application of proceeds. Apart from money raised by way of debt instruments, the Company has neither raised any moneys by way of initial public offer / further public offer nor were such proceeds pending to be applied, during the current year.

(x) According to the information and explanations given to us and best of our knowledge, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

ANNEXURE A

(xii) The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) Based upon our audit procedures performed for the purpose of reporting the true and fair view of the financial statements, in our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) In The Company is not required to be registered under section 45-IA Reserve Bank of India Act, 1934.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No.037606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

ANNEXURE B

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of LIC Housing Finance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (" the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and specified under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

ANNEXURE B

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No. 037606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF LIC HOUSING FINANCE LIMITED

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

Pursuant to the Paragraph 2 of the Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016 ("the Auditor's Report Directions"), we have examined the matters specified in the Paragraph 3 of these Directions in respect of LIC Housing Finance Ltd. ("the Company") for the year ended March 31, 2017.

Management's Responsibility

The Management of the Company is responsible for compliance with the extant Housing Finance Companies (NHB) Directions, 2010 ("the Directions") on an ongoing basis and reporting non-compliance, if any, to the regulatory authority, Board of the company and its Audit committee. This responsibility also includes (a) creation and maintenance of proper accounting and other records (b) the design, implementation and maintenance of adequate internal procedures / systems / processes / controls relevant to the creation and maintenance of the aforesaid records. Further, this responsibility includes ensuring that the relevant records provided to us for our examination are correct and complete.

Auditors' Responsibility

Our responsibility is to report on the matters specified in Paragraph 3 of the Auditor's Report Directions, based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI), specified under sub-section 10 of Section 143 of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether there are any identified non-compliances.

An audit involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) -1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

Based on the examination of the books of account and relevant records of the Company and audit procedures and such checks as considered appropriate by us and taking into consideration the information & explanations provided to us by the Company officials, we report that:

1. The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 ("the Act") and has been granted the certificate of registration dated 31st July, 2001.

2. The Company has complied with the Net Owned Fund (NOF) requirements as prescribed under section 29A of the Act.

3. The Company has complied with Section 29C of the Act.

4. Public deposits accepted by the Company together with other borrowings are within admissible limits.

5. There are no deposits in excess of the admissible limits.

6. The Company has obtained minimum investment grade credit rating from an approved credit rating agency for the purpose of accepting/holding public deposits.

7. The credit rating (i.e. FAAA/Stable) for deposits reaffirmed by the credit rating agency viz., CRISIL on April 1, 2016 is in force. The rating agency has not specified any limits for accepting/holding public deposit as per their letter dated April 1, 2016.

8. The Company has not defaulted in paying to its depositors the interest and/or principal amounts of deposits after such interest and/or principal became due during the year.

9. Total borrowings of the Company i.e. deposits inclusive of public deposits together with the amounts referred to in sub-clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the Reserve Bank of India Act, 1934 and loans or other assistance from the National Housing Bank are within the limit prescribed in the Directions.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, we report that the Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure

INDEPENDENT AUDITORS' REPORT

in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Directions.

11. The capital adequacy ratio as disclosed in the Schedule II return submitted to the National Housing Bank in terms of the Directions has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein.

12. The Company has furnished to the National Housing Bank within the stipulated period the Schedule II return as specified in the Directions.

13. The Company has complied with the liquidity requirements as specified under Section 29B of the Act, and the requirements as specified in paragraphs 14 and 15 of the Directions and has kept the securities with the designated bank.

14. The Company has furnished to the National Housing Bank within the stipulated period the Schedule III return on Statutory Liquid Assets as specified in the Directions.

15. The Company has complied with the requirements contained in the Directions in the case of opening of new branches /offices or in the case of closure of existing branches/offices.

16. The Company has complied with the provisions contained in paragraph 38 and 38A Directions.

17. The Company has not violated any of the provisions contained under restriction on acceptance of public deposits, period of public deposits, Joint public deposit, particulars to be specified in application form soliciting public deposits, ceiling on the rate of interest and brokerage and interest on overdue public deposits, renewal of public deposits before maturity as provided in Directions.

Restriction of use

This report has been issued pursuant to the requirement as per Paragraph 2 of the Auditor's Report Directions. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No.037606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

BALANCE SHEET

AS AT MARCH 31, 2017

(₹ in Lakhs)

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	1,097,603.08	904,498.07
		1,107,702.71	914,597.70
Non Current Liabilities			
Long-Term Borrowings	3	10,373,888.73	9,065,813.59
Deferred Tax Liabilities (Net)	12	91,727.20	81,090.10
Other Long-Term Liabilities	4	118,088.64	86,569.86
Long-Term Provisions	5	99,722.57	80,633.47
		10,683,427.14	9,314,107.02
Current Liabilities			
Short-Term Borrowings	6	758,721.63	544,044.21
Trade Payables	7		
(a) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		5,896.95	4,139.03
Other Current Liabilities	8	2,520,093.88	2,226,835.63
Short-Term Provisions	9	14,214.66	46,052.91
		3,298,927.12	2,821,071.78
Total		**15,090,056.97**	**13,049,776.50**
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	10.1	9,287.83	8,719.81
Intangible Assets	10.2	364.61	481.96
Non-Current Investments	11	52,688.94	27,181.81
Long-Term Loans & Advances	13	20,669.53	13,406.23
Other Non-Current Assets	14	6,896.82	5.09
		89,907.73	49,794.90
Loans	15		
Non-Current Loans		13,541,420.52	11,765,194.67
Current Loans		911,980.56	752,125.22
		14,453,401.08	12,517,319.89
Current Assets			
Current Investments	16	9.51	502.39
Trade Receivables	17	10,941.79	8,539.07
Cash and Bank Balances	18	446,334.97	392,680.13
Short-Term Loans and Advances	19	1,581.98	1,419.10
Other Current Assets	20	87,879.91	79,521.02
		546,748.16	482,661.71
Total		**15,090,056.97**	**13,049,776.50**
Significant Accounting Policies and Notes	27		

The Notes referred to above form an integral part of the financial statements
As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from Operations	21	1,398,694.17	1,239,614.56
Other Income	22	9,340.81	8,931.12
Total Revenue		**1,408,034.98**	**1,248,545.68**
Expenses			
Finance Costs	23	1,023,149.09	930,675.81
Employee Benefits Expense	24	24,580.31	15,034.80
Depreciation and Amortisation Expense	10.1 & 10.2	943.42	972.15
Establishment and Other Expenses	25	35,652.56	30,861.22
Provisions / Write offs (Net)	26	28,132.24	14,646.36
Total Expenses		**1,112,457.62**	**992,190.34**
Profit Before Exceptional and Extraordinary Items and Tax		295,577.36	256,355.34
Exceptional Items		-	-
Profit Before Extraordinary Items and Tax		295,577.36	256,355.34
Extraordinary Items		-	-
Profit before Tax		**295,577.36**	**256,355.34**
Tax Expense			
- Current Tax [Refer Note 27(23)]		91,835.24	76,084.00
- Deferred Tax [Refer Note 27(24)]		10,637.11	14,192.29
Profit for the Year		**193,105.01**	**166,079.05**
Earnings per equity share [Refer Note 27(22)]			
- Basic and Diluted (in ₹)		38.26	32.91
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes	27		

The Notes referred to above form an integral part of the financial statements
As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Particulars	March 31, 2017		March 31, 2016	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax		**295,577.36**		**256,355.34**
	Add / (Less) : Adjustment for				
	Depreciation and Amortisation Expenses	943.42		972.15	
	Provisions/ Write offs	28,132.24		14,646.36	
	Interest Income on housing loans	(1,391,389.73)		(1,228,000.69)	
	Interest Expenses	1,022,209.68		929,555.77	
	Interest Received on housing loans	1,380,095.54		1,218,290.67	
	Interest Paid	(906,276.19)		(837,798.01)	
	Loss on sale of fixed assets (Net)	(5.88)		(6.25)	
	Fixed assets Written off	0.03		0.05	
	(Income)/Loss from investments- Real Estate Venture Fund	(379.06)		83.93	
	Dividend Income from current and long term investment	(403.50)		(269.11)	
	Provisions for contingency written back	0.00		(0.03)	
			132,926.55		97,474.84
	Operating Profit before Working Capital Changes		**428,503.91**		**353,830.18**
	Adjustment for:				
	(Increase) / Decrease in Other Current Assets	(2,299.63)		728.62	
	(Increase) / Decrease in Non-Current Assets	(6,604.24)		(1.44)	
	(Increase) / Decrease in Loans & Advance	(158.18)		283.51	
	Increase / (Decrease) in Liabilities & Provisions	195,098.57		98,945.17	
			186,036.52		99,955.86
	Cash generated from Operations		**614,540.43**		**453,786.04**
	Direct taxes Paid		(102,003.50)		(73,198.26)
	Net Cash from Operations		**512,536.93**		**380,587.78**
	Increase in Housing Loans		(1,940,435.68)		(1,684,177.40)
	Net Cash used in Operating Activities (A)		**(1,427,898.75)**		**(1,303,589.62)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Sale of Investments		1,465.96		412.34
	Purchase of Investments		(29,161.31)		(4,482.50)
	Purchase of Fixed Assets		(1,394.16)		(2,209.51)
	Sale of Fixed Assets		5.92		7.23
	Dividend Income from current and long term investment		403.50		269.11
	Income/(Loss) from investments-Real Estate Venture Fund		379.06		(83.93)
	Net Cash used in Investing Activities (B)		**(28,301.03)**		**(6,087.26)**

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Particulars	March 31, 2017	March 31, 2016
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Secured Loans (Net)	1,179,288.73	1,233,445.11
	Proceeds from Unsecured Loans (Net)	361,300.74	206,484.87
	Dividend Paid	(27,643.73)	(25,105.72)
	Transfer to Investor Protection Fund	(67.44)	(53.34)
	Dividend Tax Paid	(5,568.40)	(4,990.25)
	Net Cash generated from Financing Activities (C)	**1,507,309.90**	**1,409,780.67**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**51,110.12**	**100,103.79**
	Cash and cash equivalents at the beginning of the year	375,830.50	275,726.71
	Cash and cash equivalents at the end of the year (Refer Note No.1)	426,940.62	375,830.50
	Net Increase in Cash and Cash Equivalents	**51,110.12**	**100,103.79**
	Notes:		
1	Cash & Cash Equivalents includes:		
	Balance with banks*	121,468.46	112,828.46
	Cheques, drafts on hand	23,756.48	10,804.27
	Cash on hand	321.34	2,406.81
	Investment in Mutual Fund Units (Highly liquid)	281,394.34	249,790.96
	Total Cash & Cash Equivalents	**426,940.62**	**375,830.50**
	*Balance with Banks includes unclaimed dividend of ₹ 713.79 Lakhs (Previous Year ₹ 668.49 Lakhs)		
2	The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements notified under the relevent provisions of the Companies Act, 2013		

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

NOTES FORMING PART OF BALANCE SHEET

AS AT MARCH 31, 2017

NOTE 1

(₹ in Lakhs)

SHARE CAPITAL	As at March 31, 2017	As at March 31, 2016
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(d) below	6.37	6.37
	10,099.63	**10,099.63**

Note.1(a): Reconciliation of number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**504,663,000**	**10,093.26**	**504,663,000**	**10,093.26**

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

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

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Life Insurance Corporation of India	203,442,495	40.31	203,442,495	40.31

Note.1(d): Forfeited Shares

(₹ in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Amount received on forfeited shares	6.37	6.37
	6.37	**6.37**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 2

(₹ in Lakhs)

RESERVES AND SURPLUS		As at March 31, 2017	As at March 31, 2016
(a)	**Capital Reserve**		
	As per last Balance Sheet	47.93	47.93
(b)	**Securities Premium Account**		
	As per last Balance Sheet	170,528.55	170,528.55
(c)	**Special Reserve - I**		
	In terms of section 36(1)(viii) of Income-Tax, 1961 and Section 29C of National Housing Bank (NHB) Act,1987 (Upto financial year 1996-97)		
	As per last Balance Sheet	3,898.00	3,898.00
(d)	**Other Statutory Reserves including Special Reserve- II**		
	Balance at the beginning of the year		
	(i) Statutory Reserve u/s 29C of the NHB Act, 1987	12.00	11.00
	(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	322,437.01	272,438.01
Total		**322,449.01**	**272,449.01**
	Addition / Appropriation / Withdrawal during the year		
	Add :		
	(i) Amount transferred u/s 29C of the NHB Act, 1987	1.00	1.00
	(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	56,999.00	49,999.00
	Less :		
	(i) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
	(ii) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account which has been taken into account for purpose of provision u/s 29C of the NHB Act, 1987	-	-
	Balance at the end of the year		
	(i) Statutory Reserve u/s 29C of the NHB Act, 1987	13.00	12.00
	(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	379,436.01	322,437.01
Total		**379,449.01**	**322,449.01**
(e)	**General Reserve**		
	Opening Balance	274,804.00	234,804.00
	Add: Transfer during Current Year	50,000.00	40,000.00
	Closing Balance	**324,804.00**	**274,804.00**
(f)	**Surplus in the Statement of Profit and Loss**		
	Opening balance	132,770.58	90,016.66
	Add: Net Profit for the current year	193,105.01	166,079.05
	Less: Appropriations		
	Proposed Dividend	-	27,756.69
	Tax on Proposed Dividend	-	5,568.44
	Transfer to General Reserve	50,000.00	40,000.00
	Transfer to Special Reserve - II	56,999.00	49,999.00
	Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	1.00	1.00
	Closing Balance	**218,875.59**	**132,770.58**
		1,097,603.08	**904,498.07**

Note 2.1

As per the National Housing Bank's Circular No. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on Special Reserve as at April 01, 2014 created under Section 36(1)(viii) of the Income Tax Act, 1961.

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 3

(₹ in Lakhs)

LONG TERM BORROWINGS	As at March 31, 2017		As at March 31, 2016	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures (Refer Note - 3.1)	8,369,300.00	1,118,700.00	6,920,600.00	1,197,000.00
(b) Zero Coupon Debentures (Refer Note - 3.2)	300,100.00	142,600.00	322,700.00	140,000.00
(c) Term loans				
From Banks (Rupee Term Loan) (Refer Note - 3.3)	838,745.53	64,998.51	1,043,552.38	79,113.10
From Banks (Foreign Currency Term Loan)*	-	50,000.00	50,000.00	-
* FCNR B US$ Loan underlying USD 81,168,831.17 equivalent to INR of ₹ 50,000 Lakhs.				
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	-	1,775.00	1,775.00	4,275.00
(e) Other loans and advances				
National Housing Bank (Refinance) (Refer Note- 3.3)	291,917.58	82,488.38	253,827.16	49,993.62
Other Financial Institutions (Refer Note - 3.3)	20,000.00	-	-	-

Security :

Negative lien on the assets of the Company (excluding the Company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after September 26, 2001.

Unsecured				
(a) Bonds:				
(i) Subordinate Bonds (Refer Note - 3.4)	100,000.00	-	100,000.00	-
(ii) Upper Tier II Bonds (Refer Note - 3.5)	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposits (Refer Note - 3.6)	303,825.62	40,534.20	223,359.05	12,877.45
	10,373,888.73	**1,501,096.09**	**9,065,813.59**	**1,483,259.17**

Note - 3.1

The NCDs are redeemable at par. The NCDs issued after March 31, 2015 are Secured by a negative lien on the assets of the Company (excluding the company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. In addition to above The NCDs are secured by way of pari-passu mortgage and charge in favour of the debenture trustee on the Company's immovable property to the extent of ₹ 24.29 Lakhs.

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

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

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
Non Current :				
6000 NCD's of ₹ 1000000/- each	26-Mar-27	7.95%	-	60,000.00
10000 NCD's of ₹ 1000000/- each	16-Dec-26	7.16%	-	100,000.00
10000 NCD's of ₹ 1000000/- each	23-Oct-26	7.48%	-	100,000.00
5000 NCD's of ₹ 1000000/- each	25-Sep-26	7.83%	26-Nov-20	50,000.00
2000 NCD's of ₹ 1000000/- each	18-Aug-26	7.90%	-	20,000.00
4750 NCD's of ₹ 1000000/- each	10-Jul-26	8.43%	12-Jul-19	47,500.00
5000 NCD's of ₹ 1000000/- each	29-Jun-26	8.48%	29-Aug-19	50,000.00
5000 NCD's of ₹ 1000000/- each	29-Jun-26	8.48%	29-Jun-18	50,000.00
3700 NCD's of ₹ 1000000/- each	15-Jun-26	8.47%	15-Jul-19	37,000.00
5000 NCD's of ₹ 1000000/- each	10-Jun-26	8.47%	28-Jun-19	50,000.00
5350 NCD's of ₹ 1000000/- each	22-May-26	8.45%	23-Oct-19	53,500.00
3000 NCD's of ₹ 1000000/- each	27-Apr-26	8.32%	-	30,000.00
10000 NCD's of ₹ 1000000/- each	03-Mar-26	8.57%	-	100,000.00
5000 NCD's of ₹ 1000000/- each	26-Feb-26	8.53%	-	50,000.00
7500 NCD's of ₹ 1000000/- each	28-Jan-26	8.42%	-	75,000.00
7500 NCD's of ₹ 1000000/- each	02-Feb-26	8.43%	-	75,000.00
10000 NCD's of ₹ 1000000/- each	12-Dec-25	8.40%	-	100,000.00
10000 NCD's of ₹ 1000000/- each	13-Nov-25	8.20%	-	100,000.00
5000 NCD's of ₹ 1000000/- each	23-Oct-25	8.25%	23-Nov-18	50,000.00
2100 NCD's of ₹ 1000000/- each	08-Oct-25	8.34%	-	21,000.00
2000 NCD's of ₹ 1000000/- each	29-Aug-25	8.48%	24-Dec-20	20,000.00
3000 NCD's of ₹ 1000000/- each	29-Aug-25	8.50%	-	30,000.00
5000 NCD's of ₹ 1000000/- each	14-Aug-25	8.55%	-	50,000.00
3000 NCD's of ₹ 1000000/- each	01-Aug-25	8.58%	-	30,000.00
2000 NCD's of ₹ 1000000/- each	18-Jul-25	8.57%	20-Sep-18	20,000.00
2050 NCD's of ₹ 1000000/- each	04-Jun-25	8.50%	-	20,500.00
10000 NCD's of ₹ 1000000/- each	29-May-25	8.55%	-	100,000.00
10000 NCD's of ₹ 1000000/- each	31-Mar-25	8.22%	-	100,000.00
4250 NCD's of ₹ 1000000/- each	03-Mar-25	8.52%	-	42,500.00
6000 NCD's of ₹ 1000000/- each	24-Feb-25	8.50%	24-Apr-18	60,000.00
100 NCD's of ₹ 1000000/- each	30-Jan-25	8.40%	-	1,000.00
10000 NCD's of ₹ 1000000/- each	08-Jan-25	8.62%	-	100,000.00
5000 NCD's of ₹ 1000000/- each	16-Oct-24	9.22%	-	50,000.00
6500 NCD's of ₹ 1000000/- each	30-Sep-24	9.24%	-	65,000.00
5000 NCD's of ₹ 1000000/- each	23-Aug-24	9.47%	-	50,000.00

