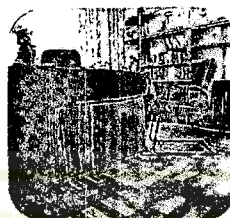
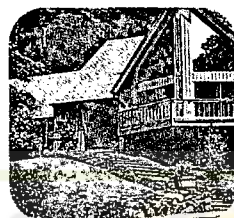


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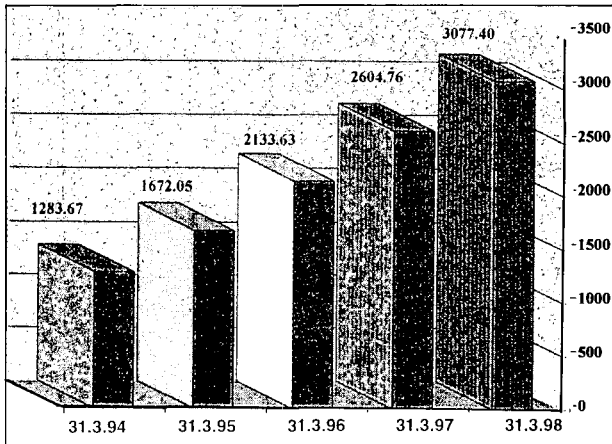


LIC Housing Finance Limited

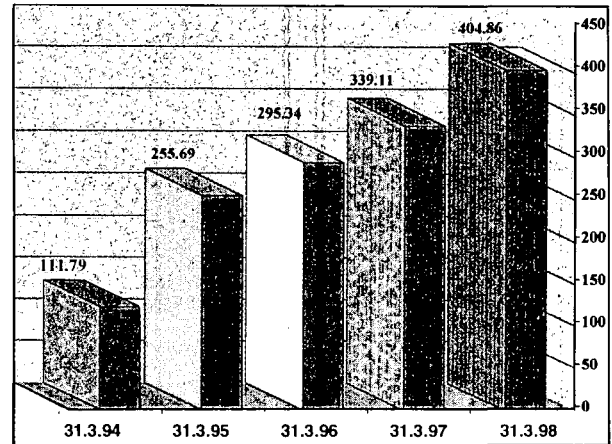


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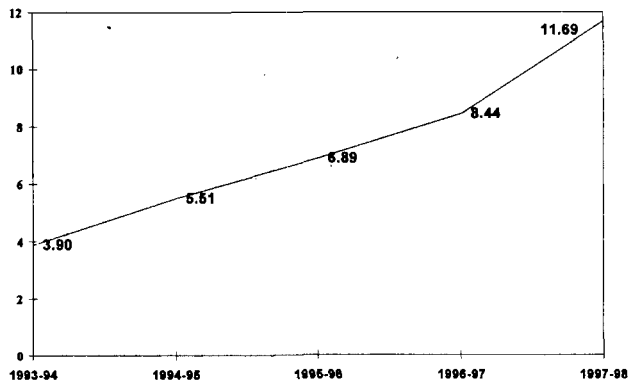
O/s Loan Portfolio
(Rs. in Crores)



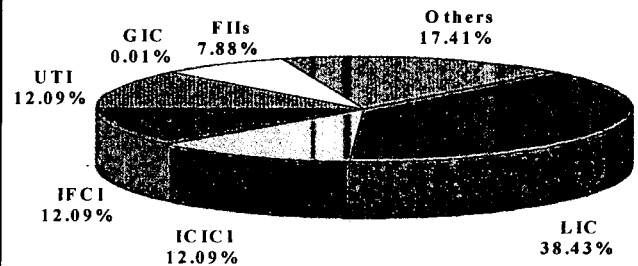
Net Worth
(Rs. in Crores)



E. P. S. (Rs.)



Share Holding Pattern (As on 31.03.98)