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
10000 NCD's of ₹ 1000000/- each	23-Aug-24	9.39%	-	100,000.00
6050 NCD's of ₹ 1000000/- each	05-Jul-24	9.29%	-	60,500.00
10000 NCD's of ₹ 1000000/- each	19-Mar-24	9.80%	-	100,000.00
2000 NCD's of ₹ 1000000/- each	08-Feb-24	8.58%	15-Mar-19	20,000.00
10000 NCD's of ₹ 1000000/- each	22-Dec-23	7.25%	-	100,000.00
2000 NCD's of ₹ 1000000/- each	19-Sep-23	7.86%	-	20,000.00
2720 NCD's of ₹ 1000000/- each	09-Jun-23	8.48%	-	27,200.00
9000 NCD's of ₹ 1000000/- each	21-May-23	8.37%	-	90,000.00
5000 NCD's of ₹ 1000000/- each	25-Apr-23	8.89%	-	50,000.00
5250 NCD's of ₹ 1000000/- each	09-Apr-23	9.00%	-	52,500.00
5000 NCD's of ₹ 1000000/- each	12-Mar-23	9.13%	-	50,000.00
4900 NCD's of ₹ 1000000/- each	19-Jan-23	8.58%	19-Jun-19	49,000.00
7500 NCD's of ₹ 1000000/- each	01-Jan-23	9.25%	-	75,000.00
5000 NCD's of ₹ 1000000/- each	17-Dec-22	9.30%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	13-Dec-22	9.23%	-	20,000.00
4000 NCD's of ₹ 1000000/- each	12-Nov-22	9.25%	-	40,000.00
3350 NCD's of ₹ 1000000/- each	25-Oct-22	9.05%	-	33,500.00
5000 NCD's of ₹ 1000000/- each	14-Sep-22	9.30%	-	50,000.00
5000 NCD's of ₹ 1000000/- each	24-Jul-22	9.35%	-	50,000.00
5000 NCD's of ₹ 1000000/- each	24-Mar-22	7.95%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	10-Feb-22	9.43%	-	20,000.00
3000 NCD's of ₹ 1000000/- each	30-Jan-22	9.45%	-	30,000.00
5000 NCD's of ₹ 1000000/- each	13-Jan-22	7.57%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	11-Nov-21	9.90%	-	20,000.00
4800 NCD's of ₹ 1000000/- each	21-Oct-21	7.66%	21-Nov-18	48,000.00
3000 NCD's of ₹ 1000000/- each	19-Oct-21	7.81%	17-Nov-17	30,000.00
4970 NCD's of ₹ 1000000/- each	14-Oct-21	7.59%	-	49,700.00
5000 NCD's of ₹ 1000000/- each	19-Sep-21	9.40%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	27-Aug-21	7.75%	-	20,000.00
1050 NCD's of ₹ 1000000/- each	27-Jul-21	8.19%	-	10,500.00
5000 NCD's of ₹ 1000000/- each	15-Jul-21	8.30%	-	50,000.00
4350 NCD's of ₹ 1000000/- each	07-Jul-21	8.47%	-	43,500.00
5000 NCD's of ₹ 1000000/- each	07-Jun-21	9.80%	-	50,000.00
2500 NCD's of ₹ 1000000/- each	21-May-21	8.45%	-	25,000.00
5000 NCD's of ₹ 1000000/- each	11-May-21	9.40%	-	50,000.00
5050 NCD's of ₹ 1000000/- each	10-May-21	8.37%	08-Dec-17	50,500.00
6000 NCD's of ₹ 1000000/- each	08-Mar-21	8.75%	08-Aug-17	60,000.00

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
2500 NCD's of ₹ 1000000/- each	07-Mar-21	9.60%	-	25,000.00
3670 NCD's of ₹ 1000000/- each	26-Feb-21	8.60%	-	36,700.00
7500 NCD's of ₹ 1000000/- each	12-Feb-21	8.75%	21-Apr-17	75,000.00
10000 NCD's of ₹ 1000000/- each	18-Jan-21	9.00%	-	100,000.00
1500 NCD's of ₹ 1000000/- each	05-Jan-21	8.50%	28-Feb-19	15,000.00
3500 NCD's of ₹ 1000000/- each	05-Jan-21	8.50%	28-Feb-18	35,000.00
1070 NCD's of ₹ 1000000/- each	04-Jan-21	9.35%	-	10,700.00
4560 NCD's of ₹ 1000000/- each	28-Dec-20	8.60%	-	45,600.00
7500 NCD's of ₹ 1000000/- each	21-Dec-20	8.75%	21-Nov-17	75,000.00
3660 NCD's of ₹ 1000000/- each	23-Nov-20	9.00%	-	36,600.00
3500 NCD's of ₹ 1000000/- each	17-Nov-20	7.65%	-	35,000.00
6500 NCD's of ₹ 1000000/- each	23-Oct-20	8.35%	-	65,000.00
4650 NCD's of ₹ 1000000/- each	13-Oct-20	8.88%	-	46,500.00
2000 NCD's of ₹ 1000000/- each	07-Oct-20	7.54%	-	20,000.00
4400 NCD's of ₹ 1000000/- each	24-Sep-20	8.525%	-	44,000.00
2050 NCD's of ₹ 1000000/- each	15-Sep-20	8.65%	-	20,500.00
5030 NCD's of ₹ 1000000/- each	15-Sep-20	8.65%	-	50,300.00
10000 NCD's of ₹ 1000000/- each	25-Aug-20	8.67%	-	100,000.00
6300 NCD's of ₹ 1000000/- each	10-Aug-20	8.90%	-	63,000.00
7500 NCD's of ₹ 1000000/- each	29-Jul-20	8.60%	23-Feb-18	75,000.00
6050 NCD's of ₹ 1000000/- each	22-Jul-20	8.60%	22-Nov-17	60,500.00
5000 NCD's of ₹ 1000000/- each	24-Jun-20	7.78%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	19-Jun-20	7.79%	-	20,000.00
5000 NCD's of ₹ 1000000/- each	11-Jun-20	7.585%	-	50,000.00
2960 NCD's of ₹ 1000000/- each	31-May-20	8.60%	-	29,600.00
4000 NCD's of ₹ 1000000/- each	15-May-20	7.98%	-	40,000.00
3500 NCD's of ₹ 1000000/- each	11-May-20	7.52%	-	35,000.00
3000 NCD's of ₹ 1000000/- each	28-Apr-20	8.49%	-	30,000.00
5000 NCD's of ₹ 1000000/- each	27-Apr-20	7.813%	-	50,000.00
5750 NCD's of ₹ 1000000/- each	24-Apr-20	7.20%	-	57,500.00
5950 NCD's of ₹ 1000000/- each	30-Mar-20	8.68%	-	59,500.00
2200 NCD's of ₹ 1000000/- each	19-Mar-20	7.80%	-	22,000.00
2200 NCD's of ₹ 1000000/- each	18-Mar-20	7.80%	-	22,000.00
2200 NCD's of ₹ 1000000/- each	17-Mar-20	7.80%	-	22,000.00
6500 NCD's of ₹ 1000000/- each	28-Feb-20	7.58%	-	65,000.00
2500 NCD's of ₹ 1000000/- each	21-Feb-20	7.77%	-	25,000.00
5000 NCD's of ₹ 1000000/- each	18-Feb-20	8.02%	-	50,000.00

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
2050 NCD's of ₹ 1000000/- each	14-Feb-20	8.48%	-	20,500.00
2000 NCD's of ₹ 1000000/- each	11-Feb-20	7.97%	-	20,000.00
8000 NCD's of ₹ 1000000/- each	21-Jan-20	8.47%	-	80,000.00
3500 NCD's of ₹ 1000000/- each	14-Jan-20	8.73%	-	35,000.00
4500 NCD's of ₹ 1000000/- each	14-Jan-20	8.75%	-	45,000.00
10000 NCD's of ₹ 1000000/- each	11-Dec-19	8.61%	-	100,000.00
3000 NCD's of ₹ 1000000/- each	18-Dec-19	7.90%	-	30,000.00
3000 NCD's of ₹ 1000000/- each	12-Dec-19	7.96%	-	30,000.00
7150 NCD's of ₹ 1000000/- each	28-Nov-19	8.72%	-	71,500.00
5500 NCD's of ₹ 1000000/- each	18-Nov-19	8.5937%	-	55,000.00
6000 NCD's of ₹ 1000000/- each	08-Nov-19	8.70%	10-May-17	60,000.00
5000 NCD's of ₹ 1000000/- each	29-Oct-19	8.97%	-	50,000.00
7700 NCD's of ₹ 1000000/- each	18-Oct-19	8.35%	17-Nov-17	77,000.00
10000 NCD's of ₹ 1000000/- each	03-Oct-19	8.37%	02-Nov-17	100,000.00
3500 NCD's of ₹ 1000000/- each	30-Sep-19	9.24%	-	35,000.00
2500 NCD's of ₹ 1000000/- each	10-Sep-19	9.45%	-	25,000.00
10000 NCD's of ₹ 1000000/- each	30-Aug-19	9.44%	-	100,000.00
5750 NCD's of ₹ 1000000/- each	19-Aug-19	9.35%	-	57,500.00
10000 NCD's of ₹ 1000000/- each	24-Jul-19	9.51%	-	100,000.00
3000 NCD's of ₹ 1000000/- each	26-Jun-19	8.69%	-	30,000.00
3000 NCD's of ₹ 1000000/- each	13-Jun-19	8.60%	-	30,000.00
3000 NCD's of ₹ 1000000/- each	13-Jun-19	8.37%	13-Dec-17	30,000.00
5000 NCD's of ₹ 1000000/- each	21-May-19	7.40%	-	50,000.00
2000 NCD's of ₹ 1000000/- each	17-May-19	8.69%	-	20,000.00
4100 NCD's of ₹ 1000000/- each	10-May-19	7.79%	-	41,000.00
3950 NCD's of ₹ 1000000/- each	30-Apr-19	8.28%	-	39,500.00
2000 NCD's of ₹ 1000000/- each	05-Apr-19	8.73%	-	20,000.00
5000 NCD's of ₹ 1000000/- each	25-Mar-19	9.65%	-	50,000.00
8000 NCD's of ₹ 1000000/- each	08-Mar-19	9.7624%	-	80,000.00
3500 NCD's of ₹ 1000000/- each	28-Feb-19	8.40%	-	35,000.00
3000 NCD's of ₹ 1000000/- each	27-Feb-19	8.38%	-	30,000.00
2810 NCD's of ₹ 1000000/- each	26-Feb-19	9.7705%	-	28,100.00
4150 NCD's of ₹ 1000000/- each	08-Feb-19	8.65%	-	41,500.00
3700 NCD's of ₹ 1000000/- each	22-Jan-19	9.63%	-	37,000.00
5000 NCD's of ₹ 1000000/- each	22-Jan-19	9.60%	-	50,000.00
7000 NCD's of ₹ 1000000/- each	16-Jan-19	9.73%	-	70,000.00
5000 NCD's of ₹ 1000000/- each	21-Dec-18	7.56%	-	50,000.00

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
3000 NCD's of ₹ 1000000/- each	17-Dec-18	8.70%	-	30,000.00
5000 NCD's of ₹ 1000000/- each	06-Dec-18	8.685%	-	50,000.00
6500 NCD's of ₹ 1000000/- each	20-Nov-18	7.5072%	-	65,000.00
2730 NCD's of ₹ 1000000/- each	01-Nov-18	9.65%	-	27,300.00
7750 NCD's of ₹ 1000000/- each	25-Oct-18	9.55%	-	77,500.00
5000 NCD's of ₹ 1000000/- each	21-Oct-18	9.60%	-	50,000.00
5000 NCD's of ₹ 1000000/- each	08-Oct-18	8.38%	-	50,000.00
5000 NCD's of ₹ 1000000/- each*	27-Sep-18	11.15%	-	12,500.00
5250 NCD's of ₹ 1000000/- each	27-Sep-18	8.18%	-	52,500.00
1550 NCD's of ₹ 1000000/- each	14-Sep-18	8.70%	13-Apr-17	15,500.00
3000 NCD's of ₹ 1000000/- each	07-Sep-18	8.45%	-	30,000.00
5000 NCD's of ₹ 1000000/- each**	05-Sep-18	9.60%	-	12,500.00
5000 NCD's of ₹ 1000000/- each	25-Aug-18	9.60%	-	50,000.00
5000 NCD's of ₹ 1000000/- each	14-Aug-18	7.51%	-	50,000.00
3000 NCD's of ₹ 1000000/- each	13-Aug-18	11.08%	-	30,000.00
4900 NCD's of ₹ 1000000/- each	27-Jul-18	8.60%	-	49,000.00
2050 NCD's of ₹ 1000000/- each	04-Jul-18	8.83%	-	20,500.00
285 NCD's of ₹ 10000000/- each	27-Jun-18	7.00%	-	28,500.00
5000 NCD's of ₹ 1000000/- each	22-Jun-18	8.70%	-	50,000.00
6600 NCD's of ₹ 1000000/- each	20-Jun-18	8.60%	-	66,000.00
3520 NCD's of ₹ 1000000/- each	11-Jun-18	8.40%	-	35,200.00
8500 NCD's of ₹ 1000000/- each	28-May-18	8.34%	-	85,000.00
3000 NCD's of ₹ 1000000/- each	22-May-18	8.31%	-	30,000.00
4000 NCD's of ₹ 1000000/- each	15-May-18	8.73%	-	40,000.00
4380 NCD's of ₹ 1000000/- each	14-May-18	8.65%	-	43,800.00
2000 NCD's of ₹ 1000000/- each	27-Apr-18	7.25%	-	20,000.00
5000 NCD's of ₹ 1000000/- each	27-Apr-18	8.30%	-	50,000.00
6000 NCD's of ₹ 1000000/- each	09-Apr-18	9.11%	-	60,000.00
				8,369,300.00
Current :				
1500 NCD's of ₹ 1000000/- each	24-Mar-18	9.75%	-	15,000.00
6020 NCD's of ₹ 1000000/- each	28-Feb-18	9.08%	-	60,200.00
5000 NCD's of ₹ 1000000/- each	23-Feb-18	8.46%	-	50,000.00
6250 NCD's of ₹ 1000000/- each	16-Feb-18	7.35%	-	62,500.00
6000 NCD's of ₹ 1000000/- each	01-Feb-18	8.05%	-	60,000.00
2000 NCD's of ₹ 1000000/- each	16-Jan-18	9.14%	-	20,000.00
2500 NCD's of ₹ 1000000/- each	08-Dec-17	8.68%	-	25,000.00

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
5200 NCD's of ₹ 1000000/- each	24-Nov-17	8.79%	-	52,000.00
100 NCD's of ₹ 10000000/- each	25-Nov-17	7.50%	-	10,000.00
5000 NCD's of ₹ 1000000/- each	22-Oct-17	9.80%	-	50,000.00
7500 NCD's of ₹ 1000000/- each	16-Oct-17	9.29%	-	75,000.00
5000 NCD's of ₹ 1000000/- each*	27-Sep-17	11.15%	-	12,500.00
2500 NCD's of ₹ 1000000/- each	01-Sep-17	9.40%	-	25,000.00
10000 NCD's of ₹ 1000000/- each	07-Sep-17	9.57%	-	100,000.00
5000 NCD's of ₹ 1000000/- each**	05-Sep-17	9.60%	-	12,500.00
3000 NCD's of ₹ 1000000/- each	27-Aug-17	9.75%	-	30,000.00
5000 NCD's of ₹ 1000000/- each	21-Jul-17	8.75%	-	50,000.00
7750 NCD's of ₹ 1000000/- each	03-Jul-17	9.18%	-	77,500.00
3600 NCD's of ₹ 1000000/- each	20-Jun-17	9.22%	-	36,000.00
3000 NCD's of ₹ 1000000/- each	15-Jun-17	8.72%	-	30,000.00
6000 NCD's of ₹ 1000000/- each	11-Jun-17	9.70%	-	60,000.00
2500 NCD's of ₹ 1000000/- each	05-Jun-17	9.75%	-	25,000.00
1500 NCD's of ₹ 1000000/- each	01-Jun-17	8.53%	-	15,000.00
1500 NCD's of ₹ 1000000/- each	28-May-17	8.33%	-	15,000.00
4370 NCD's of ₹ 1000000/- each	17-May-17	8.64%	-	43,700.00
2000 NCD's of ₹ 1000000/- each	16-May-17	8.40%	-	20,000.00
3000 NCD's of ₹ 1000000/- each	16-May-17	9.70%	-	30,000.00
2000 NCD's of ₹ 1000000/- each	14-May-17	10.25%	-	20,000.00
2000 NCD's of ₹ 1000000/- each	13-Apr-17	8.50%	-	20,000.00
1680 NCD's of ₹ 1000000/- each	04-Apr-17	8.40%	-	16,800.00
				1,118,700.00
				9,488,000.00

*Redeemable @ ₹ 2.50 Lakhs each on 27-Sep-17 and 27-Sep-18
**Redeemable @ ₹ 2.50 Lakhs each on 05-Sep17 and 05-Sep-18

Note - 3.2

Zero Coupon Debentures (ZCD):

The ZCDs are redeemable at Premium. The ZCDs issued after March 31, 2015 are Secured by a negative lien on the assets of the Company (excluding the Company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules. In addition to above The ZCDs are secured by way of pari-passu mortgage and charge in favour of the debenture trustee on the Company's immovable property to the extent of ₹ 24.29 Lakhs.

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

The details of Zero Coupon Debentures are as under:

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
Non Current				
9000 ZCD's of ₹ 1,000,000/- each	10-Sep-19	*	-	90,000.00
10000 ZCD's of ₹ 1,000,000/- each	02-Sep-19	**	-	100,000.00
3210 ZCD's of ₹ 1,000,000/- each	09-Apr-19	***	-	32,100.00
2800 ZCD's of ₹ 1,000,000/- each	18-Feb-19	****	-	28,000.00
5000 ZCD's of ₹ 1,000,000/- each	26-Nov-18	*****	-	50,000.00
				300,100.00

* Issued at par and redeemable at ₹ 1,556,727/- per debenture including premium.
** Issued at par and redeemable at ₹ 1,566,016/- per debenture including premium.
*** Issued at par and redeemable at ₹ 1,283,584/- per debenture including premium.
**** Issued at par and redeemable at ₹ 1,283,951/- per debenture including premium.
***** Issued at par and redeemable at ₹ 1,599,971/- per debenture including premium.

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
Current				
2260 ZCD's of ₹ 1,000,000/- each	20-Mar-18	*	-	22,600.00
5000 ZCD's of ₹ 1,000,000/- each	22-Dec-17	**	-	50,000.00
7000 ZCD's of ₹ 1,000,000/- each	15-Nov-17	***	-	70,000.00
				142,600.00
				442,700.00

* Issued at par and redeemable at ₹ 1,282,073/- per debenture including premium.
** Issued at par and redeemable at ₹ 1,075,435/- per debenture including premium.
*** Issued at par and redeemable at ₹ 1,082,224/- per debenture including premium.

Note - 3.3

Maturity Profile of Term Loans

(₹ in Lakhs)

Description	As at March 31, 2017		
Non Current:	**Term Loan from Banks**	**Loan from Other Financial Institutions**	**National Housing Bank (Refinance)**
	(Rupee Term Loan)		
	(ROI 7.95% - 9.60%)	**(ROI 8.20%)**	**(ROI 6% - 9.25%)**
Over 1 year to 3 years	322,054.58	4,000.00	130,186.24
Over 3 to 5 years	324,774.86	8,000.00	113,352.49
Over 5 to 7 years	186,666.09	8,000.00	42,330.85
Over 7 Years	5,250.00	-	6,048.00
Total	**838,745.53**	**20,000.00**	**291,917.58**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Notes - 3.4

The details of Subordinate Bonds are as under:

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
Non Current :				
5000 Bonds of ₹ 1,000,000 each	01-Jul-18	10.35%	-	50,000.00
5000 Bonds of ₹ 1,000,000 each	15-Sep-20	8.95%	-	50,000.00
				100,000.00

Note - 3.5

The details of Upper Tier II Bonds are as under:

(₹ in Lakhs)

Description	Date of Redemption	Rate of Interest	Earliest Put/ Call Option Date	As at March 31, 2017
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 ₹ 67,003.85 Lakhs (Previous Year ₹ 34,603.60 Lakhs) 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 Lakhs)

Description	As at March 31, 2017	As at March 31, 2016
Government Securities	41,703.85	18,353.85
Fixed Deposits with Banks	25,300.00	8,190.20
Certificate of Deposits	-	8,059.55
	67,003.85	**34,603.60**

NOTE 4

(₹ in Lakhs)

OTHER LONG TERM LIABILITIES		As at March 31, 2017	As at March 31, 2016
(a)	Unamortized Gain		
	Unamortized one time gain on termination of SWAP contracts	124.18	316.39
(b)	Sundry Deposit Repayable	45.28	47.38
(c)	Interest Accrued but not due on Borrowings	37,020.72	36,099.70
(d)	Premium payable on redemption of Debentures	80,898.46	50,106.39
		118,088.64	**86,569.86**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 5

(₹ in Lakhs)

LONG TERM PROVISIONS		As at March 31, 2017	As at March 31, 2016
(a)	**Provision for Employee Benefits [Refer Note 27(17)]**	4,834.31	3,279.53
	Less : Current maturities of Long Term Employee Benefits [Refer Note 8]	(119.03)	(109.46)
		4,715.28	3,170.07
(b)	**Others**		
	(i) Provision for Contingencies [Refer Note 27(8)(b)]	212.94	155.91
	(ii) Provision for Housing loans [Refer Note 27(5)(c)]	94,682.07	76,394.61
	(iii) Provision for Dimunition in the value of Investment [Refer Note 11 & 27(6)]	112.28	912.88
		99,722.57	**80,633.47**

NOTE 6

(₹ in Lakhs)

SHORT TERM BORROWINGS		As at Marcha 31, 2017	As at March 31, 2016
Secured			
(a)	**Loans repayable on demand:**		
	Banks	244,000.00	282,500.00

Security :

Negative lien on the assets of the Company (excluding the Company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after September 26, 2001.