LIC Housing Finance Limited**BOARD OF DIRECTORS**

G. Krishnamurthy	: Chairman
K.D. Agrawal	: Director
F.M. Pardiwalla	: Director
K. Thomas Poulse	: Director
K. Madhava Kumar	: Director from 29.9.97
Y.P. Gupta	: Director & Chief Executive
B.G.Daga	: (Director upto 29.9.97)

COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

Kranti Sinha	Chief General Manager
V. R.Ramakrishnan	Chief General Manager (Human Resources)
A.K. Gangooly	General Manager (Marketing & Legal)
S. Rajagopalan	General Manager (Finance & Accounts)
B.K. Gupta	General Manager (Investment & Audit)
J.S. Moorthy	General Manager (Marketing)

REGIONAL MANAGERS

S.C. Sharma	New Delhi
K.S. Verma	Mumbai
D. Krishnan	Chennai
S. Meenakshi Sundaram	Bangalore
M.D. Chandanani	Kanpur
D.K.Chakraborty	Calcutta

AUDITORS

M/s. B.K. Khare & Company

Chartered Accountants

SOLICITORS

M/s. Little & Company

BANKERS

Andhra Bank

Central Bank

Syndicate Bank

REGISTERED & CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Dynamic Superways & Exports Ltd.
Rainbow Palace, I.C. Colony
Cross Road No. 5, Borivali (West),
Mumbai - 400 103.
Phones : 891 8257, 895 2148 & 8937793

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NOTICE OF THE 9TH ANNUAL GENERAL MEETING

Notice is hereby given that the 9th Annual General Meeting of the members of the LIC Housing Finance Limited will be held at 'Indian Merchants Chamber', IMC Building, IMC Marg, Opp. Churchgate Station, Mumbai 400 020 on Monday, the 3rd August, 1998 at 3.00 p. m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended 31st March, 1998 and Reports of the Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri K. Thomas Poulouse, who retires by rotation, and being, eligible offers himself for re-appointment.

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:-**

"RESOLVED THAT M/s. B.K. Khare & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold the office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration to be determined by the Board in consultation with them plus reimbursement of out-of-pocket expenses incurred by them for the purpose of audit of the Company's accounts at the Registered Office and Corporate Office as well as Area Offices at Mumbai and Pune."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to appoint in consultation with the Company's Auditors any person or persons qualified for appointment as Auditor or Auditors of the Company u/s. 226 of the Companies Act, 1956, to conduct audit of other Area Offices in India on such terms and conditions as may be mutually agreed."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Shri K. Madhava Kumar, who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this meeting under section 260 of the Companies Act, 1956 and in respect of whom the company has received

a Notice in writing from the members pursuant to section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board

sd/-

NITIN K. JAGE
COMPANY SECRETARY

Place : Mumbai.

Date : 29th May, 1998.

Registered Office :

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

NOTES

- (1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND SUCH A PROXY NEED NOT BE A MEMBER.**

The proxies in order to be effective, must be received by the Company at its Registered Office not less than 48 hours before the meeting.

- (2) The Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of items 4 & 5 of the Notice convening the Meeting is annexed hereto.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 17th July, 1998 to Monday the 3rd August, 1998 (both days inclusive).
- (4) The dividend, if declared, will be payable to those members, whose names will appear on the Register of Members of the Company on 3rd August, 1998.
- (5) The Members desiring any information as regards accounts are requested to write to the Company at an early date, so as to enable the Company to keep information ready.
- (6) As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the meeting.

LIC Housing Finance Limited**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4**

As the Public Financial Institutions are holding more than 25% shares of the Company the appointment of Auditors is required to be made by a Special Resolution under Section 224A of the Companies Act, 1956.

M/s. B.K. Khare and Co., have been proposed for appointment of Auditors of the Company, who have been approved by National Housing Bank. The Board of Directors recommend their re-appointment as Auditors.

None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 5

Shri K. Madhava Kumar was appointed as Additional Director of the Company by the Board of Directors with effect from 29th September, 1997, under section 260 of the Companies Act, 1956, and holds office upto the date of the 9th Annual General Meeting of the Company. Shri K. Madhava Kumar

is Deputy General Manager, Accounts in Unit Trust of India & is having over 15 years experience in Accounts, Finance, Operations & Marketing. As required under section 257 of the Companies Act, 1956, a Notice has been received from a member proposing the name of Shri K. Madhava Kumar for the office of Director.

None of the Directors, except Shri K. Madhava Kumar is concerned or interested in the Resolution.

Board of Directors recommend the passing of the Resolution at Item No. 5 of the Notice.

By Order of the Board

sd/-

Place : Mumbai.

NITIN K. JAGE

Date : 29th May, 1998.

COMPANY SECRETARY

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

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DIRECTORS' REPORT

To The Members

The Directors have pleasure in presenting the 9th Annual Report of your Company along with audited Balance Sheet and Profit and Loss Account for the year ended March 31, 1998.

FINANCIAL RESULTS

(Rs. in Lakhs)

	For the year ended March 31, 1998	For the year ended March 31, 1997
Profit before tax	11422.74	9112.59
Provision for tax	2650.00	2775.00
Profit after tax	8772.74	6337.59
Add: Balance B/F From Last year	605.64	597.76
	<u>9378.38</u>	<u>6935.35</u>
Appropriations :		
Special Reserve	4467.00	3475.00
General Reserve	1500.00	1500.00
Provision for Prior Period Taxation	208.07	3.44
Proposed Dividend	1876.45	1501.16
Tax on Dividend	187.65	150.12
Balance Carried forward to next year	1139.21	305.63
	<u>9378.38</u>	<u>6935.35</u>

DIVIDEND

Your Directors are pleased to recommend a dividend of 25% for the year 1997-98 as against 20% for the year 1996-97.

The dividend payment will involve a payout of Rs.2064.10 lakhs including Tax on Dividend as against Rs. 1651.28 lakhs including Tax on Dividend for 1996-97.

PERFORMANCE

Profit before tax and after tax stood at Rs.114.23 crores and Rs.87.73 crores as against of Rs.91.13 crores and Rs.63.38 crores respectively for the previous year.

The Company earned a total income of Rs.485.59 crores and registered a growth of 18.57%. Profit Before Tax has grown by 25.35% and Profit After Tax by 38.42% as

compared to 1996-97. The ratio of administrative expenses to the housing loans which was 0.60% has been reduced to 0.54% for 1997-98.

LENDING OPERATIONS -

Individual Loans

The Company sanctioned 38195 loans for Rs.837.73 crores and disbursed 36406 loans for Rs.769.31crores during the year 1997-98. The cumulative sanctions and disbursements are :

Amount Sanctioned Rs. 4315.35 crores

Amount Disbursed Rs. 3678.64 crores.

Project Loans

Because of slump in the real estate market, the Company followed a conservative policy in sanctioning loans to the developers. The greater thrust was on sanctioning of loans to individuals, Corporate/public bodies, co-operative housing societies etc.

The Company has sanctioned Rs.34.81crores and disbursed Rs. 32.79 crores during the year 1997-98. Cumulative sanctions and disbursements under this category are:

Amount Sanctioned Rs. 579.66 crores

Amount Disbursed Rs. 405.54 crores.

NHB GUIDELINES

National Housing Bank (NHB) vide its circular dated 28.04.1995 had issued guidelines in respect of income recognition, provision for non-performing assets and maintaining capital adequacy. Your Company is complying with guidelines issued by NHB from time to time and during the current year, as a matter of prudent business policy, has made further provision of Rs.8 crores on account of non performing assets. The cumulative provision is higher by Rs.10 crores as on 31.03.1998 than required as per the guidelines.

We may add that the Company has also been following the income recognition norms since 1991-92 and thereby not accounting income in respect of housing loans on which interest is Past Due for more than six months.