Unsecured			
(a)	Public Deposits	286,878.90	145,289.82
(b)	Commercial Papers [Refer Note 6.1]	227,842.73	116,254.39
		758,721.63	**544,044.21**

Note - 6.1

Commercial Papers of the Company have a maturity value of ₹ 230,000 Lakhs (Previous Year ₹ 117,500 Lakhs)

NOTE 7

(₹ in Lakhs)

TRADE PAYABLES		As at March 31, 2017	As at March 31, 2016
(a)	Micro Enterprises and Small Enterprises [Refer Note 27(16)]	-	-
(b)	Others*	5,896.95	4,139.03
		5,896.95	**4,139.03**

*includes payable to a related party ₹ 896.42 Lakhs (Previous Year ₹ 445.02 Lakhs)

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 8

(₹ in Lakhs)

OTHER CURRENT LIABILITIES		As at March 31, 2017	As at March 31, 2016
(a)	Current maturities of Long-Term Debt (Refer Note 3)	1,501,096.10	1,483,259.17
(b)	Current maturities of Long Term Employee Benefits (Refer Note 5)	119.03	109.46
(c)	Interest accrued but not due on loans and public deposits	420,335.56	335,549.91
(d)	Premium payable on redemption of Debentures	8,010.57	8,018.79
(e)	Unamortized Gain		
	Unamortized one time gain on termination of SWAP contracts	192.21	196.87
(f)	Payable on account of Swap		
	Floating interest rate payable on Swap	8,861.05	10,746.46
	Fixed interest rate receivable on Swap	(8,576.65)	(9,905.04)
		284.40	841.42
(g)	Unpaid Dividends*	713.79	668.49
(h)	Unpaid Deposits	912.29	513.05
(i)	Statutory Dues Payable	1,768.45	1,308.96
(j)	Payable to related parties [Refer Note 27(20)]	149.54	170.94
(k)	Other Payables	12,536.33	10,892.99
(l)	Temporary Book Overdraft [Refer Note 27(11)]	573,975.61	385,305.58
		2,520,093.88	**2,226,835.63**

*The Company has transferred ₹ 67.44 Lakhs (Previous year ₹ 53.34 Lakhs) to Investor Education and Protection Fund during the year.

NOTE 9

(₹ in Lakhs)

SHORT TERM PROVISIONS		As at March 31, 2017	As at March 31, 2016
(a)	**Provision for Employee Benefits [Refer Note 27(17) & 27(18)]**	4,926.92	4,149.82
(b)	**Others**		
	(i) Provision for Taxation	-	2,900.27
	(ii) Proposed Dividend	-	27,756.47
	(iii) Tax on Dividend	-	5,568.40
	(iv) Provision for Housing Loans [Refer Note 27(5)(c)]	9,135.55	5,635.76
	(v) Provision for Contingencies [Refer Note 27(8)(b)]	42.19	42.19
	(vi) Provision for Other Assets [Refer Note 27(8)(c)]	110.00	-
		14,214.66	**46,052.91**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 10.1 - Property, Plant & Equipment

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2017 are as follows :-

(₹in Lakhs)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as at April 1, 2016	4.32	7338.34	1343.28	1055.66	50.69	856.33	4020.06	14668.68
Additions	-	762.79	129.07	154.06	-	99.09	192.48	1337.49
Deletions	-	-	(8.06)	(39.56)	-	(51.31)	(754.73)	(853.67)
Gross carrying value as at March 31, 2017	**4.32**	**8101.13**	**1464.29**	**1170.16**	**50.69**	**904.11**	**3457.81**	**15152.51**
Accumulated Depreciation as at April 1, 2016	-	512.08	1094.89	880.12	19.65	650.74	2791.39	5948.87
Depreciation for the year	-	116.77	67.38	54.26	9.59	75.91	445.52	769.41
Accumulated Depreciation on Deletions	-	-	(8.06)	(39.56)	-	(51.28)	(754.70)	(853.60)
Accumulated Depreciation as at March 31, 2017	**-**	**628.85**	**1154.21**	**894.82**	**29.24**	**675.37**	**2482.21**	**5864.68**
Carrying Value as at March 31, 2017	**4.32**	**7472.28**	**310.08**	**275.34**	**21.45**	**228.74**	**975.60**	**9287.83**

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2016 are as follows :-

(₹ in Lakhs)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computer	Total
Gross Carrying Value as at April 1, 2015	4.32	5853.34	1294.92	1056.83	61.38	863.12	3939.54	13073.45
Additions	-	1485.00	83.90	61.93	-	112.79	364.02	2107.64
Deletions	-	-	(35.54)	(63.10)	(10.69)	(119.58)	(283.50)	(512.41)
Gross Carrying Value as at March 31, 2016	**4.32**	**7338.34**	**1343.28**	**1055.66**	**50.69**	**856.33**	**4020.06**	**14668.68**
Accumulated Depreciation as at April 1, 2015	-	402.10	1053.17	891.47	20.20	700.46	2635.07	5702.47
Depreciation for the year	-	109.98	77.26	51.71	9.62	69.40	439.81	757.78
Accumulated Depreciation on Deletions	-	-	(35.54)	(63.06)	(10.17)	(119.12)	(283.49)	(511.38)
Accumulated Depreciation as at March 31, 2016	**-**	**512.08**	**1094.89**	**880.12**	**19.65**	**650.74**	**2791.39**	**5948.87**
Carrying Value as at March 31, 2016	**4.32**	**6826.26**	**248.39**	**175.54**	**31.04**	**205.59**	**1228.67**	**8719.81**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 10.2 - Intangible Assets
The changes in carrying value of the Intangible Assets for the year ended March 31, 2017 are as follows:-

(₹ in Lakhs)

Particulars	Software License	Total
Gross Carrying Value as at April 1, 2016	2105.40	2105.40
Additions	56.66	56.66
Deletions	-	-
Gross Carrying Value as at March 31, 2017	**2162.06**	**2162.06**
Accumulated Depreciation as at April 1, 2016	1623.44	1623.44
Depreciation for the year	174.01	174.01
Accumulated Depreciation on Deletions	-	-
Accumulated Depreciation as at March 31, 2017	1797.45	1797.45
Carrying Value as at March 31, 2017	**364.61**	**364.61**

The changes in carrying value of the Intangible Assets for the year ended March 31, 2016 are as follows :-

(₹ in Lakhs)

Particulars	Software License	Total
Gross Carrying Value as at April 1, 2015	2003.53	2003.53
Additions	101.87	101.87
Deletions	-	-
Gross Carrying Value as at March 31, 2016	**2105.40**	**2105.4**
Accumulated Depreciation as at April 1, 2015	1409.07	1409.07
Depreciation for the year	214.37	214.37
Accumulated Depreciation on Deletions	-	-
Accumulated Depreciation as at March 31, 2016	**1623.44**	**1623.44**
Carrying Value as at March 31, 2016	**481.96**	**481.96**

NOTE 11

(₹ in Lakhs)

NON CURRENT INVESTMENTS		As at March 31, 2017	As at March 31, 2016
Non-trade Investments [Refer Note 11.1 & 27(6)]			
(Long Term Investments)(At Cost)			
(a) Investments in Equity Instruments		5,764.80	3,014.16
(b) Investments in Government Securities		41,703.85	17,853.85
(c) Contribution to Trust		0.10	0.10
(d) Other Non-Current Investments			
(i) Real Estate Venture Fund		5,220.19	6,313.70
		52,688.94	**27,181.81**
Aggregate amount of quoted investments	Book Value	41,703.85	17,853.85
	At Market Value	44,536.21	18,435.62
Aggregate amount of unquoted investments	Book Value	10,985.09	9,327.97
Aggregate provision for diminuition in value of investments (Refer Note 5)		112.28	912.88

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 11.1 (₹ in Lakhs)

Non Trade Investments	No. of Shares / Units		As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a) Investments in Equity Instruments - Unquoted, Fully paid up				
In Subsidiaries				
LICHFL Care Homes Ltd. (Face Value ₹ 10/- each)	8,550,000	8,550,000	855.00	855.00
LICHFL Financial Services Ltd. (Face Value ₹ 10/- each)	9,500,000	9,500,000	950.00	950.00
LICHFL Trustee Company Private Ltd. (Face Value ₹ 10/- each)	90,000	90,000	9.00	9.00
LICHFL Asset Management Company Ltd. (Face Value ₹ 10/- each)	8,700,000	8,700,000	870.00	870.00
In Associates				
LIC Mutual Fund Asset Management Ltd. (Face Value ₹ 10,000/- each)	4,323	2,200	2,969.13	220.00
LIC Mutual Fund Trustee Private Ltd. (Face Value ₹ 10/- each)	3,530	1,600	1.67	0.16
Others				
Goods and Service Tax Network (Face Value ₹ 10/- each)	1,100,000	1,100,000	110.00	110.00
			5,764.80	**3,014.16**
(b) Investments in Government Securities - Quoted, Fully paid up *				
8.33 % Government of India Stock 2036	30,000	30,000	30.00	30.00
8.28 % Government of India Stock 2032	828,000	828,000	789.90	789.90
8.07 % Government of India Stock 2017	-	100,000	-	100.00
7.35% Government of India Stock 2024	1,600,000	1,600,000	1,592.50	1,592.50
8.14% Maharashtra SDL 2019	150,000	150,000	150.00	150.00
8.24% Government of India Stock 2027	1,100,000	1,100,000	1,092.45	1,092.45
8.28% Government of India Stock 2027	500,000	500,000	498.05	498.05
7.80% Government of India Stock 2020	6,500,000	6,500,000	6,381.65	6,381.65
8.12% Government of India Stock 2020	1,000,000	1,000,000	1,000.00	1,000.00
8.35% Government of India Stock 2022	20,000	20,000	19.30	19.30
8.83% Government of India Stock 2023	4,200,000	4,200,000	4,200.00	4,200.00
8.32% Government of India Stock 2032	2,000,000	2,000,000	2,000.00	2,000.00
8.24% Government of India Stock 2033	3,000,000	-	3,000.00	-
8.60% Government of India Stock 2028	12,450,000	-	12,450.00	-
7.59% Government of India Stock 2029	8,500,000	-	8,500.00	-
* Kept with designated bank for repayment to depositors.			**41,703.85**	**17,853.85**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

(₹ in Lakhs)

Non Trade Investments	No. of Shares / Units		As at	As at
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(c) Contribution to Trust			**0.10**	**0.10**
(d) Other non-current investments- Unquoted, Fully paid up				
(i) Real Estate Venture Fund:**				
Kotak India Real Estate Fund -1 (Face Value ₹ 100,000/- each) ***	576.49	1,389.55	576.49	1,389.55
CIG Reality Fund - 1 (Face Value ₹ 10/- each)	10,000,000	10,000,000	1,000.00	1,000.00
			1,576.49	**2,389.55**
(e) Other non-current investments- Unquoted, Partly paid up				
(i) Real Estate Venture Fund:**				
LICHFL Urban Development Fund (Face Value ₹ 10,000/- each)	50,000	50,000	**3,643.70**	**3,924.16**
			52,688.94	**27,181.81**

**These are close ended schemes subject to lock in till the closure of the Scheme
*** Provision for dimunition in the value of investments of ₹ 112.28 Lakhs (Previous Year ₹ 912.88 Lakhs)

NOTE 12

(₹ in Lakhs)

DEFERRED TAX ASSETS / (LIABILITIES) (NET) [Refer Note 27(24)]	As at March 31, 2017	As at March 31, 2016
(a) Deferred Tax Assets	38,780.12	30,539.87
(b) Deferred Tax Liabilities	(130,507.32)	(111,629.97)
Net Deferred Tax Liability	**(91,727.20)**	**(81,090.10)**

NOTE 13

(₹ in Lakhs)

LONG TERM LOANS AND ADVANCES Unsecured, considered good	As at March 31, 2017	As at March 31, 2016
(a) Capital Advance	45.46	137.91
(b) Security Deposits	756.88	675.29
(c) Loan against Public Deposit	49.57	58.17
(d) Advances to employees*	360.72	345.95
(e) Advance tax and tax deducted at source (Net of provision for tax)	11,505.59	4,243.55
(f) Tax Paid under Protest	7,951.31	7,945.36
	20,669.53	**13,406.23**

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

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 14

(₹ in Lakhs)

OTHER NON CURRENT ASSETS		As at March 31, 2017	As at March 31, 2016
(a)	Fixed Deposit with Banks [Refer Note 27(9)]*	6,600.00	-
(b)	Interest Accrued but not Due on Fixed Deposits with Banks	287.49	-
(c)	Interest Accured but not Due on Advance against Public Deposits	9.33	5.09
		6,896.82	**5.09**

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

NOTE 15

(₹ in Lakhs)

LOANS (SECURED) [Refer Note 27(3) & 27(5)(b) & (c)]*		As at March 31, 2017		As at March 31, 2016	
		Non Current	Current	Non Current	Current
(a)	Individuals	13,108,618.00	793,823.23	11,526,192.25	646,883.41
(b)	Others	432,802.52	118,157.33	239,002.42	105,241.81
		13,541,420.52	**911,980.56**	**11,765,194.67**	**752,125.22**

* The above loans include unsecured loans to the extent of ₹ 26,443.48 Lakhs (Previous Year ₹ 13,657.18 Lakhs).

NOTE 16

(₹ in Lakhs)

CURRENT INVESTMENTS		No. of Shares / Units		As at	As at
At Lower of cost or market value		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a)	Investment in Equity Instruments [Refer Note 27(6)]				
	Aptech Limited (Face Value of ₹ 10 each)	4,134	4,134	9.51	2.39
(b)	Investment in Mutual Funds - Highly Liquid Investments			281,394.34	249,790.96
	Less: Considered as Cash and Cash Equivalents (Refer Note 18 & Note 16.1)			(281,394.34)	(249,790.96)
(c)	Investment in Government Securities *				
	7.59% Government of India Stock 2016	-	50,000	-	500.00
				9.51	**502.39**
* Kept with designated bank for repayment to depositors.					
Aggregate amount of quoted investments			Book Value	9.51	508.47
			At Market Value	9.51	502.59

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 16.1 (₹ in Lakhs)

Mutual Funds (Highly Liquid)	No. of Units		Amount As at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Axis Liquid Fund - Growth	389,424.09	298,573.17	7001.91	5,003.91
Baroda Pioneer Liquid Fund - Plan A Growth	537,013.64	721,372.10	10,002.99	12,520.74
Birla Sun Life Cash Plus - Growth - Regular Plan	-	5,153,789.07	-	12,512.06
Birla Sun Life Floating Rate Fund Short Term Plan - Growth - Regular Plan	3,238,443.84	-	7,002.75	-
BNP Paribas Overnight Fund Growth	200,779.72	215,424.04	5,001.32	5,004.49
Canara Robeco Liquid - Regular Growth	305,156.13	-	6,001.14	-
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	302,047.50	231,469.12	7,001.80	5,004.73
DHFL Pramerica Insta Cash Plus Fund - Growth	3,322,823.72	5,096,507.47	7,002.14	10,008.87
Franklin India TMA - Super IP - Growth	288,615.66	-	7,001.96	-
HSBC Cash Fund - Growth	371,162.87	-	6,001.64	-
HDFC Liquid Fund - Regular Plan - Growth	218,841.41	268,274.39	7,002.14	8,006.77
ICICI Prudential Money Market Fund - Growth	4,457,955.02	4,785,781.25	10,002.83	10,008.23
IDBI Liquid Fund - Regular Plan - Growth	346,137.48	309,242.12	6,002.06	5,004.93
IDFC Cash Fund - Growth - (Regular Plan)	304,501.68	272,230.39	6,001.51	5,005.85
Invesco India Liquid Fund - Growth Plan	448,063.42	384,763.65	10,002.55	8,005.83
JM High Liquidity Fund - Growth Option	22,547,253.41	26,642,639.85	10,002.95	11,010.90
Kotak Floater Short Term - Growth (Regular Plan)	281,630.60	504,009.46	7,502.09	12,511.43
Kotak Liquid Requlr Plan Growth	227,983.79	-	7,502.12	-
L & T Liquid Fund - Regular Growth	269,759.57	386,026.35	6,001.52	8,007.07
LIC MF Liquid Fund - Growth Plan	2,768,101.38	2,189,323.02	81,338.30	60,007.43
PRINCIPAL CMF Regular Plan Growth	380,203.18	544,359.89	6,001.98	8,006.12
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	379,478.07	355,775.17	15,004.48	13,112.08
SBI Premier Liquid Fund - Regular Plan - Growth	275,050.39	463,558.23	7,001.93	11,014.52
Sundaram Money Fund Regular Growth	20,477,536.14	25,107,649.05	7,001.72	8,006.40
Tata Money Market Fund Regular Plan - Growth	430,844.45	294,314.22	11,002.85	7,006.10
Taurus Liquid Fund - Regular Plan - Super Insti Growth	-	763,126.79	-	12,510.56
Union Liquid Fund Growth	432,481.06	-	7,001.68	-
UTI - Liquid Cash Plan -Institutuional - Growth	564,769.75	-	15,003.97	-
UTI - Money Market Fund - Institutuional Plan - Growth	-	738,765.97	-	12,511.93
			281,394.34	**249,790.96**

NOTE 17

(₹ in Lakhs)

TRADE RECEIVABLES Secured, considered good	As at March 31, 2017	As at March 31, 2016
(a) For a period exceeding six months	-	-
(b) Others		
Interest Accrued and Due on Housing Loans	10,941.79	8,539.07
	10,941.79	**8,539.07**

NOTES FORMING PART OF BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 18

(₹ in Lakhs)

CASH AND BANK BALANCES	As at March 31, 2017	As at March 31, 2016
(a) Cash and Cash Equivalents		
Balance with Banks*	121,468.46	112,828.46
Cheques, drafts on hand	23,756.48	10,804.27
Cash on hand	321.34	2,406.81
Mutual Fund - Highly Liquid Investments (Refer Note 16)	281,394.34	249,790.96
(b) Other Bank Balances		
Fixed Deposits with Banks**	19,394.35	8,790.08
Certificate of deposit with banks	-	8,059.55
	446,334.97	**392,680.13**

*Balance with Banks includes unclaimed dividend of ₹ 713.79 Lakhs (Previous Year ₹ 668.49 Lakhs)

**Fixed Deposits with Banks include earmarked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 18,700.00 Lakhs (Previous Year ₹ 8,190.20 Lakhs) and ₹ 694.34 Lakhs (Previous Year ₹ 599.88 Lakhs) created for excess sale proceeds recovered under SARFAESI Act 2002 (Refer Note 27(9))

NOTE 19

(₹ in Lakhs)

SHORT-TERM LOANS AND ADVANCES	As at March 31, 2017	As at March 31, 2016
(a) Advances to Subsidiaries (Related Party)		
Unsecured, considered good	1.26	-
(b) Others		
(i) Loans and advances to Employees*	202.29	205.75
(ii) Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,372.18	1,209.60
Doubtful	24.89	24.89
Less: Provision for Doubtful	(24.89)	(24.89)
	1,372.18	1,209.60
(iii) Loan against Public Deposit	6.25	3.75
	1,581.98	**1,419.10**

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

NOTE 20

(₹ in Lakhs)

OTHER CURRENT ASSETS	As at March 31, 2017	As at March 31, 2016
(a) Interest Accrued but not due on		
(i) Housing loan	86,017.85	78,360.38
(ii) Investments	918.32	465.59
(iii) Fixed Deposits with Banks	828.57	334.80
(iv) Public deposits	2.16	1.11
(b) Others	113.01	359.14
	87,879.91	**79,521.02**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

NOTE 21

(₹ in Lakhs)

REVENUE FROM OPERATIONS	March 31, 2017	March 31, 2016
(a) Interest Income:		
Interest on Loans [Tax deducted at source ₹ 5,156.82 Lakhs (Previous Year ₹ 4,207.24 Lakhs)]	1,387,671.04	1,225,085.30
(b) Other Financial Services:		
Processing fees and other charges received	17,534.29	20,959.10
Less: Processing fees and other charges paid	(6,511.16)	(6,429.84)
	11,023.13	14,529.26
	1,398,694.17	**1,239,614.56**

NOTE 22

(₹ in Lakhs)

OTHER INCOME	March 31, 2017	March 31, 2016
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks [Tax deducted at source ₹ 200.77 Lakhs (Previous Year ₹ 176.55 Lakhs)]	1,670.17	1,450.47
(ii) Interest on Long Term Investments	2,427.58	1,380.99
	4,097.75	2,831.46
(b) Dividend	403.50	269.11
[Includes Dividend on Current Investments & Dividend from Subsidiaries amounting to ₹ Nil & ₹ 403.50 Lakhs respectively (Previous Year ₹ 0.11 Lakhs & ₹ 269.00 Lakhs)]		
(c) Profit on sale of Investments (Highly Liquid Investments)	4,014.90	4,635.10
(d) Other Non Operating Income		
Miscellaneous Income [Tax deducted at source ₹ 0.07 Lakhs (Previous year ₹ 1.21 Lakhs)] [Refer Note 27(10)]	824.66	1,195.45
	9,340.81	**8,931.12**

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

NOTE 23

(₹ in Lakhs)

FINANCE COSTS	March 31, 2017	March 31, 2016
(a) Interest Expense		
(i) On Term Loan	117,920.63	166,818.00
(ii) On Commercial Papers	10,008.44	8,411.45
(iii) On Debentures / Bonds	852,783.95	724,443.11
(iv) On Public Deposits	40,027.33	27,782.79
(v) Interest payable from Swaps (Net)	1,469.33	2,100.42
(b) Other Borrowing costs		
(i) Other Finance Charges	939.41	1,120.04
	1,023,149.09	**930,675.81**

NOTE 24

(₹ in Lakhs)

EMPLOYEE BENEFITS EXPENSE	March 31, 2017	March 31, 2016
(a) Salaries and Bonus	19,486.19	12,135.67
(b) Contributions to Provident & Other Funds	3,193.69	1,457.16
(c) Staff Welfare Expenses	1,900.43	1,441.97
	24,580.31	**15,034.80**

NOTE 25

(₹ in Lakhs)

ESTABLISHMENT AND OTHER EXPENSES	March 31, 2017	March 31, 2016
(a) Rent, rates and taxes	4,049.58	3,362.84
(b) Repairs and maintenance - building	69.11	86.83
(c) Repairs and maintenance - others	158.90	169.05
(d) Travelling and conveyance	965.79	834.82
(e) Directors sitting fees	31.35	27.35
(f) Advertisement & Publicity expenses	3,074.75	2,332.02
(g) Competition prizes & Conference expenses	669.71	674.44
(h) Printing and stationery	552.64	467.21
(i) Postage, telephones and telex	869.92	881.18
(j) Computer expenses	597.74	593.39
(k) Legal and professional fees:		
(i) Payment to Auditors [Refer Note 27 (12)]	62.14	56.05
(ii) Other Professional fees	111.85	96.35
(l) Electricity expenses	569.43	528.58
(m) Insurance	14.64	11.10
(n) (Profit) / Loss on sale of Fixed Assets (Net)	(5.88)	(6.25)
(o) Fixed Assets written off	0.03	0.05
(p) Service Charges for Safe Custody of Documents	628.71	546.82

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

ESTABLISHMENT AND OTHER EXPENSES		March 31, 2017	March 31, 2016
(q)	Listing Fees and Payment to Share Transfer Agents	38.80	42.06
(r)	Commission and Brokerage	21,434.25	18,302.66
(s)	Recovery expenses (Net)	(749.54)	(308.20)
(t)	Contribution towards CSR activites [Refer Note 27 (25)]	1,684.72	1,423.82
(u)	Miscellaneous expenses	823.92	739.05
		35,652.56	**30,861.22**

NOTE 26

(₹ in Lakhs)

PROVISIONS / WRITE OFFS (NET)		March 31, 2017	March 31, 2016
(a)	Housing loans written off	5,041.90	3,457.95
(b)	Provision for diminution in value of investments	0.88	10.80
(c)	Provision for Housing Loans [Refer Note 27(8)(c)]	26,815.06	15,056.47
(d)	Long term investment written off (Non Trade)	2,688.23	100.22
(e)	Provisions for Contingency [Refer Note 27(8)(c)]	(0.00)	0.03
(f)	Provision For Other Doubutful Asset Receivable [Refer Note 27(8)(c)]	110.00	
Less :			
(g)	Housing loans written off recovered	(687.41)	(527.60)
(h)	Provisions for Housing Loans written back	(5,027.82)	(3,451.52)
(i)	Provision for Investments written back [Refer Note 27 (6)]	(808.60)	-
		28,132.24	**14,646.36**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Note: 27

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The financial statements comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act), read with the Rule 7 of the Companies (Accounting Standards) Rules, 2014, read with amendment rules and relevant provisions of the Companies Act, 2013 (to the extent notified), National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

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

b. Use of Estimates

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

c. Revenue Recognition

Interest on Housing Loans

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

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

Income from Investments

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

Other Income

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

d. Property, Plant and Equipment

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

Depreciation in respect of assets is provided on the Straight Line Method as per the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

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

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

e. Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

Software is amortized on Straight Line Method over 5 years.

f. Impairment Loss

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

g. Loans and Provision thereon

The loans given by the company are initially recorded in the books of account at the principal amounts disbursed to the borrowers and are subsequently adjusted for further disbursements / repayments. The loans are classified as Non-performing Assets (NPA) under Substandard / Doubtful / Loss categories as per the prudential norms prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as amended. The provision on Standard and NPA loan accounts is made as per the aforesaid prudential norms. Additional provision (over and above the prudential norms), if required, is made as per the guidelines approved by the Board of Directors from time to time. The loans and provisions thereon are classified into current and non-current categories based on the operating cycle of 12 months as identified by the Company.

h. Investments

Investments are classified as Current Investment and Long term Investment. Current investment is an investment that is by its nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. A Long term investment is an investment other than a current investment.

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – "Accounting for Investments" notified under the relevant provisions of the Act, current investments are carried at lower of cost & fair value and long-term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long-term investments. Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by mutual funds in respect of each particular scheme as per the guidelines issued by the NHB. The premium paid on acquisition of Investments is written off in the year of purchase.

i. Employee Benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

Gratuity

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

Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

j. Foreign Currency Transactions

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

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

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

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

k. Derivative Transactions

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

l. Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 in the Statement of Profit and Loss.

n. Taxes on Income

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – "Accounting for Taxes on Income", notified under the relevant provisions of the Act. Income tax comprises both current and deferred tax.

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

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

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

o. Provisions and Contingencies

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

p. Operating Leases

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

q. Securitised Assets

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

Securitized Assets are derecognized in the books of the Company based on the principal of surrender of control over the assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 55.44 Lakhs (Previous year ₹ 54.25 Lakhs).

b) Other Commitments: Uncalled liability of ₹ 316.00 Lakhs (Previous Year ₹ 663.50 Lakhs) in respect of commitment made for contribution to LICHFL Urban Development Fund by subscription of 50,000 units (previous year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 7,287.40/-(previous year ₹ 7,848.32/-) each.

2. Contingent liabilities in respect of :

a) Claims against the Company not acknowledged as debts ₹ 51.02 Lakhs (Previous Year ₹ 130.19 Lakhs).

b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lakhs- (including interest of ₹ 20.39 Lakhs) for A.Y. 2003-04, ₹ 2,217.31Lakhs (including interest of ₹ 721.90Lakhs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lakhs, ₹ 3,571.94 Lakhs (including interest of ₹ 667.94 Lakhs) against which ₹ 1,951.62 Lakhs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lakhs (including interest of ₹ 138.71 Lakhs) against which the Company received refund of ₹ 137.47 Lakhs for A.Y. 2006-07 and ₹ 1,503.40 Lakhs (including interest of ₹ 633.94 Lakhs) for A.Y. 2007-08. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.

3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorisation :

a) Equitable / Registered Mortgage of Property.

b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank.

c) Assignment of Lease Rent Receivables.

d) Company Guarantees or Personal Guarantees.

e) Negative lien

f) Undertaking to create a security.

(ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.

4. Housing Loans include loans amounting to ₹ 4,138.11 Lakhs (Previous year ₹ 4,198.16 Lakhs) against which the company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The value of assets possessed against the loan is ₹ 5,735.38 Lakhs (Previous year ₹ 5,897.10 Lakhs), being lower of the fair value of the asset possessed and the outstanding as at March 31, 2017.

5. Advances

Disclosure regarding provisions made for substandard, doubtful and loss assets as per the Prudential Norms contained in the Housing Finance Companies (NHB) Directions, 2010 as amended are as under:

a. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:

As per NHB Direction Housing Finance Company shall not lend more than 15% of its owned fund to Single borrower and 25% of its owned fund to any single group of borrowers. The Company has not exceeded prudential exposure limits during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

b. Unsecured Advances

(₹ in Lakhs)

Particulars	Outstanding amount	Tangible Security	Intangible Security	Nature of Security
Loan given to other HFC's	16,014.07 (2,608.57)	- (-)	16,014.07 (2,608.57)	Book debt on specific assets
Loan given under Lease Rental Discounting	13,574.91 (14,472.47)	3,686.15 (3,686.15)	9,888.76 (10,786.32)	Rights over receivables
Loan given to Individuals	1,199.89 (668.82)	659.24 (406.53)	540.65 (262.29)	Immovable Property
Total	**30,788.87 (17,749.86)**	**4,345.39 (4,092.68)**	**26,443.48 (13,657.18)**	

Figures in bracket are in respect of the Previous Year.

c. Housing Loans and Non-Housing Loans:

(₹ In Lakhs)

	Housing		Non-Housing	
Asset Classification	**Current Year**	**Previous Year**	**Current Year**	**Previous Year**
Standard Assets				
a) Total Outstanding Amount				
(i) Total Outstanding Amount	12,462,750.04	11,278,822.62	1,927,945.50	1,181,714.87
(ii) Accrued Interest	84,469.49	78,995.29	12,490.15	7,904.16
b) Provisions made	52,344.62	48,586.53	10,111.44	5,909.44
Sub-Standard Assets				
a) Total Outstanding Amount	11,241.82	12,461.14	948.20	493.55
b) Provisions made	1,686.27	1,869.17	142.23	74.03
Doubtful Assets – Category-I				
a) Total Outstanding Amount	9,429.39	2,264.05	317.56	169.69
b) Provisions made	2,357.35	566.01	79.39	42.42
Doubtful Assets – Category-II				
a) Total Outstanding Amount	5,547.39	12,730.82	573.01	14,621.19
b) Provisions made	2,218.95	5,092.33	229.20	5,848.48
Doubtful Assets – Category-III				
a) Total Outstanding Amount	16,604.07	10,959.23	14,532.87	609.71
b) Provisions made	16,604.07	10,959.23	14,532.87	609.71
Loss Assets				
a) Total Outstanding Amount	3,277.62	2,386.85	233.61	86.17
b) Provisions made	3,277.62	2,386.85	233.61	86.17
Total				
a) Total Outstanding Amount				
(i) Total Outstanding Amount of the Portfolio	**12,508,850.33**	**11,319,624.71**	**1,944,550.75**	**1,197,695.18**
(ii) Accrued interest	**84,469.49**	**78,995.29**	**12,490.15**	**7,904.16**
b) Provisions made	**78,488.88**	**69,460.09**	**25,328.74**	**12,570.25**

FOR THE YEAR ENDED MARCH 31, 2017

d. Movement of NPAs

(₹ In Lakhs)

Particulars		Current Year	Previous Year
(I)	Net NPAs to Net Advances (%)	0.14	0.22
(II)	Movement of NPAs (Gross)		
a)	Opening balance	56,782.40	49,468.17
b)	Additions during the year	17,136.43	16,317.79
c)	Reductions during the year	11,213.29	9,003.56
d)	Closing balance	62,705.54	56,782.40
(III)	Movement of Net NPAs		
a)	Opening balance	29,248.00	24,924.93
b)	Additions during the year	(1,718.55)	9,875.11
c)	Reductions during the year	6,185.48	5,552.04
d)	Closing balance	21,343.97	29,248.00
(IV)	Movement of Provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	27,534.40	24,543.24
b)	Provisions made during the year	18,854.98	6,442.68
c)	Write-off/write-back of excess provisions	5,027.81	3,451.52
d)	Closing balance	41,361.57	27,534.40

6. Investments

(₹ In Lakhs)

Particulars		Current Year	Previous Year
A.	**Value of Investments**		
i)	**Gross value of Investments**	**52,698.45**	**27,684.20**
(a)	In India	52,698.45	27,684.20
(b)	Outside India	-	-
ii)	**Provisions for Depreciation**	**112.28**	**912.88**
(a)	In India	112.28	912.88
(b)	Outside India	-	-
iii)	**Net value of Investments**	**52,586.17**	**26,771.32**
(a)	In India	52,586.17	26,771.32
(b)	Outside India	-	-
B.	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance	912.88	902.07
(ii)	Add: Provisions made during the year	8.00	11.15
(iii)	Less: Write-off / Written-back of excess provisions during the year	808.60	0.34
(iv)	**Closing Balances**	**112.28**	**912.88**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

7. Derivative Instruments:

7.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ In Lakhs)

Particulars	Current Year	Previous Year
i) The notional principal of swap agreements	164,600.00	184,600.00
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1,913.91	510.84
iii) Collateral required by the HFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	1,913.91	510.84
v) The fair value of the swap book	589.76	(3,345.39)

(a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 99,600.00 Lakhs (Previous Year ₹ 119,600.00 Lakhs).

(b) For underlying liability of ₹ 65,000.00 Lakhs (Previous Year ₹ 65,000.00 Lakhs), Coupon Swap has been entered into which remains unhedged in respect of movement in respective currencies affecting the coupon amount.

(c) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2017 amount to ₹ 5.05 Lakhs (Previous Year ₹ 2.83 Lakhs).

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The exposure of LICHFL to Derivatives contracts is in the nature of interest Rate Swaps and currency swaps to manage risk associated with interest rate movement and fluctuation in currency exchange rate.

Derivative policy of the Company specifies the exposure norms with respect to single counterparty and the total underlying amount at the time of entering into the new derivative contract.

The Asset Liability Management Committee (ALCO) of the Company oversees efficient management of risk associated with derivative transactions. Company identifies, measures, monitors the exposure associated with derivative transaction. For effective mitigation of risk it has an internal mechanism to conduct regular review of the outstanding contracts which is reported to the ALCO & Risk Management Committee of the Board which in turn reports to the Audit Committee and to the Board of Directors. The gain realized on early termination of swap is to be amortized over the balance tenor of the swap or underlying liability whichever is less. Loss if any on early termination is to be charged to revenue in the same year. The carry difference, between coupon rate liability and the swap contract rate is to be accounted quarterly on accrual basis

B. Quantitative Disclosure

(₹ In Lakhs)

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	164,600.00
(ii) Marked to Market Positions		
(a) Assets (+)	-	1,913.91
(b) Liability (-)	-	1,324.15
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

FOR THE YEAR ENDED MARCH 31, 2017

8. Movement in Provision for contingencies as under:

a) Provision includes:

i. Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables, and

ii. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

b) The movement in provisions is as below:

(₹ In Lakhs)

Particulars	Provision for Untapped Corporate Undertaking & Doubtful Advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	180.80 (220.54)	42.19 (88.85)
Add: Top up of Corporate Undertaking / additional provisional for doubtful advances	114.85 (5.78)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	57.82 (45.51)	- (46.66)
Less: Reversal of provision for corporate undertaking	- (-)	- (-)
Closing balance	237.83 (180.80)	42.19 (42.19)

Figures in bracket are in respect of the previous year.

c) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment		
Provisions for depreciation on Investment	0.88	10.80
Long term investment written off (Non Trade)	2,688.23	100.22
Less - Provision for Investments written back	(808.60)	-
2. Provision made towards Income tax	91,835.24	76,084.00
3. Provision towards NPA		
(i) Provision towards NPA	18,854.98	6,442.68
Less - Provision for Housing loans written back	(5,027.82)	(3,451.52)
(ii) Housing loans written off	5,041.90	3,457.95
Less - Housing loans written off recovered	(687.41)	(527.60)
4. Provision for Standard Assets	7,960.08	8,613.79
5. Other Provision and Contingencies:		
(i) Provision For Other Doubutful Asset Receivable	110.00	-
(ii) Provisions for Contingency	0.00	0.03
Total	**119,967.48**	**90,730.34**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

9. Fixed Deposits with Banks includes earmarked deposits created in favor of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 25,300 Lakhs (Previous Year ₹ 8,190.20 Lakhs). The Company has beneficial interest on the income earned from these deposits.

10. Miscellaneous income includes ₹ 4.06 Lakhs (Previous Year ₹ 4.18 Lakhs) being interest income on staff loans/advances, ₹ 196.87 Lakhs (Previous Year ₹ 381.37 Lakhs) being gain on unwinding of Interest rate SWAP, ₹ 117.06 Lakhs (Previous Year ₹ 80.45 Lakhs) being old outstanding and unclaimed amounts written back, (-)353.19 Lakhs (Previous year ₹ Nil) being the reversal of interest on income tax refund.

11. Temporary Book Overdraft of ₹ 573,975.61 Lakhs (Previous Year ₹ 385,305.58 Lakhs) represents cheques issued towards disbursements to borrowers for ₹ 572,827.36 Lakhs (Previous Year ₹ 383,975.90 Lakhs) and cheques issued for payment of expenses of ₹ 1,148.25 Lakhs (Previous Year ₹ 1,329.68 Lakhs), but not encashed as at March 31, 2017.

12. Auditor's Remuneration*:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
As auditor	31.73	31.94
As advisor or in any other capacity in respect of tax audit	9.68	4.40
For Quarterly Limited Reviews	16.50	16.50
In any other manner (Certification work)	3.56	3.03
For Reimbursements of expenses to Auditors	0.67	0.18
Total	**62.14**	**56.05**

* Excluding Service Tax

13. Expenditure in Foreign Currencies:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Travelling Expenses	10.53	10.16
Professional Fees	3.68	3.60
Fees for filing returns and Trade License fees	7.68	5.61
Salary to Overseas Staff	57.87	55.56
Rent for Overseas Staff Residence	70.36	21.48
Flat Annual Fees	9.47	28.12
Commission	2.74	15.48
Other Expenses	52.36	9.43
Total	**214.69**	**149.44**

14. Earnings in Foreign Currencies:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Processing Fees	18.69	22.68

15. Proposed Dividend

The Board has recommended a dividend of ₹ 6.20 per share of ₹ 2/- each (310%) subject to approval of the members of the Company at the forthcoming Annual General Meeting.

FOR THE YEAR ENDED MARCH 31, 2017

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

17. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on (AS-15) – "Employee Benefits" the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Company has recognized ₹ 1,596.70 Lakhs (Previous year ₹ 860.99 Lakhs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 42.67 Lakhs (previous year ₹ 92.55 Lakhs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

Gratuity Liability

(₹ In Lakhs)

Changes in the Benefit Obligation:	**2016-17**	**2015-16**
Liability at the Beginning of the year	4,635.02	4,067.73
Interest Cost	374.51	323.79
Current Service Cost	291.42	235.69
Past Service Cost	-	-
Benefit Paid	(30.03)	(52.89)
Actuarial Loss on obligations	951.52	60.70
Liability at the end of the year	**6,222.44**	**4,635.02**

Fair Value of the Plan Assets:	**2016-17**	**2015-16**
Fair Value of Plan Asset at the beginning of the year	3,349.41	3,144.31
Expected Return on Plan Assets	270.63	250.29
Contributions	85.40	2.79
Benefit paid	(30.03)	(52.89)
Actuarial Gain / (Loss) on Plan Assets	2.71	4.91
Fair value of Plan Assets at the end of the year	3,678.12	3,349.41
Total Actuarial Loss to be Recognized	**948.81**	**55.79**

Actual Return on Plan Assets:	**2016-17**	**2015-16**
Expected Return on Plan Assets	270.63	250.29
Actuarial Gain / (Loss) on Plan Assets	2.71	4.91
Actual Return on Plan Assets	**273.34**	**255.20**

Amount Recognized in the Balance Sheet:	**2016-17**	**2015-16**
Liability at the end of the year	(6,222.44)	(4,635.02)
Fair Value of Plan Assets at the end of the year	3,678.12	3,349.41
Amount recognized in the Balance Sheet	**(2,544.32)**	**(1,285.61)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Expense Recognized in the Statement of Profit and Loss :	2016-17	2015-16
Current Service Cost	291.42	235.69
Interest Cost	103.88	73.50
Expected Return on Plan Assets	-	-
Net Actuarial Loss to be recognized	948.81	55.79
Past Service Cost	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	**1,344.11**	**364.98**

Reconciliation of the Liability recognized in the Balance Sheet:	2016-17	2015-16
Opening Net Liability	1,285.61	923.42
Expense recognized	1,344.11	364.98
Contribution by the Company	(85.40)	(2.79)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	**2,544.32**	**1,285.61**

Assumptions:	2016-17	2015-16
Discount Rate	7.20%	8.08%
Rate of Return on Plan Assets	7.20%	8.08%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%

Experience Adjustments:	2016-17	2015-16	2014-15	2013-14	2012-13
On Plan liability (Gains)/Losses	408.17	118.35	(11.38)	235.30	285.88
On Plan Assets (Losses)/Gains	2.71	4.91	71.82	15.18	25.23
Plan Assets					
Insurer Managed Funds*	3,678.12	3,349.41	3144.31	2,705.11	2,138.61
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

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

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2017 is ₹ 853.73 Lakhs (Previous Year ₹ 634.80 Lakhs).

Leave Encashment

(₹ In Lakhs)

Changes in the Benefit Obligation:	2016-17	2015-16
Liability at the Beginning of the year	2,641.88	2,253.79
Interest Cost	213.46	179.40
Current Service Cost	105.11	107.53
Benefit Paid	(17.89)	(58.86)
Actuarial (Gain) / Loss on obligations	1,010.32	160.02
Liability at the end of the year	**3,952.88**	**2,641.88**

FOR THE YEAR ENDED MARCH 31, 2017

Amount Recognized in the Balance Sheet:	2016-17	2015-16
Liability at the end of the year	3,952.88	2,641.88
Fair Value of Plan Assets at the end of the year	-	-
Amount recognized in the Balance Sheet*	**(3,952.88)**	**(2,641.88)**

Expense Recognized in the Statement of Profit and Loss:	2016-17	2015-16
Current Service Cost	105.11	107.53
Interest Cost	213.46	179.40
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss to be recognized	1,010.32	160.02
Expense recognized in the Statement of Profit and Loss under staff expenses	**1,328.90**	**446.95**

Reconciliation of the Liability recognized in the Balance Sheet:	2016-17	2015-16
Opening Net Liability	2,641.88	2,253.79
Expense recognized	1,328.90	446.95
Contribution/Benefit Paid by the Company	(17.89)	(58.86)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	**3,952.88**	**2,641.88**

Assumptions:	2016-17	2015-16
Retirement Age	58 Years	58 Years
Discount Rate	7.20%	8.08%
Salary Escalation	8.00%	8.00%
Attrition Rate	2.00%	2.00%

Experience Adjustments:	2016-17	2015-16	2014-15	2013-14	2012-13
On Plan Liability (Gains)/Losses	611.05	199.52	42.89	(454.61)	155.57
On Plan Assets (Losses)/Gains	-	-	-	-	-

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

*Exclusive of Amount ₹ 0.68 Lakhs (previous year ₹ 28.34 Lakhs) towards additional provision made for LIC employees.

Sick Leave
The Company has recognized ₹ 264.37 Lakhs (Previous year ₹ 161.00 Lakhs) in the Statement of Profit and Loss towards sick leave in respect of company employees.

18. In accordance with the Payment of Bonus (Amendment) Act, 2015, due to increase in the eligibility and ceiling limit, provision of ₹ 31.16 (Previous Year ₹ 65.02 Lakhs) has been provided for the year ended March 31, 2017.

19. Segment Reporting:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

20. Related Party Disclosure:

a) Related Party Policy:

Related Party Policy is uploaded on the website of the Company and annexed to the Director Report.

b) Names of related parties:

(i)	Enterprise having significant influence
	Life Insurance Corporation of India
(ii)	Subsidiaries
	LICHFL Care Homes Limited
	LICHFL Financial Services Limited
	LICHFL Asset Management Company Limited (Formerly known as LICHFL Asset Management Company Private Limited)
	LICHFL Trustee Company Private Limited
(iii)	Entity over which control exists
	LICHFL Urban Development Fund
(iv)	Associates
	LIC Mutual Fund Asset Management Limited (Formerly known as LIC Nomura Mutual Fund Asset Management Company Limited)
	LIC Mutual Fund Trustee Private Limited (Formerly known as LIC Nomura Mutual Fund Trustee Company Private Limited)
(v)	Key Management Personnel
	Ms. Sunita Sharma, MD and Chief Executive Officer (Till April 11, 2017)
	Mr. Vinay Sah, MD and Chief Executive Officer (From April 12, 2017)

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

(₹ In Lakhs)

Related Party	Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India			
	Issue of non-convertible debentures	280,000.00	575,000.00
	Repayment of non-convertible debentures	81,810.00	131,000.00
	Repayment of Secured loan	4,275.00	6,525.00
	Interest expenses on Secured and Unsecured loans	158,466.02	132,624.85
	Dividend Payment	11,189.34	10,172.12
	Rent Rates and Taxes	533.98	495.19
	Reimbursement of Electricity Expenses	17.72	5.80
	Payment for Staff training, Conference, etc.	11.14	15.74
	Payments towards Renovation & Repairs Work carried out by them	-	31.03
	Reimbursement of Gratuity for staff on deputation from LIC	33.97	42.36
	Balance as at the year-end (Credit)	**1,965,074.27**	**1,766,897.72**

FOR THE YEAR ENDED MARCH 31, 2017

(₹ In Lakhs)

Related Party	Nature of transactions	Current Year	Previous Year
LICHFL Care Homes Limited			
	Payment of Expenses	-	16.22
	Reimbursement of Expenses	-	(127.70)
	Balance as at the year-end (Debit)	-	-
LICHFL Financial Services Limited			
	Dividend Income	142.50	95.00
	Commission Expenses on Loan Business	3,287.44	1,308.77
	Commission Expenses on Public Deposit	8.25	11.57
	Payment of Expenses	9.97	6.62
	Reimbursement of Expenses	(9.96)	(6.62)
	Balance as at the year-end (Credit)	**896.42**	**445.02**
LICHFL Asset Management Company Limited			
	Dividend Income	261.00	174.00
	Payment of Expenses	32.64	23.29
	Reimbursement of Expenses	(31.38)	(23.30)
	Balance as at the year-end (Debit)	**1.26**	**0.01**
LIC Mutual Fund Asset Management Limited (Formerly known as LIC Nomura Mutual Fund Asset Management Company Limited)			
	Investment in Share Capital	2,749.13	-
LIC Mutual Fund Trustee Private Limited (Formerly known as LIC Nomura Mutual Fund Trustee Company Private Limited)			
	Investment in Share Capital	1.51	-
LICHFL Urban Development Fund			
	Investment	585.50	2,461.50
	Redemption of Investment	865.96	412.34
	Income from Investment	379.06	218.36
	Investment as at the year-end (Debit)	3,643.70	3,924.16
Ms. Sunita Sharma	Managerial remuneration*	51.45	55.11

*As the Provision for Performance Linked Incentive (PLI) and Leave encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the financial year 2016-17 has been included.

21. Operating Leases:

The Company has taken various offices and residential premises on cancellable operating lease basis for periods which range from 11 to 180 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for such premises are ₹ 2,649.89 Lakhs (Previous year ₹ 2,401.31 Lakhs).

In respect of the Non-cancellable leases, the future minimum lease payments are as follows:

(₹ In Lakhs)

Period	March 31, 2017	March 31, 2016
Not later than one year	397.28	453.00
Later than one year but not later than five years	32.24	103.63
Later than five years	-	23.04
Total	**429.52**	**579.67**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

22. Earnings per share:

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

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	(₹ in Lakhs)	193,105.01	166,079.05
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per equity share	₹	38.26	32.91
Face value per equity share	₹	2/-	2/-

23. Current Tax:

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

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

(₹ In Lakhs)

Particulars		Current Year	Previous Year
Deferred Tax Assets:			
Provisions for Housing & Non Housing loans		35,929.20	28,389.07
Provisions for Contingencies		8.61	8.62
Provision for Tapping Corporate Undertaking		73.69	53.96
Unamortized One Time Gain		109.51	177.63
Provision for Employee Benefits		2,582.18	1,594.66
Provision for diminution in value of Long Term Investment		38.86	315.93
Provision for other doubtful assets receivable		38.07	-
	(A)	**38,780.12**	**30,539.87**
Deferred Tax Liabilities:			
Related to Fixed Assets [Refer Note 10.1]		395.94	356.44
Related to Special Reserve[Refer Note 2]		130,111.38	111,273.53
	(B)	**130,507.32**	**111,629.97**
Net Deferred Tax Assets / (Liabilities)	**[(A)-(B)]**	**(91,727.20)**	**(81,090.10)**

25. Corporate Social Responsibility

Establishment and Other expenses includes ₹ 1,684.72 Lakhs for the year ended March 31, 2017 (Previous year ₹ 1,423.82 Lakhs) for contribution towards Corporate Social Responsibility(CSR) in accordance with Companies Act, 2013.

FOR THE YEAR ENDED MARCH 31, 2017

Details of CSR expenditure during the financial year

a) Gross amount required to be spent by the company during the year is ₹ 4,334.43 Lakhs (Previous Year ₹ 3,540.00 Lakhs).

b) Amount spent during the year:

(₹ In Lakhs)

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	208.62 (171.37)	- (174.75)	208.62 (346.12)
(ii)	On purposes other than (i) above	1,476.10 (908.69)	- (169.01)	1,476.10 (1,077.70)

Figures in bracket are in respect of the Previous Year

c) Details of related party transactions as per Accounting Standard (AS-18), "Related Party Disclosures" - Nil

d) No provision has been made for CSR expenditure by the company as on March 31, 2017 (Previous Year ₹ 343.76 Lakhs).

26. Concentration of Public Deposits, Advances, Exposures and NPAs

26.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	356,553.03	209,286.03
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	56.40%	54.78%

26.2 Concentration of Loans & Advances

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	385,828.03	281,461.34
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	2.67%	2.25%

26.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	413,950.79	323,753.98
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	2.52%	2.35%

26.4 Concentration of NPAs

(₹ In Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	33,555.58	31,928.14

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

26.5 Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector
A.	**Housing Loans:**	
1	Individuals	0.22%
2	Builders/Project Loans	4.05%
3	Corporates	-
4	Others (specify)	-
B.	**Non-Housing Loans:**	
1	Individuals	0.13%
2	Builders/Project Loans	27.59%
3	Corporates	-
4	Others (specify)	-

27. Exposure

27.1 Exposure to Real Estate Sector

(₹ In Lakhs)

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 Lakhs	4,462,236.40	4,185,855.64
		Housing loans more than ₹15 Lakhs	9,440,204.96	7,987,220.02
	(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	550,959.85	344,244.23
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
		(a) Residential (PTC-B)	-	-
		(b) Commercial Real Estate	-	-
b)	**Indirect Exposure**		**-**	
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		-	-

FOR THE YEAR ENDED MARCH 31, 2017

27.2 Exposure to Capital Market

[₹in Lakhs]

Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; *	5,774.31	3,016.55
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	5,220.19	6,313.71

* includes Investment in Subsidiary Companies and Investment in Associate Companies & other Company.

28. Capital to Risk Assets Ratio (CRAR)

	Items	Current Year	Previous Year
i.	CRAR (%)	15.64%	17.04%
ii.	CRAR - Tier I capital (%)	13.35%	13.86%
iii.	CRAR - Tier II Capital (%)	2.29%	3.18%
iv.	Amount of subordinated debt raised as Tier- II Capital (₹ In Lakhs)	100,000.00	100,000.00
v.	Amount raised by issue of Perpetual Debt Instruments (₹ In Lakhs)	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

29. Asset Liability Management

Maturity pattern of certain items of assets and liabilities is as under:

(₹ In Lakhs)

Particulars	1day to 30-31 days (one month)	Over one month to 2months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Deposits	3907	2594	2814	91479	227517	165370	138455	-	-	-	632137
Borrowings											
from banks	-	1428	8358	24142	275071	322057	324771	183667	8250	-	1147744
Market											
Borrowings***	94197	219800	267092	344714	663682	3783890	2239181	921719	2272606	-	10806881
Foreign Currency Liabilities	-	-	-	50000	-	-	-	-	-	-	50000
Assets											
Advances*	66199	66528	70743	214794	493716	2036047	1864670	1830965	2714106	4991816	14349584
Investments**	-	-	-	-	10	150	11143	4220	4164	33073	52760
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

* Net of Provisions
** Net of Investment diminutions and G-Sec taken at face value.
*** Commercial Paper & Zero Coupon Bond taken at face value.

30. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010 during the current year:

a. The Company has paid penalty of ₹2,000/- to National Housing Bank (NHB) for contravention of Policy Circular No. 30.
b. Observations of National Housing Bank (NHB) made in their Inspection Report with reference to the Company's position as on 31/03/2015 and 31/03/2016 have been suitably addressed and compliance has been reported to NHB.

31. In accordance with the Notificatin No G.S.R. 308(E). dated 30th March, 2017 issued by Ministry of Corporate Affairs the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in the table below:

(₹ In Lakhs)

Details	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8th November, 2016	151.40	24.36	175.76
(+) Permitted receipts	-	1,680.36	1,680.36
(-) Permitted payments	-	74.18	74.18
(-) Amount deposited in Banks	151.40	1,549.55	1,700.95
Closing cash in hand as on 30th December, 2016	-	80.99	80.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

32. Draw Down from Reserves

Special Reserve has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961, out of the distributable profits of the Company. Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97, whereas Special Reserve No. II relates to the amounts transferred thereafter. In the current financial year ₹56,999.00 Lakhs (Previous year ₹49,999.00 Lakhs) has been transferred to Special Reserve No. II in terms of Section 36(1)(viii) of the Income tax Act, 1961 and an amount of ₹1.00 Lakhs (Previous Year ₹1.00 Lakhs) to Statutory Reserve under Section 29C the NHB Act.

As per National Housing Bank's (NHB) circular vide circular NHB(ND)/DRS/Pol. 62/2014 dated 27th May, 2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on the Special Reserve as at 1st April, 2014 created under Section 36(1)(viii) of the Income tax Act, 1961.

33. Overseas Assets

(₹ In Lakhs)

Aset Description	Current Year	Previous Year
Total Tangible Assets	7.28	11.42
Balance in Dubai Foreign Account	25.50	21.34

34. Disclosure of Complaints

Customers Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	9,223	4,648
c) No. of complaints redressed during the year	9,223	4,648
d) No. of complaints pending at the end of the year	-	-

35. The additional information pursuant to NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 - "Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016" are either Nil or Not Applicable.

36. Miscellaneous

36.1 Registration obtained from other financial sector regulators:

The Company was incorporated under the Companies Act, 1956 on 19th June, 1989 and is governed by Companies Act, 2013. It is regulated by NHB and registered under section 29A of the NHB Act, 1987. Apart from this , the Company is not registered under any other financial regulators.

36.2 Rating assigned by Credit Rating Agencies and migration of rating during the year:

"CRISIL AAA/ Stable" by CRISIL & "CARE AAA" by CARE. This rating indicates the highest degree of safety regarding timely payment of interest and principal. There is no change in rating during the year.

Sr. No.	Particulars	CRISIL Ratings
1	Non-Convertible Debentures	CRISIL AAA/STABLE
2	Upper Tier II Bonds	CRISIL AAA/STABLE
3	Tier II Bond	CRISIL AAA/STABLE
4	Commercial Paper	CRISIL A1+
5	Fixed Deposits Programme	FAAA/STABLE
6	Bank Loan Facilities(Long Term)	CRISIL AAA/STABLE
7	Bank Loan Facilities(Short Term)	CRISIL A1+

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Sr. No.	Particulars	CARE Ratings
1	Non-Convertible Debentures	CARE AAA
2	Lower Tier II Bonds	CARE AAA
3	Upper Tier II Bonds	CARE AAA

36.3 Remuneration of Directors.

The Independent Directors of the Company receive only sitting fees for attending the Board / Committee meetings and they do not have any other material or pecuniary relationships or transaction with the Company, its Promoters, its Directors, Management, Subsidiaries or Associate.

The details of sitting fees paid to Non-Executive Directors (other than LIC Nominee Directors) has been mentioned in Corporate Governance Report forming part of the Annual Report.

36.4 Management

Management Discussion and Analysis report containing Industry structure and developments, opportunities and threats, segment-wise or product-wise performance, outlook, risks and concerns, internal control systems and their adequacy, discussion on financial performance with respect to operational performance, material developments in HR/Industrial Relations including number of people employed, etc., forming part of a separate section of the Annual Report.

36.5 Revenue Recognition

Revenue recognition is as per the Accounting Policy mentioned under Significant Accounting Policies.

36.6 Accounting Standard 21 – Consolidated Financial Statements (CFS)

The Consolidated Financial Statements is prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements" issued by ICAI and notified under the relevant Provison of the Companies Act, 2013.

The detailed note is included under Significant Accounting Policies and Notes to Accounts of the Consolidated Financial Statements.

37. The additional Information pursuant to Schedule III to the Companies Act, 2013 are either Nil or Not Applicable.

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

Signature to Notes 1 to 38

As per our attached report of even date

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

Vipul K Choksi
Partner
M.No.037606

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No. 100770

Place: Mumbai
Date : April 25, 2017

For and on behalf of the Board of Directors

V. K. Sharma
Chairman
DIN - 02449088

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Debabrata Sarkar
Director
DIN - 02502618

Kiron Singh
General Manager
(IT & Accounts)

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

P. Narayanan
CFO

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIC HOUSING FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of LIC Housing Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of the subsidiaries noted below the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of Rs.11,171.88 lakhs as at March 31, 2017, total revenue of Rs.5,614.72 lakhs, and net cash flows amounting to Rs.1,036.24 lakhs, for the year ended on that date, as considered in the preparation of the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

(b) The consolidated financial statements include the Group's share of profit of Rs.45.47 lakhs for the year ended March 31, 2017,as considered in the consolidated financial statements in respect of associates, whose financial statements/financial information are unaudited and have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates are based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

INDEPENDENT AUDITORS' REPORT

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies, none of the directors of any such company is disqualified as on March 31, 2017 from being appointed as a Director of that company in terms of sub section 2 of Section 164 of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' report of the Holding company and its subsidiary companies. Based on these reports, our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiaries, as noted in the "Other Matters" paragraph:

   i. The consolidated financial statement disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28(2) to the consolidated financial statements;

   ii. Provisions has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long- term contracts including derivative contracts;

   iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries; and

   iv. The Group has provided requisite disclosures in its consolidated financial statements as to its holdings as well as dealing in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the holding Company and the audited financial statement of the four subsidiaries and audit reports thereon of the other auditors as produced to us by the Management – Refer Note 28(18) to the consolidated financial statements.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No.37606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

ANNEXURE A

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of LIC HOUSING FINANCE LIMITED ("the Holding Company") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and associates companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and specified under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of subsidiary companies in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

ANNEXURE A

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under clause (i) of sub-section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to four subsidiary companies, is based on the corresponding reports of the auditors of such companies.

For SHAH GUPTA & CO.
Chartered Accountants
FRN 109574W

Vipul K. Choksi
Partner
M.No.37606

For CHOKSHI & CHOKSHI LLP
Chartered Accountants
FRN 101872W/W100045

Vineet Saxena
Partner
M.No.100770

Place: Mumbai
Dated: April 25, 2017

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

(₹ in Lakhs)

	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	10,099.63	10,099.63
Reserves and Surplus	2	1,105,485.00	911,357.69
		1,115,584.63	921,457.32
Minority Interest		163.51	162.96
Non Current Liabilities			
Long-Term Borrowings	3	10,373,888.73	9,065,813.59
Deferred Tax Liabilities (Net)	4	91,728.48	81,090.10
Other Long-Term Liabilities	5	118,961.11	87,448.16
Long-Term Provisions	6	99,775.96	80,670.18
		10,684,354.28	9,315,022.03
Current Liabilities			
Short-Term Borrowings	7	758,721.63	544,044.21
Trade Payables	8		
(a) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		5,143.99	3,694.25
Other Current Liabilities	9	2,521,145.83	2,228,097.53
Short-Term Provisions	10	14,606.35	46,247.75
		3,299,617.80	2,822,083.74
Total		**15,099,720.22**	**13,058,726.05**
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	11.1	10,299.56	9,734.27
Capital Work in progress		56.78	24.54
Intangible Assets	11.2	366.46	485.05
Goodwill on Consolidation		20.52	20.52
Non-Current Investments	12	51,919.34	26,366.75
Deferred Tax Asset (Net)	13	1.72	7.17
Long-Term Loans & Advances	14	21,348.66	13,608.03
Other Non-Current Assets	15	7,159.08	532.62
		91,172.12	50,778.95
Loans	16		
Non-Current Loans		13,541,420.52	11,765,194.67
Current Loans		911,980.56	752,125.22
		14,453,401.08	12,517,319.89
Current Assets			
Current Investments	17	1,820.31	1,671.32
Trade Receivables	18	11,219.05	8,765.69
Cash and Bank Balances	19	452,253.54	398,712.64
Short-Term Loans and Advances	20	1,817.78	1,771.99
Other Current Assets	21	88,036.34	79,705.57
		555,147.02	490,627.21
Total		**15,099,720.22**	**13,058,726.05**
Significant Accounting Policies and Notes	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from Operations	22	1,400,694.47	1,241,034.26
Other Income	23	9,396.67	9,223.63
Total Revenue		**1,410,091.14**	**1,250,257.89**
Expenses			
Finance Costs	24	1,023,140.95	930,664.27
Employee Benefits Expense	25	26,623.41	16,450.48
Depreciation and Amortisation Expense	11.1 & 11.2	969.76	1,001.42
Establishment and Other Expenses	**26**	**33,906.92**	**29,989.64**
Provisions / Write offs (Net)	27	28,132.24	14,646.36
Total Expenses		**1,112,773.28**	**992,752.17**
Profit before Tax		**297,317.86**	**257,505.72**
Tax expense			
- Current Tax [Refer Note 28(13)]		92,491.64	76,562.11
- Deferred Tax [Refer Note 28(14)]		10,643.83	14,182.21
Profit after tax (before adjustment of Profit / Loss of associate and minority interest)		**194,182.39**	**166,761.40**
Share of Profit / (Loss) of Associates		45.47	37.49
Share of Profit / (Loss) of Minority Interest		(0.55)	(29.29)
Profit for the Year		**194,227.31**	**166,769.60**
Earnings per equity share [Refer Note 28(12)]			
- Basic and Diluted		**38.49**	**33.05**
[Face value of ₹ 2/- each]			
Significant Accounting Policies and Notes	28		

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Particulars	March 31,2017		March 31,2016	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit After Tax , Share of Associates & Minority interest	**194,227.31**		**166,769.60**	
	Add : Provision for tax	**92,491.64**	**286,718.95**	**90,744.32**	**257,513.92**
	Add / (Less) : Adjustment for				
	Depreciation and Amortisation Expenses	969.76		1,001.43	
	Provisions/ Write offs	28,132.24		14,646.36	
	Interest Income on housing loans	(1,391,389.73)		(1,228,000.69)	
	Interest Expenses	1,022,209.68		929,555.77	
	Interest Received on housing loans	1,380,420.78		1,218,290.67	
	Interest Paid	(906,276.19)		(837,798.01)	
	Loss on sale of fixed assets (Net)	(5.65)		(6.18)	
	Fixed assets Written off	0.03		0.05	
	Excess provision written back	-		(10.86)	
	(Income) / Loss on sale of long term investment- Real Estate Venture Fund	(379.06)		-	
	Dividend Income from current and long term investment	-		(0.11)	
	Provision for contingency written back	-		(0.03)	
	Interest on deposits	(283.22)		(398.34)	
	Profit on sale of Mutual fund	(32.14)		(55.21)	
	Preliminary expenses written off	-		1.90	
			133,366.50		97,226.75
	Operating Profit before Working Capital Changes		**420,085.45**		**354,740.67**
	Adjustment for:				
	(Increase) / Decrease in Other Current Assets	(2,825.60)		781.38	
	(Increase) / Decrease in Non-Current Assets	(6,391.63)		(502.30)	
	(Increase) / Decrease in Loans & Advance	(538.83)		164.38	
	Increase / (Decrease) in Liabilities & Provisions	205,439.60		98,746.35	
			195,683.54		99,189.81
	Cash generated from Operations		**615,768.99**		**453,930.48**
	Direct taxes Paid		(102,652.58)		(73,696.47)
	Net Cash from Operations		**513,116.41**		**380,234.01**
	Increase in Housing Loans		(1,940,435.68)		(1,684,177.41)
	Net Cash used in Operating Activities (A)		**(1,427,319.27)**		**(1,303,943.40)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Sale of Investments		4,195.38		1,663.81
	Purchase of Investments		(31,181.43)		(5,601.99)
	Purchase of Fixed Assets		(1,449.28)		(2,225.73)
	Sale of Fixed Assets		6.19		7.38
	Dividend Income from current and long term investment		-		0.11
	Income/(Loss) from investments- Real Estate Venture Fund		379.06		-
	Interest on Deposits		283.22		398.34
	Net Cash used in Investing Activities (B)		**(27,766.86)**		**(5,758.08)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakhs)

	Particulars	March 31,2017	March 31,2016
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Secured Loans (Net)	1,179,288.74	1,233,445.11
	Proceeds from Unsecured Loans (Net)	361,300.74	206,484.87
	Dividend Paid	(27,658.56)	(25,105.72)
	Transfer to Investor Protection Fund	(67.44)	(53.34)
	Dividend Distribution Tax Paid	(5,653.56)	(5,046.68)
	Increase in minority Interest	0.56	29.29
	Net Cash generated from Financing Activities (C)	**1,507,210.48**	**1,409,753.53**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**52,124.35**	**100,052.03**
	Cash and cash equivalents at the beginning of the year	377,384.68	277,332.64
	Cash and cash equivalents at the end of the year (Refer Note No.1)	429,509.03	377,384.68
	Net Increase in Cash and Cash Equivalents	**52,124.35**	**100,052.04**
	Notes:		
1	Cash & Cash Equivalents includes:		
	Balance with banks*	121,641.33	113,055.35
	Cheques,drafts on hand	23,756.48	10,804.27
	Cash on hand	323.15	2,407.11
	Investment in Mutual Fund Units (Highly liquid)	283,788.07	251,117.95
	Total Cash & Cash Equivalents	**429,509.03**	**377,384.68**
	*Balance with Banks includes unclaimed dividend of ₹ 713.79 Lakhs (Previous Year ₹ 668.49 Lakhs)		
2	The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements notified under the relevant		
	provisions of the Companies Act, 2013.		

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

NOTE 1

(₹ in Lakhs)

SHARE CAPITAL	As at March 31, 2017	As at March 31, 2016
Authorised		
750,000,000 Equity Shares of ₹ 2/- each (Previous year 750,000,000 Equity Shares of ₹ 2/- each)	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
504,663,000 Equity Shares of ₹ 2/- each (Previous Year 504,663,000 Equity Shares of ₹ 2/- each) fully paid up	10,093.26	10,093.26
Add: Forfeited shares as per Note.1(b) below	6.37	6.37
	10,099.63	**10,099.63**

Note.1(a): Reconciliation of number of shares outstanding and amount of Share Capital at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
Shares outstanding at the beginning of the year	504,663,000	10,093.26	504,663,000	10,093.26
Add: Issued during the year	-	-	-	-
Less: Bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**504,663,000**	**10,093.26**	**504,663,000**	**10,093.26**

Note.1(b): Forfeited shares

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
Amount received on forfeited shares	6.37	6.37
	6.37	**6.37**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 2

(₹ in Lakhs)

RESERVES AND SURPLUS	As at March 31, 2017	As at March 31, 2016
(a) Capital Reserve		
As per last Balance Sheet	47.93	47.93
(b) Securities Premium Account		
As per last Balance Sheet	172,108.55	172,108.55
(c) Special Reserve - I		
In terms of section 36(1)(viii) of Income-Tax, 1961 and Section 29C of National Housing Bank (NHB) Act,1987 (Upto financial year 1996-97)		
As per last Balance Sheet	3,898.00	3,898.00
(d) Other Statutory Reserves including Special Reserve- II		
Balance at the beginning of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	12.00	11.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	322,437.01	272,438.01
Total	**322,449.01**	**272,449.01**
Addition / Appropriation / Withdrawal during the year		
Add :		
(i) Amount transferred u/s 29C of the NHB Act, 1987	1.00	1.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	56,999.00	49,999.00
Less :		
(i) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(ii) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account which has been taken into account for purpose of provision u/s 29C of the NHB Act, 1987	**-**	**-**
Balance at the end of the year		
(i) Statutory Reserve u/s 29C of the NHB Act, 1987	13.00	12.00
(ii) Amount of special reserve u/s 36(1)(viii) of Income-Tax Act, 1961 taken into account for purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	379,436.01	322,437.01
Total	**379,449.01**	**322,449.01**
(e) General Reserve		
Opening Balance	273,446.58	233,445.06
Add: Current Year Transfer	50,017.20	40,000.00
Add: Minority Adjustment	-	1.52
Closing Balance	**323,463.77**	**273,446.58**
(f) Surplus in the Statement of Profit and Loss		
Opening balance	139,407.61	95,957.79
Add: Net Profit for the Current Year	194,227.31	166,769.60
Less: Appropriations		
Dividend Paid and Tax on Dividend Paid	99.99	33,325.12
Transfer to General Reserve	50,017.20	40,000.00
Transfer to Special Reserve - II	56,999.00	49,999.00
Transfer to Statutory Reserve u/s 29C of the NHB Act, 1987	1.00	1.00
Share of minority in proposed dividend	-	(5.34)
Closing Balance	**226,517.73**	**139,407.61**
	1,105,485.00	**911,357.69**

Note 2.1

As per the National Housing Bank's Circular No. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27,2014, the Company has adjusted the opening balance of reserves for creation of Deferred Tax Liability (DTL) on Special Reserve as at April 01,2014 created under Section 36(1)(viii) of the Income Tax Act, 1961.

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 3

(₹ in Lakhs)

LONG TERM BORROWINGS	As at March 31, 2017		As at March 31, 2016	
	Non Current	Current	Non Current	Current
Secured				
(a) Non-Convertible Debentures	8,369,300.00	1,118,700.00	6,920,600.00	1,197,000.00
(b) Zero Coupon Debentures	300,100.00	142,600.00	322,700.00	140,000.00
	0.00	0.00		0.00
(c) Term Loans From Banks (Rupee Term Loan)	838,745.53	64,998.51	1,043,552.38	79,113.10
From Banks (Foreign Currency Term Loan)*	-	50,000.00	50,000.00	-
* FCNR B US$ Loan underlying USD 81,168,831.17 equivalent to INR of ₹ 50,000 Lakhs				
(d) Loans and advances from related parties:				
Life Insurance Corporation of India	-	1,775.00	1,775.00	4,275.00
(e) Other loans and advances				
National Housing Bank (Refinance)	291,917.58	82,488.38	253,827.16	49,993.62
Other Financial Institutions	20,000.00	-	-	-
Security :				

Security :

Negative lien on the assets of the Company (excluding the Company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on March 31, 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on March 31, 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after September 26, 2001.

Unsecured				
(a) Bonds:				
(i) Subordinate Bonds	100,000.00	-	100,000.00	-
(ii) Upper Tier II Bonds	150,000.00	-	150,000.00	-
(b) Deposits:				
Public Deposits	303,825.62	40,534.20	223,359.05	12,877.45
	10,373,888.73	**1,501,096.09**	**9,065,813.59**	**1,483,259.17**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 4

(₹ in Lakhs)

DEFERRED TAX ASSETS / (LIABILITIES) (NET) [Refer Note 28(14)]	As at March 31, 2017	As at March 31, 2016
Defered Tax Asset		
Deferred Tax Liability	38,780.12	30,539.87
Net Deferred Tax Liability	(130,508.60)	(111,629.97)
	(91,728.48)	(81,090.10)

NOTE 5

(₹ in Lakhs)

OTHER LONG TERM LIABILITIES	As at March 31, 2017	As at March 31, 2016
(a) Unamortized Gain		
Unamortized one time gain on termination of SWAP contracts	124.18	316.39
(b) Sundry Deposit Repayable	917.75	925.68
(c) Interest Accrued but not due on Borrowings	37,020.72	36,099.70
(d) Premium Payable on redemption of Debentures	80,898.46	50,106.39
	118,961.11	**87,448.16**

NOTE 6

(₹ in Lakhs)

LONG TERM PROVISIONS	As at Marcha 31, 2017	As at March 31, 2016
(a) Provision for Employee Benefits [Refer Note 28(8)]	4,860.11	3,283.53
Less : Current maturities of Long Term Employee Benefits	119.03	109.46
	4,741.08	3,174.07
(b) Others		
(i) Provision for Contingencies [Refer Note 28(5)(b)]	212.94	155.91
(ii) Provision for Housing loans	94,682.07	76,394.61
(iii) Provision for Dimunition in the value of Investment [Refer Note 12 & 28(5)(c)]	112.28	912.88
(iv) Provision for Property Tax	27.49	27.49
(v) Provision for Taxation	0.10	5.22
	99,775.96	**80,670.18**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 7

(₹ in Lakhs)

SHORT TERM BORROWINGS	As at March 31, 2017	As at March 31, 2016
Secured		
(a) Loans repayable on demand:		
Line of Credit from Banks	244,000.00	282,500.00
Security :		
Negative lien on the assets of the Company (excluding the Company's current and future receivables and book-debt of whatsoever nature of the Company on which a first pari-pasu floating charge by way of hypothecation to secure the borrowings of the company outstanding as on 31st March 2015 and the unavailed sanctions of the term loans, cash credit and refinance as on 31st March 2015), with a minimum asset cover of 100%. Further the Company shall be entitled to dispose of, transact or otherwise deal, in the ordinary course of business upto 5% of the Specific Assets, including by way of a securitization transaction and as may be required under any law, regulations, guidelines or rules and immovable property acquired by company on or after September 26, 2001.		
Unsecured		
(a) Public Deposits	286,878.90	145,289.82
(b) Commercial Papers [Refer Note 7.1]	227,842.73	116,254.39
	758,721.63	**544,044.21**

Note - 7.1

Commercial Papers of the Company have a maturity value of ₹ 230,000 Lakhs (Previous Year ₹ 117,500 Lakhs)

NOTE 8

(₹ in Lakhs)

TRADE PAYABLES	As at March 31, 2017	As at March 31, 2016
(a) Micro Enterprises and Small Enterprises [Refer Note 28(15)]	-	-
(b) Others	5,143.99	3,694.25
	5,143.99	**3,694.25**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 9

(₹ in Lakhs)

OTHER CURRENT LIABILITIES		As at March 31, 2017	As at March 31, 2016
(a)	Current maturities of Long-Term Debt (Refer Note 3)	1,501,096.10	1,483,259.17
(b)	Current maturities of Long Term Employee Benefits (Refer Note 6)	119.03	109.46
(c)	Interest accrued but not due on loans and public deposits	420,335.56	335,549.91
(d)	Premium payable on redemption of Debentures	8,010.57	8,018.79
(e)	Unamortized Gain		
	Unamortized one time gain on termination of SWAP contracts	192.21	196.87
(f)	Payable on account of Swap		
	Floating interest rate payable on Swap	8,861.05	10,746.46
	Fixed interest rate receivable on Swap	(8,576.65)	(9,905.04)
		284.40	841.42
(g)	Unpaid Dividends	713.79	668.49
(h)	Unpaid Deposits	912.29	513.05
(i)	Statutory Dues Payable	1,769.83	1,371.97
(j)	Payable to related parties [Refer Note 28(10)]	149.62	170.99
(k)	Other Payables	13,586.82	12,091.83
(l)	Temporary Book Overdraft	573,975.61	385,305.58
		2,521,145.83	**2,228,097.53**

NOTE 10

(₹ in Lakhs)

SHORT TERM PROVISIONS		As at March 31, 2017	As at March 31, 2016
(a)	**Provision for Employee Benefits [Refer Note 28(8)]**	5,287.27	4,305.36
(b)	**Others**		
	(i) Provision for Taxation	31.34	2,939.57
	(ii) Proposed Dividend	-	27,756.47
	(iii) Tax on Dividend	-	5,568.40
	(iv) Provision for Housing Loans	9,135.55	5,635.76
	(v) Provision for Contingencies [Refer Note 28(5)(b)]	42.19	42.19
	(vi) Provision for Other Assets	110.00	-
		14,606.35	**46,247.75**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 11.1 - Property, Plant & Equipment

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2017 are as follows:-

(₹in Lakhs)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computers	Total
Gross carrying value as at April 1, 2016	541.74	7868.71	1346.48	1078.48	66.94	869.81	4073.16	15845.32
Additions	-	762.80	129.07	156.54	-	100.94	210.78	1360.13
Deletions	-	-	(8.06)	(39.99)	-	(51.31)	(756.34)	(855.70)
Gross carrying value as at March 31,2017	**541.74**	**8631.51**	**1467.49**	**1195.03**	**66.94**	**919.44**	**3527.60**	**16349.75**
Accumulated Depreciation as at April 1,2016	-	597.32	1097.65	898.51	35.07	656.74	2825.76	6111.05
Depreciation for the year	-	125.16	67.65	55.73	9.59	77.80	458.34	794.27
Accumulated Depreciation on Deletions	-	-	(8.06)	(39.80)	-	(51.04)	(756.23)	(855.13)
Accumulated Depreciation as at March 31,2017	**-**	**722.48**	**1157.24**	**914.44**	**44.66**	**683.50**	**2527.87**	**6050.19**
Carrying Value as at Marc h 31, 2017	**541.74**	**7909.03**	**310.25**	**280.59**	**22.28**	**235.94**	**999.73**	**10299.56**

The changes in carrying value of the Property, Plant & Equipment for the year ended March 31, 2016 are as follows:-

(₹ in Lakhs)

Particulars	Freehold Land	Building	Leasehold Improvements	Furniture & Fixtures	Vehicles	Office Equipment	Computer	Total
Gross Carrying Value as at April 1, 2015	541.74	6383.71	1298.12	1079.39	77.63	875.91	3985.95	14242.45
Additions	-	1485.00	83.90	62.19	-	113.48	377.45	2122.02
Deletions	-	-	(35.54)	(63.10)	(10.69)	(119.58)	(290.24)	(519.15)
Gross Carrying Value as at March 31,2016	**541.74**	**7868.71**	**1346.48**	**1078.48**	**66.94**	**869.81**	**4073.16**	**15845.32**
Accumulated Depreciation as at April 1,2015	-	478.92	1055.62	907.19	34.34	704.79	2662.71	5843.57
Depreciation for the year	-	118.40	77.56	54.38	10.90	71.07	453.04	785.35
Accumulated Depreciation on Deletions	-	-	(35.53)	(63.06)	(10.17)	(119.12)	(289.99)	(517.87)
Accumulated Depreciation as at March 31,2016	**-**	**597.32**	**1097.65**	**898.51**	**35.07**	**656.74**	**2825.76**	**6111.05**
Carrying Value as at March 31, 2016	**541.74**	**7271.39**	**248.83**	**179.97**	**31.87**	**213.07**	**1247.40**	**9734.27**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

Note 11.2 - Intangible Assets
The changes in carrying value of the Intangible Assets for the year ended March 31, 2017 are as follows:-

(₹ in Lakhs)

Particulars	Software License	Total
Gross Carrying Value as at April 1, 2016	**2112.96**	**2112.96**
Additions	56.90	56.90
Deletions	-	-
Gross Carrying Value as at March 31,2017	**2169.86**	**2169.86**
Accumulated Depreciation as at April 1,2016	1627.91	1627.91
Depreciation for the year	175.49	175.49
Accumulated Depreciation on Deletions	-	-
Accumulated Depreciation at of March 31,2017	**1803.40**	**1803.40**
Carrying Value as at March 31, 2017	**366.46**	**366.46**

The changes in carrying value of the Intangible Assets for the year ended March 31, 2016 are as follows:-

(₹ in Lakhs)

Particulars	Software License	Total
Gross Carrying Value as at April 1, 2015	**2009.25**	**2009.25**
Additions	103.71	103.71
Deletions	-	-
Gross Carrying Value as at March 31,2016	**2112.96**	**2112.96**
Accumulated Depreciation as at April 1,2015	1411.84	1411.84
Depreciation for the year	216.07	216.07
Accumulated Depreciation on Deletions	-	-
Accumulated Depreciation as at March 31,2016	**1627.91**	**1627.91**
Carrying Value as at March 31, 2016	**485.05**	**485.05**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 12

(₹ in Lakhs)

NON CURRENT INVESTMENTS		As at March 31, 2017	As at March 31, 2016
Non-trade Investments			
(Long Term Investments)(At Cost)			
(a) Investments in Equity Instruments		110.00	110.00
(b) Investments in Government Securities		41,703.85	17,853.85
(c) Investment in Associates			
Opening Carrying amount of Investment (LIC MF AMC)		2,083.74	220.00
Add: Carrying amount of additional share of Investments		2,039.90	
Add: Share of profit during the year		43.91	1,863.74
Add: Goodwill on acquisation of shares of Associates		709.22	
Closing Carrying amount of Investment (LIC MF AMC)		**4,876.77**	**2,083.74**
Opening Carrying amount of Investment (LIC MF Trustee)		0.16	0.16
Add: Carrying amount of additional share of Investments		3.13	-
Add: Share of profit during the year		1.57	-
Less: Capital Reserve on acquisation of shares of Associates		1.62	-
Closing Carrying amount of Investment (LIC MF Trustee)		**3.24**	**0.16**
(d) Other Non-Current Investments			
(i) Real Estate Venture Fund		**5,225.48**	**6,319.00**
		51,919.34	**26,366.75**
Aggregate amount of quoted investments	At Cost	41,703.85	17,853.85
	At Market Value	44,536.21	18,435.62
Aggregate amount of unquoted investments	At Cost	10,215.50	8,512.90
Aggregate provision for diminuition in value of investments (Refer Note 6)		112.28	912.88

NOTE 13

(₹ in Lakhs)

DEFERRED TAX ASSETS (NET) [Refer Note 28(14)]	As at March 31, 2017	As at March 31, 2016
(a) Deferred Tax Assets	1.72	7.17
	1.72	7.17

NOTE 14

(₹ in Lakhs)

LONG TERM LOANS AND ADVANCES UNSECURED, CONSIDERED GOOD	As at March 31, 2017	As at March 31, 2016
(a) Capital Advance	45.46	137.91
(b) Security Deposits	1,387.82	797.28
(c) Loan against Public Deposit	49.57	58.17
(d) Advances to employees	363.30	349.16
(e) Advance tax and tax deducted at source (Net of provision for tax)	11,551.20	4,320.15
(f) Tax Paid under Protest	7,951.31	7,945.36
Total	**21,348.66**	**13,608.03**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 15

(₹ in Lakhs)

OTHER NON CURRENT ASSETS		As at March 31, 2017	As at March 31, 2016
(a)	Fixed Deposit with Banks*	6,834.82	471.15
(b)	Interest Accrued but not due on Fixed Deposits with Banks	307.20	31.13
(c)	Interest Accured but not due on Advance against Public Deposits	9.33	5.09
(d)	Others	7.73	25.25
		7,159.08	**532.62**

*Fixed Deposits with Banks includes amount ₹ 6,600 Lakhs with maturity of more than twelve months towards maintaining SLR for public deposits.

NOTE 16

(₹ in Lakhs)

LOANS (SECURED) [Refer Note 28(3)] *		As at March 31, 2017		As at March 31, 2016	
		Non Current	Current	Non Current	Current
(a)	**Individuals**	13,108,618.00	793,823.23	11,526,192.25	646,883.41
(b)	**Others**	432,802.52	118,157.33	239,002.42	105,241.81
		13,541,420.52	**911,980.56**	**11,765,194.67**	**752,125.22**

* The above loans include unsecured loans to the extent of ₹ 26,443.48 Lakhs (Previous Year ₹ 13,657.18 Lakhs).

NOTE 17

(₹ in Lakhs)

CURRENT INVESTMENTS		No. of Shares / Units		As at	As at
At Lower of cost or market value		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
(a)	**Investment in Equity Instruments**				
	Aptech Limited (Face Value of ₹ 10 each)	4,134	4,134	9.51	2.39
(b)	**Investment in Mutual Funds - Highly Liquid Investments**			283,205.14	250,959.90
	Less: Considered as Cash and Cash Equivalents (Refer Note 19)			(281,394.34)	(249,790.97)
(c)	**Investment in Government Securities**				
	7.59% Government of India Stock 2016	-	50,000	-	500.00
				1,820.31	**1,671.32**
Aggregate amount of quoted investments			Book Value	9.51	508.47
			At Market Value	9.51	502.59

NOTE 18

(₹ in Lakhs)

Trade Receivable		As at	As at
Secured, considered good		March 31, 2017	March 31, 2016
(a)	**For a period exceeding six months**	196.11	-
(b)	**Others**		
	(i) Interest Accrued and Due on Housing Loans	10,941.79	8,539.06
	(ii) Others	81.15	226.63
		11,219.05	**8,765.69**

NOTES FORMING PART OF CONSOLIDATED BALANCE SHEET (CONTD.)

AS AT MARCH 31, 2017

NOTE 19

(₹ in Lakhs)

CASH AND BANK BALANCES		As at March 31, 2017	As at March 31, 2016
(a)	**Cash and Cash Equivalents**		
	Balance with Banks*	121,641.33	113,055.35
	Cheques, drafts on hand	23,756.48	10,804.27
	Cash on hand	323.15	2,407.11
	Mutual Fund - Highly Liquid Investments (Refer Note 17)	283,788.07	251,117.95
(b)	**Other Bank Balances**		
	Fixed Deposits with Banks**	22,744.51	13,268.41
	Certificate of deposit with banks	-	8,059.55
		452,253.54	**398,712.64**

*Balance with Banks include unclaimed dividend of ₹ 713.79 Lakhs (Previous Year ₹ 668.49 Lakhs)
**Fixed Deposits with Banks include earmaked deposits created in favour of trustees for depositors towards maintaining Statutory Liquid Ratio amounting to ₹ 18,700.00 Lakhs (Previous Year ₹ 8,190.20 Lakhs) and ₹ 694.34 Lakhs (Previous Year ₹ 599.88 Lakhs) created for excess sale proceeds recovered under SARFAESI Act, 2002

NOTE 20

(₹ in Lakhs)

SHORT-TERM LOANS AND ADVANCES		As at March 31, 2017	As at March 31, 2016
Others			
(i)	Loans and advances to Employees	204.07	207.33
(ii)	Advances recoverable in cash or kind or for value to be received		
	Unsecured, considered good	1584.36	1548.39
	Doubtful	24.89	24.89
	Less: Provision for Doubtful	(24.89)	(24.89)
		1584.36	1548.39
(iii)	Loan against Public Deposit	6.25	3.75
(iii)	Advance tax and tax deducted at source (Net of provision for tax)	23.10	12.52
		1817.78	**1771.99**

NOTE 21

(₹ in Lakhs)

OTHER CURRENT ASSETS		March 31, 2017	March 31, 2016
(a)	**Interest Accrued but not due on**		
	(i) Housing loan	86,017.85	78,360.37
	(ii) Investments	918.32	465.59
	(iii) Fixed Deposits with Banks	974.08	518.07
	(iv) Public deposits	2.16	1.11
(b)	**Others**	123.93	360.43
		88,036.34	**79,705.57**

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

NOTE 22

(₹ in Lakhs)

REVENUE FROM OPERATIONS	March 31, 2017	March 31, 2016
(a) Interest Income:		
Interest on Loans [Tax deducted at source ₹ 5,156.82 Lakhs (Previous year ₹ 4,207.24 Lakhs)]	1,387,671.04	1,225,085.30
(b) Other Financial Services:		
(i) Processing fees and other charges received	17,534.29	20,959.10
Less: Processing fees and other charges paid	(6,511.16)	(6,429.84)
	11,023.13	14,529.26
(ii) Other operating income	-	28.59
(iii) Fund Establishment & Management fees	2,000.29	1,391.11
	1,400,694.46	**1,241,034.26**

NOTE 23

(₹ in Lakhs)

OTHER INCOME	March 31, 2017	March 31, 2016
(a) Other Interest Income		
(i) Interest received on Fixed Deposits with Banks [Tax deducted at source ₹ 219.01 Lakhs (Previous Year ₹ 188.46 Lakhs)]	1,953.38	1,848.82
(ii) Interest on Long Term Investments	2,427.58	1,380.99
	4,380.96	3,229.81
(b) Dividend	0.00	0.11
(c Profit on sale of Investments (Highly Liquid Investments)	4,168.17	4,786.84
(d) Other Non Operating Income		
(i) Miscellaneous Income [Tax deducted at source ₹ 1.07 Lakhs (Previous year ₹ 1.21 Lakhs)]	847.54	1,196.01
(e) Excess provision written back	**-**	**10.86**
	9,396.67	**9,223.63**

NOTE 24

(₹ in Lakhs)

FINANCE COSTS	March 31, 2017	March 31, 2016
(a) Interest Expense		
(i) On Term Loan	117,920.64	166,818.00
(ii) On Commercial Papers	10,008.44	8,411.45
(iii) On Debentures / Bonds	852,783.95	724,443.11
(iv) On Public Deposits	40,027.33	27,782.79
(v) Interest payable from Swaps (Net)	1,469.33	2,100.42
(b) Other Borrowing cost		
(i) Other Finance Charges	931.26	1,108.50
	1,023,140.95	**930,664.27**

NOTES FORMING PART OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

NOTE 25

(₹ in Lakhs)

EMPLOYEE BENEFITS EXPENSE		March 31, 2017	March 31, 2016
(a)	Salaries and Bonus [Refer Note No 28(8)]	21,360.30	13,416.62
(b)	Contributions to Provident & Other Funds [Refer Note No 28(8)]	3,302.05	1,539.09
(c)	Staff Welfare Expenses	1,961.06	1,494.77
		26,623.41	**16,450.48**

NOTE 26

(₹ in Lakhs)

ESTABLISHMENT AND OTHER EXPENSES		March 31, 2017	March 31, 2016
(a)	Rent, rates and taxes	4,294.95	3,590.53
(b)	Repairs and maintenance - building	88.09	86.83
(c)	Repairs and maintenance - others	161.16	186.25
(d)	Travelling and conveyance	1,006.34	881.48
(e)	Directors sitting fees	35.92	31.54
(f)	Advertisement & Publicity expenses	3,638.11	2,445.87
(g)	Competition prizes & Conference expenses	732.77	703.42
(h)	Printing and stationery	564.47	477.84
(i)	Postage, telephones and telex	882.58	892.71
(j)	Computer expenses	610.33	603.55
(k)	Legal and professional fees:		
	(i) Payment to Auditors [Refer Note 28(6)]	68.06	60.81
	(ii) Other Professional fees	137.30	124.44
(l)	Electricity expenses	576.77	535.11
(m)	Insurance	18.44	14.82
(n)	(Profit) / Loss on sale of Fixed Assets (Net)	(5.64)	(6.18)
(o)	Fixed Assets written off	0.03	0.05
(p)	Service Charges for Safe Custody of Documents	628.71	546.82
(q)	Listing Fees and Payment to Share Transfer Agents	38.80	42.06
(r)	Commission and Brokerage	18,287.33	16,856.88
(s)	Contribution towards CSR activites [Refer Note 28(17)]	1,701.80	1,445.82
(t)	Recovery Expenses (Net)	(749.54)	(308.20)
(u)	Construction / Project expenses	328.92	20.35
(v)	Preliminary expenses written off	-	1.90
(w)	Penalty for service tax	12.22	-
(x)	Miscellaneous expenses	849.00	754.94
		33,906.92	**29,989.64**

NOTE 27

(₹ in Lakhs)

PROVISIONS / WRITE OFFS (NET)		March 31, 2017	March 31, 2016
(a)	Housing loans written off	5,041.90	3,457.95
(b)	Provision for diminution in value of current & long term investment [Refer Note 28(5)(c)]	0.88	10.80
(c)	Provision for Housing Loans	26,815.06	15,056.47
(d)	Long term investment written off (Non Trade)	2,688.23	100.22
(e)	Provisions for Contingency [Refer Note 28(5)(b)]	(0.00)	0.03
(f)	Provision For Other Doubutful Asset Receivable	110.00	-
	Less :		
(g)	Housing loans written off recovered	(687.41)	(527.59)
(h)	Provisions for Housing Loans written back	(5,027.82)	(3,451.52)
(i)	Provision for Investments written back [Refer Note 28(5)(c)]	(808.60)	-
		28,132.24	**14,646.36**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

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 relevant provisions of the Companies Act, 2013 (the Act).

   b) In case of associate, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the relevant provisions of the Act.

   c) The difference between the cost of investment in the subsidiaries / associate and the share of net assets at the time of acquisition of shares in the subsidiaries / associate is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

   d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements except for accounting policy followed by a subsidiary, LICHFL Care Homes Limited for amortization of preliminary expenses incurred by the said subsidiaries after April 1, 2003 over a period of ten years as against charging off of such expenses to the Statement of Profit and Loss by the Company.

   e) The audited financial statements of the subsidiaries and unaudited financial statements of associate are considered for the purpose of consolidation and are drawn up to March 31, 2017. The reporting period of these financial statements is same as the reporting period of the company.

   f) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the Subsidiary Companies and further movements in their share in the equity, subsequent to the dates of the investments as stated above.

2. As required by Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the relevant provision of the Act, the carrying amounts of investments in Associates is adjusted for post-acquisition change in the Company's share in the net assets of the associates after eliminating unrealized profits or losses, if any.

3. The consolidated financial statements of the Company, its subsidiaries and associates are prepared in accordance with Accounting Standard (AS–21) 'Consolidated Financial Statements' and Accounting Standard (AS–23) - 'Accounting for Investments in Associates in Consolidated Financial Statements' notified under the relevant provisions of the Act.

FOR THE YEAR ENDED MARCH 31, 2017

The details of such enterprises are as under:

Name of the company	Nature of relationship	Proportion of ownership interest / voting power		Country of Incorporation
		Current Year	Previous Year	
LICHFL Care Homes Limited	Subsidiary	100.00%	100.00%	India
LICHFL Financial Services Limited	Subsidiary	100.00%	100.00%	India
LICHFL Asset Management Company Limited (Formerly known as LICHFL Asset Management Company Private Limited)	Subsidiary	94.62%	94.62%	India
LICHFL Trustee Company Private Limited.	Subsidiary	100.00%	100.00%	India
LIC Mutual Fund Asset Management Limited.	Associate	39.30%	20.00%	India
LIC Mutual Fund Trustee Private Limited.	Associate	35.30%	-	India

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis of accounting and in accordance with accounting principles generally accepted in India. The financial statements comply in all material aspects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act), read with the Rule 7 of the Companies (Accounting Standards) Rules, 2014, read with amended rules and the relevant provisions of the Companies Act, 2013 (to the extent notified), National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 as amended.

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

b. Use of Estimates

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

c. Revenue Recognition

Interest on Housing Loans

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

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

Income from Investments

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

Revenue from Property Development / Construction Projects

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

a) Income from services is recognized on completion of the works/contract.

b) Revenue from property development / construction projects activity is recognized by applying percentage of completion method of the contract value basis when reasonable expectation of collection of the sale consideration from the customers exists. Percentage of completion is determined as a proportion of the cost of work performed to date to the total estimated contract costs and the project so determined has been accounted for proportionate to the percentage of the actual work done..

c) Interest on delayed payment from customers is booked on cash basis.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Other Income

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

d. Property, Plant and Equipment

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

Depreciation in respect of assets is provided on the Straight Line Method as per the useful life of the assets as prescribed in Schedule II of the Act, except in respect of Vehicles (Motor cars) where useful life is estimated as 5 years.

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

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

e. Intangible

Intangible assets are stated at cost of acquisition, including any cost attributable to bringing the same to its working condition, less amortization over estimated useful life.

Software is amortized on Straight Line Method over 5 years.

f. Impairment Loss

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

g. Loans and Provision thereon

The loans given by the company are initially recorded in the books of account at the principal amounts disbursed to the borrowers and are subsequently adjusted for further disbursements / repayments. The loans are classified as Non-performing Assets (NPA) under Substandard / Doubtful / Loss categories as per the prudential norms prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") as amended. The provision on Standard and NPA loan accounts is made as per the aforesaid prudential norms. Additional provision (over and above the prudential norms), if required, is made as per the guidelines approved by the Board of Directors from time to time. The loans and provisions thereon are classified into current and non-current categories based on the operating cycle of 12 months as identified by the Company.

h. Investments

Investments are classified as Current Investment and Long term Investment. Current investment is an investment that is by its nature readily realizable and is intended to be held for not more than one year from the date on which such investment is made. A Long term investment is an investment other than a current investment.

In accordance with the Guidelines issued by National Housing Bank (NHB) and the Accounting Standard (AS -13) – "Accounting for Investments" notified under the relevant provisions of the Act, current investments are carried at lower of cost & fair value and long term investments are carried at cost. However, provision is made to recognize decline other than temporary in the carrying amount of long term investments. Unquoted investments in the units of mutual funds in the nature of current investments are valued at the net asset value declared by mutual funds in respect of each particular scheme as per the guidelines issued by the NHB. The premium paid on acquisition of Investments is written off in the year of purchase.

i. Employee Benefits

Defined Contribution Plan

Provident Fund

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

Defined Benefit Plan

Gratuity

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

Short-term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

j. Foreign Currency Transactions

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

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

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

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

k. Derivative Transactions

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

l. Borrowing Costs

Borrowing costs include interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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 in the Statement of Profit and Loss.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

n. Taxes on Income

Taxes on income are accounted for in accordance with Accounting Standard (AS-22) – "Accounting for taxes on income", notified under the relevant provisions of the Act. Income tax comprises both current and deferred tax.

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

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

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

o. Provisions and Contingencies

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

p. Operating Leases

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

q. Securitized Assets

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

Securitized Assets are derecognized in the books of the Company based on the principle of surrender of control over the assets.

NOTES TO ACCOUNTS

1. a) Estimated amounts of contracts remaining to be executed on capital account and not provided for ----(net of advance) are ` 1,872.96 Lakhs (Previous Year ₹ 2,178.25 Lakhs).

b) Other Commitments: Uncalled liability of ₹ 316.00 Lakhs (Previous Year ₹ 663.50 Lakhs) in respect of commitment made for contribution to LICHFL Urban development fund by subscription of 50,000 units (previous year 50,000 units) of ₹ 10,000/- face value each, paid up value being ₹ 7,287.40/-(previous year ₹ 7,848.32/-) each.

2. Contingent liabilities in respect of :

a) Claims against the group not acknowledged as debts ₹ 51.02 Lakhs (Previous Year ₹ 130.19 Lakhs).

b) On completion of income tax assessment, the Company had received a demand of ₹ 347.76 Lakhs (including interest of ₹ 20.39 Lakhs) for A.Y. 2003-04, ₹ 2,217.31 Lakhs (including interest of ₹ 721.90 Lakhs) for A.Y. 2004-05 against which the Company received refund of ₹ 220.38 Lakhs, ₹ 3,571.94 Lakhs (including interest of ₹ 667.94 Lakhs) against which ₹ 1,951.62 Lakhs was paid under protest for A.Y. 2005-06, ₹ 2,385.58 Lakhs (including interest of ₹ 138.71 Lakhs against which the Company received refund of ₹ 137.47 Lakhs for A.Y. 2006-07 and ₹ 1,503.40 Lakhs (including interest of ₹ 633.94 Lakhs) for A.Y. 2007-08. The said amounts are disputed and the Company has preferred an appeal against the same. The amounts for the respective years have been paid to the credit of the Central Govt. under protest.

FOR THE YEAR ENDED MARCH 31, 2017

3. (i) Retail / Project Loans are secured by any or all of the following as applicable, based on their categorization:

a) Equitable / Registered Mortgage of Property

b) Assignment of Life Insurance Policies, NSC, KVP, FD of Nationalized Bank

c) Assignment of Lease Rent Receivables

d) Company Guarantees or Personal Guarantees

e) Negative lien

f) Undertaking to create a security

(ii) Loans to employees other than for Housing are secured by lien over Provident Fund balances and / or Hypothecation of Vehicles.

4. Housing Loans include loans amounting to ₹ 4,138.11 Lakhs (Previous year ₹ 4,198.16 Lakhs) against which the company has taken possession of the properties under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The value of assets possessed against the loan is ₹ 5,735.38 Lakhs (Previous year ₹ 5,897.10 Lakhs), being lower of the fair value of the asset possessed and the outstanding as at March 31, 2017.

5. Movement in Provision for contingencies and diminution in the value of investments are as under:

a. Provision includes:

i. Provision for untapped corporate undertaking given for securitization of housing loans. The outflows in respect of untapped corporate undertaking would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitized receivables, and

ii. Provision for doubtful advances and provision for probable loss on account of bank reconciliation differences.

b. The movement in provisions is as below:

(₹ In Lakhs)

Particulars	Provision for Untapped Corporate Undertaking & Doubtful Advances	Provision for probable loss on account of Bank Reconciliation differences
Opening balance	180.80 (220.54)	42.19 (88.85)
Add: Top up of Corporate Undertaking / additional provisional for doubtful advances	114.85 (5.78)	- (-)
Less: Amounts utilized during the year / provision written back for doubtful advances	57.82 (45.51)	- (46.66)
Less: Reversal of provision for corporate undertaking	- (-)	- (-)
Closing balance	**237.83** **(180.80)**	**42.19** **(42.19)**

Figures in bracket are in respect of the previous year

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

c. Provision for diminution in the value of investments:

(₹ In Lakhs)

Particulars	Provision for diminution in the value of long term investments
Opening Balance	912.88 (902.07)
Add : Provision made during the year	8.00 (11.15)
Less : Write back of provision during the year	808.60 (0.34)
Closing Balance	**112.28** **(912.88)**

Figures in bracket are in respect of the previous year.

6. Auditor's Remuneration*:

(₹ In Lakhs)

Particulars	Current Year	Previous Year
As auditor	35.77	35.37
As advisor or in any other capacity in respect of tax audit	10.93	5.35
For Quarterly Limited Reviews	16.50	16.50
In any other manner (Certification work)	4.14	3.35
For Reimbursements of expenses to Auditors	0.72	0.24
Total	**68.06**	**60.81**

* Excluding Service Tax

7. Derivative Instruments:

(a) Interest Rate Swaps for hedging underlying liability aggregate to ₹ 99,600.00 Lakhs (Previous year ₹ 119,600.00 Lakhs).

(b) For underlying liability of ₹ 65,000.00 Lakhs (Previous Year ₹ 65,000.00 Lakhs), 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, 2017 had outstanding interest rate and coupon swaps covering the underlying liability aggregating to ₹ 164,600.00 Lakhs (Previous year ₹ 184,600.00 Lakhs). The Mark to Market value of all such Swaps as at March 31, 2017 was ₹ 589.76 Lakhs (Previous Year Negative ₹ 3,345.39 Lakhs).

(d) Foreign currency exposure in respect of coupon linked with LIBOR that are not hedged by derivative instruments as on March 31, 2017 amount to ₹ 5.05 Lakhs (Previous year ₹ 2.83 Lakhs).

8. Disclosure in respect of Employee Benefits:

In accordance with the Accounting Standard on Employee Benefits (AS-15), the following disclosures have been made:

Provident Fund and Pension Fund Liability

The Company has recognized ₹ 1,650.00 Lakhs (Previous year ₹ 911.51 Lakhs) in the Statement of Profit and Loss towards contribution to Provident fund in respect of company employees. In respect of LIC employees on deputation who have opted for pension, ₹ 49.64 Lakhs (previous year ₹ 111.09 Lakhs) have been contributed towards LIC of India (Employees) Pension Rules, 1995.

FOR THE YEAR ENDED MARCH 31, 2017

Gratuity Liability

(₹ In Lakhs)

Changes in the Benefit Obligation:	**2016-17**	**2015-16**
Liability at the Beginning of the year	4,660.50	4,086.26
Interest Cost	376.97	325.65
Current Service Cost	298.81	241.62
Past Service Cost	-	-
Benefit Paid	(31.77)	(54.67)
Actuarial Loss on obligations	959.44	61.64
Liability at the end of the year	**6,263.95**	**4,660.50**

Fair Value of the Plan Assets:	**2016-17**	**2015-16**
Fair Value of Plan Asset at the beginning of the year	3,369.41	3,155.46
Expected Return on Plan Assets	272.31	251.27
Contributions	90.47	12.93
Benefit paid	(31.77)	(54.67)
Actuarial Gain / (Loss) on Plan Assets	1.10	4.41
Fair value of Plan Assets at the end of the year	3,701.52	3,369.41
Total Actuarial Loss to be Recognized	**945.72**	**57.23**

Actual Return on Plan Assets:	**2016-17**	**2015-16**
Expected Return on Plan Assets	272.31	251.27
Actuarial Gain / (Loss) on Plan Assets	1.10	4.41
Actual Return on Plan Assets	**273.41**	**255.69**

Amount Recognized in the Balance Sheet:	**2016-17**	**2015-16**
Liability at the end of the year	(6,263.95)	(4,660.50)
Fair Value of Plan Assets at the end of the year	3,701.52	3,369.41
Amount recognized in the Balance Sheet	**(2,562.43)**	**(1,291.09)**

Expense Recognized in the Statement of Profit and Loss :	**2016-17**	**2015-16**
Current Service Cost	298.81	241.62
Interest Cost	106.34	75.36
Expected Return on Plan Assets	(1.68)	(0.98)
Net Actuarial Loss to be recognized	958.34	57.23
Past Service Cost	-	-
Expense recognized in the Statement of Profit and Loss under staff expenses	**1,361.81**	**373.23**

Reconciliation of the Liability recognized in the Balance Sheet:	**2016-17**	**2015-16**
Opening Net Liability	1,291.10	930.80
Expense recognized	1,361.82	373.20
Contribution by the Company	(90.47)	(12.93)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	**2,562.44**	**1,291.10**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Assumptions	2016-17	2015-16
Discount Rate	8.08% 7.85% 7.34%	8.08% / 7.85%
Rate of Return on Plan Assets	8.08% / 8.00%	8.08% / 8.00%
Salary Escalation	8.00% / 7.00% 8.00%	8.00% / 7.00%
Attrition Rate	2.00%	2.00%

Experience Adjustments	2016-17	2015-16	2014-15	2013-14	2012-13
On Plan liability (Gains)/Losses	400.89	118.35	(14.59)	235.65	285.88
On Plan Assets (Losses)/Gains	1.11	4.91	72.42	15.18	25.23
Plan Assets					
Insurer Managed Funds*	3,701.52	3,349.41	3155.46	2,710.14	2,138.61
*% to the total fair value of plan assets	100%	100%	100%	100%	100%

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

The Company's best estimate of contributions expected to be paid to the plan during the annual period beginning after March 31, 2017 is ₹ 853.73 Lakhs (Previous Year ₹ 634.80 Lakhs).

(₹ In Lakhs)

Changes in the Benefit Obligation	2016-17	2015-16
Liability at the Beginning of the year	2,641.88	2,253.79
Interest Cost	213.46	179.40
Current Service Cost	105.11	107.53
Benefit Paid	(17.89)	(58.86)
Actuarial (Gain) / Loss on obligations	1,010.32	160.02
Liability at the end of the year	**3,952.88**	**2,641.88**

	2016-17	2015-16
Amount Recognized in the Balance Sheet:		
Liability at the end of the year	3,952.88	2,641.88
Fair Value of Plan Assets at the end of the year	-	-
Amount recognized in the Balance Sheet*	**(3,952.88)**	**(2,641.88)**

Expense Recognized in the Statement of Profit and Loss:	2016-17	2015-16
Current Service Cost	105.11	107.53
Interest Cost	213.46	179.40
Expected Return on Plan Assets	-	-
Net Actuarial (Gain) / Loss to be recognized	1,010.32	160.02
Expense recognized in the Statement of Profit and Loss under staff expenses	1,328.89	446.95

FOR THE YEAR ENDED MARCH 31, 2017

Reconciliation of the Liability recognized in the Balance Sheet:	2016-17	2015-16
Opening Net Liability	2,641.88	2,253.79
Expense recognized	1,328.89	446.95
Contribution by the Company	(17.89)	(58.86)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	**3,952.88**	**2,641.88**

Assumptions:	2016-17	2015-16
Retirement Age	58 Years	58 Years
Discount Rate	7.20%	8.08%
Salary Escalation	8.00%	8.00%
Attrition Rate	**2.00%**	**2.00%**

Experience Adjustments:	2016-17	2015-16	2014-15	2013-14	2012-13
On Plan Liability (Gains)/Losses	611.05	199.52	42.89	(454.61)	155.57
On Plan Assets (Losses)/Gains	-	-	-	-	-

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

* Exclusive of Amount ₹ 0.68 Lakhs (previous year ₹ 28.34 Lakhs) towards additional provision made for LIC employees.

Sick Leave

The Company has recognized ₹ 265.94 Lakhs (Previous year ₹ 161.00 Lakhs) in the Statement of Profit and Loss towards sick leave in respect of company employees.

Bonus

In accordance with the Payment of Bonus (Amendment) Act, 2015, due to increase in the eligibility and ceiling limit, provision of ₹ 31.16 Lakhs (Previous Year ₹ 60.95 Lakhs) has been provided for the year ended March 31, 2017.

9. Segment Reporting:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

Further, the Group has its operations primarily within India. The scale of operations of the Company far exceeds those of the subsidiaries and associates and the business segments as mentioned above, do not meet the criteria of reportable segments as defined in Accounting Standard (AS-17), 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006, and hence, segment information for business and geographical segments has not been disclosed.

10. Related Party Disclosure:

a) Details of related parties:

(i)	**Enterprise having significant influence**
	Life Insurance Corporation of India
(ii)	**Entity over which control exists**
	LICHFL Urban Development Fund
(iii)	**Associates**
	LIC Mutual Fund Asset Management Company Limited (Formerly known as LIC Nomura Mutual Fund Asset Management Company Limited)
	LIC Mutual Fund Trustee Private Limited (Formerly known as LIC Nomura Mutual Fund Trustee Company Private Limited)
(iv)	**Key Management Personnel**
	Ms. Sunita Sharma, MD and Chief Executive Officer (Till April 11, 2017)
	Mr. Vinay Sah, MD and Chief Executive Officer (From April 12, 2017)

b) Details of transactions with related parties:

(₹ In Lakhs)

Nature of transactions	Current Year	Previous Year
Life Insurance Corporation of India:		
Issue of non-convertible debentures	280,000.00	575,000.00
Repayment of non-convertible debentures	81,810.00	131,000.00
Repayment of Secured loan	4,275.00	6,525
Interest expenses on Secured and Unsecured loans	158,466.02	132,624.86
Dividend Payment	11,204.17	10,182.01
Rent Rates and Taxes	533.98	495.19
Reimbursement of Electricity Expenses	17.72	5.80
Payment for Staff training, Conference, etc.	11.14	15.74
Payments towards Renovation & Repairs	-	31.03
Reimbursement of Expenses	18.38	19.75
Reimbursement of Gratuity for staff on deputation from LIC	33.97	42.36
Year-end Balance (Credit)	**1,965,074.35**	**1,766,897.77**
LICHFL Urban Development Fund		
Investment	585.50	2,461.50
Redemption of Investment	865.96	412.34
Trusteeship Fees	5.00	5.00
Income from investment	379.06	218.36
Reimbursement of expenses	-	0.78
Investment as at the year-end (Debit)	**3,643.70**	**3,924.16**
Ms. Sunita Sharma		
Managerial remuneration*	51.45	55.11

*As the Provision for Performance Linked Incentive and Leave Encashment is accrued for the company as a whole and not decided individually, hence not included. However payment made during the year is included in the above figures.

FOR THE YEAR ENDED MARCH 31, 2017

11. Operating Leases:

The Company has taken various offices and residential premises on cancellable operating lease basis for periods which range from 11 to 180 months with an option to renew the lease by mutual consent on mutually agreeable terms. Lease payments recognized in the Statement of Profit and Loss for premises are ₹ 2,864.68 Lakhs (Previous year ₹ 2,530.86 Lakhs).

In respect of the Non-cancellable leases, the future minimum lease payments are as follows:

(₹ In Lakhs)

Period	March 31, 2017	March 31, 2016
Not later than one year	514.75	529.57
Later than one year but not later than five years	340.26	103.63
Later than five years	-	23.04
Total	**855.01**	**656.24**

12. Earnings per share:

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

Particulars		Current Year	Previous Year
Profit after tax attributable to equity shareholders	(₹ in Lakhs)	194,227.31	166,769.60
Weighted average number of equity shares outstanding during the year	Nos.	504,663,000	504,663,000
Basic and Diluted Earnings per equity share	₹	38.49	33.05
Face value per equity share	₹	2/-	2/-

13. Current Tax:

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

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

(₹ In Lakhs)

Particulars		Current Year	Previous Year
Deferred Tax Assets:			
Provisions for Housing & Non Housing loans		35,929.20	28,389.07
Provisions for Contingencies		8.61	8.62
Provision for Tapping Corporate Undertaking		73.69	53.96
Unamortized One Time Gain		109.51	177.63
Provision for Employee Benefits		2,582.18	1,600.78
Provision for diminution in value of Long Term Investment		38.86	315.93
Related to Fixed Assets		39.79	9.63
	(A)	**38,781.84**	**30,555.62**
Deferred Tax Liabilities:			
Related to Fixed Assets		397.20	365.02
Related to Special Reserve		130,111.38	111,273.53
	(B)	**130,508.58**	**1,11,638.55**
Net Deferred Tax Assets / (Liabilities)	**[(A)-(B)]**	**(91,726.76)**	**(81,082.93)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

FOR THE YEAR ENDED MARCH 31, 2017

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

16. Additional information, as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiaries / Associates.

(₹ In Lakhs)

Name of the Entity	**Net Assets**		**Share in Profit or Loss**	
	As a % of Consolidated Net Assets	**Amount (₹)**	**As a % of Consolidated Profit or Loss**	**Amount (₹)**
Parent				
LIC Housing Finance Limited	98.85%	1,102,799.50	100.84%	195,856.57
Indian Subsidiaries				
LICHFL Financial Services Limited	0.19%	2,127.13	(1.08%)	(2,103.30)
LICHFL Asset Management Company Limited (Formerly Known as LICHFL Asset Management Company Pvt. Limited)	0.27%	3,042.18	0.18%	343.95
LICHFL Trustee Company Private Limited	0.00%	18.98	0.00%	2.66
LICHFL Care Homes Limited	0.26%	2,859.81	0.04%	82.51
Goodwill on Consolidation	0.00%	20.52	-	-
Minority Interest in all subsidiaries	(0.01%)	(163.51)	0.00%	(0.55)
Associates				
LIC Mutual Fund Asset Management Company Limited (Formerly known as LIC Nomura Mutual Fund Asset Management Company Limited)	0.44%	4,876.77	0.02%	43.91
LIC Mutual Fund Trustee Private Limited (Formerly known as LIC Nomura Mutual Fund Trustee Company Private Limited)	0.00%	3.24	0.00%	1.57
Total	**100.00%**	**1,115,584.62**	**100.00%**	**194,227.31**

17. Corporate Social Responsibility

Establishment and Other expenses includes ₹ 1,701.80 Lakhs for the year ended March 31, 2017 (Previous year ₹ 1,445.82 Lakhs) for contribution towards Corporate Social Responsibility(CSR) in accordance with Companies Act, 2013.

Details of CSR expenditure during the financial year

a) Gross amount required to be spent by the company during the year is ₹ 4,351.52 Lakhs (Previous Year ₹ 3,562.00 Lakhs).

FOR THE YEAR ENDED MARCH 31, 2017

b) Amount spent during the year:

(₹ In Lakhs)

Sl. No.	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/acquisition of any asset	208.62 (171.37)	- (174.75)	208.62 (346.12)
(ii)	On purposes other than (i) above	1,493.18 (930.69)	- (169.01)	1,493.18 (1,099.70)

Figures in bracket are in respect of the previous year.

c) Details of related party transactions as per Accounting Standard (AS) 18, Related Party Disclosures - Nil

d) No provision has been made for CSR expenditure by the company as on March 31, 2017 (Previous Year ₹ 343.76 Lakhs).

18. In accordance with the Notification No G.S.R. 308(E). dated 30th March, 2017 issued by Ministry of Corporate Affairs the details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in the table below:

(₹ In Lakhs)

Details	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	151.50	24.46	175.96
(+) Permitted receipts	-	1,681.60	1,681.40
(-) Permitted payments	-	75.33	75.33
(-) Amount deposited in Banks	151.50	1,549.55	1,701.05
Closing cash in hand as on 30th December, 2016	-	81.18	81.18

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

Signatures to Notes 1 to 19

As per our attached report of even date

For and on behalf of the Board of Directors

For Shah Gupta & Co.
Chartered Accountants
FRN 109574W

For Chokshi & Chokshi LLP
Chartered Accountants
FRN 101872W/W100045

Vipul K Choksi
Partner
M.No.037606

Vineet Saxena
Partner
M.No. 100770

V. K. Sharma
Chairman
DIN - 02449088

Debabrata Sarkar
Director
DIN - 02502618

Vinay Sah
Managing Director &
Chief Executive Officer
DIN - 02425847

Nitin K. Jage
General Manager (Tax.)
& Company Secretary

Kiron Singh
General Manager
(IT & Accounts)

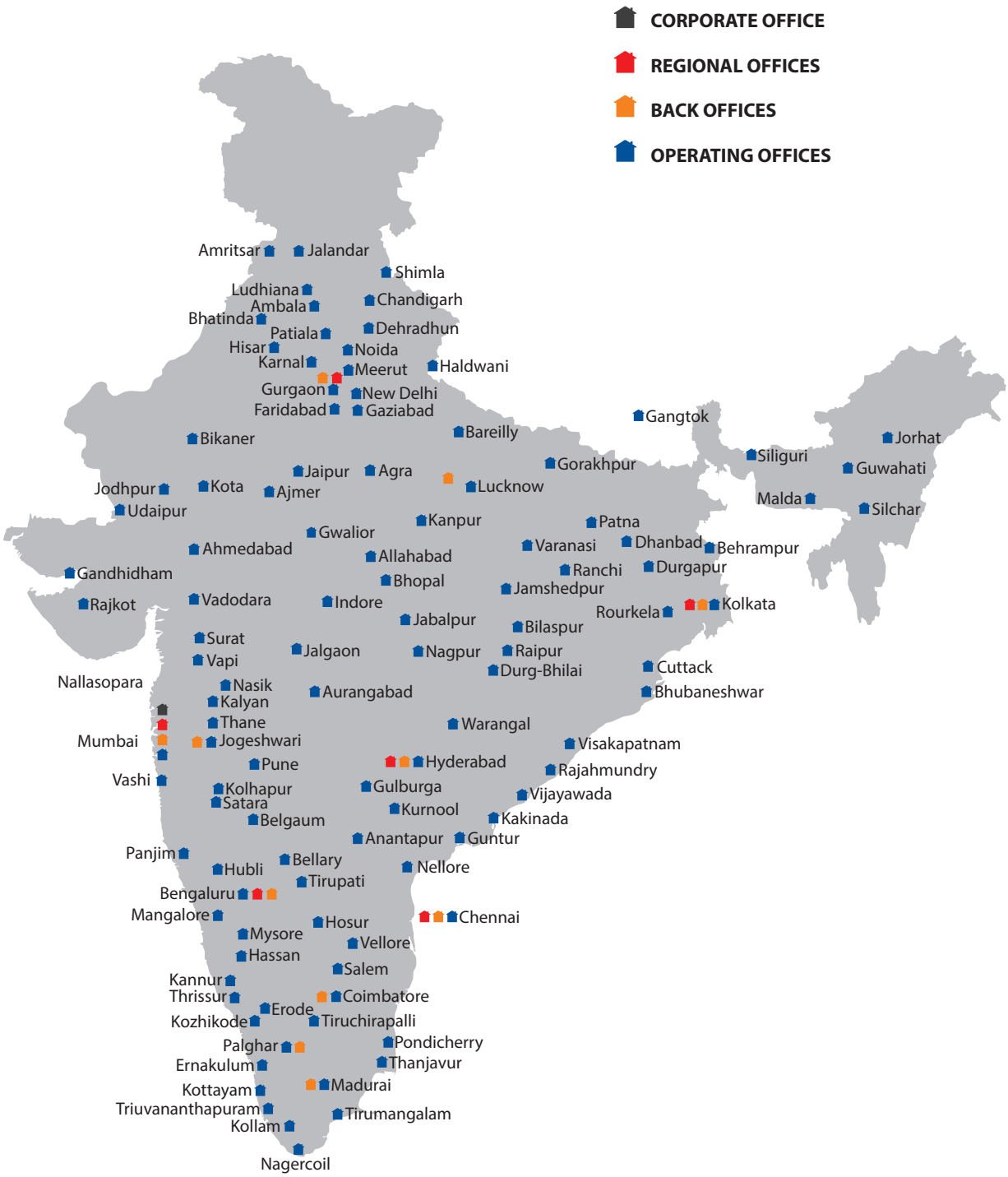
P. Narayanan
CFO

Place: Mumbai
Date : April 25, 2017

NOTES

NOTES

GEOGRAPHIC PRESENCE



- **7 REGIONAL OFFICES**
- **21 BACK OFFICES**
- **240 MARKETING OFFICES**
- **REP OFFICES IN DUBAI & KUWAIT**
- **COVERAGE OF MORE THAN 450 CENTRES**
- **1833 EMPLOYEES**



LIC HFL
LIC HOUSING FINANCE LTD

CORPORATE OFFICE

LIC HOUSING FINANCE LIMITED
131 MAKER TOWERS, "F" PREMISES,
13TH FLOOR, CUFFE PARADE,
MUMBAI - 400 005.

www.lichousing.com