Further the said guidelines require Housing Finance Companies to achieve minimum capital adequacy norms of 8%. As against this, your Company has achieved capital adequacy of 11.61% as on 31st March, 1998.

LIC Housing Finance Limited**OUTLOOK FOR 1998-99**

The Company would like to further consolidate its achievements of 1997-98 and has identified to strengthen the following thrust areas :

1. To continue its policy of having greater thrust on individual loans, corporate loans, public bodies etc.
2. To ensure qualitative growth in sanctions and disbursements.
3. To further consolidate efforts for recovery of overdue outstanding.
4. To train more agents for housing finance activities.
5. To strengthen customer service by providing effective training to the personnel on shop floor level.
6. To bring more efficiency and quality in day to day functioning and strengthen further process of mechanisation.
7. To explore new areas for raising additional resources.

DIVERSIFICATION PLAN

During the last Annual General Meeting members of the Company approved the proposal to enter into the business of providing loans for purchase of plots and construction/purchase of commercial premises. Both the schemes have been put into operation during the year 1997-98. Besides this, during the year number of procedures have been simplified, scheme for repairs and renovation has been extended to all the centers and has been made applicable for upgradation/maintenance of the house. During the year 1998-99 we also propose to take property advisory services as a non-fund based activity.

SERVICE CENTERS

Out of the 10 Unit Offices, 2 Unit Offices viz. Kalyan and Ludhiana have been upgraded as Area Offices thus bringing the total of Area Offices to 59. With 67 Offices operating throughout the country your Company has the widest reach amongst all housing finance companies in India.

DIRECTORS

During the year Shri B.G. Daga has resigned from the Directorship of the Company. The Board place on record its appreciation and gratitude for the valuable advice, counsel and guidance rendered by him during his tenure.

Shri K. Madhava Kumar being Additional Director appointed by the Board, holds office till conclusion of 9th Annual General Meeting.

In terms of Article 113 of the Articles of Association of the Company, Shri K. Thomas Poullose, Director, will retire by rotation at the 9th Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

The Directors recommend re-appointment of M/s. B.K.Khare & Co., Chartered Accountants as auditor of the Company for the Financial year 1998-99.

M/s. B.K. Khare & Co., Chartered Accountants have informed the Company that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

DEPOSITORY SYSTEM

The Company has signed agreement with National Securities Depository Limited (NSDL) for transaction of its equity shares in demat form and also paid one time custodian fee to NSDL on behalf of its members.

LISTING ON NSE

The Company has decided to list its equity shares on National Stock Exchange Limited (NSE) and will be signing listing agreement with NSE shortly. At present the Company's equity shares are traded as permitted securities on NSE. The listing will further improve the liquidity of the Company's equity shares.

FIXED DEPOSITS

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

STATUTORY INFORMATION

Since the Company does not own any manufacturing facility the particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable. There is no foreign exchange earnings and outgo.

There are no employees covered by section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

HUMAN RESOURCES

The Company is having qualified and trained employees who are responsive to customers' needs and changing economic scenario. Employees' relations were cordial and work atmosphere was healthy during the year.

ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the advice and guidance given by the Life Insurance Corporation of India, Unit Trust of India, The Industrial Credit and Investment Corporation of India Limited, The Industrial Finance Corporation of India Limited, National Housing Bank and all the Bankers of the Company.

The Directors also place on record their sincere thanks to the Company's clientele and members for their patronage. The Directors also record their appreciation for the dedicated services of the employees who have contributed to the growth of the Company.

For and on behalf of the Board

sd/-
G. KRISHNAMURTHY
Chairman

Place : Mumbai
Date : 29th May, 1998.

9th Annual Report 1997-98**AUDITORS' REPORT**

TO THE MEMBERS OF

LIC HOUSING FINANCE LIMITED

We have audited the attached Balance Sheet of LIC Housing Finance Limited as at March 31, 1998 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto, and have to report thereon as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in the paragraph 1 above :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - (b) in our opinion, proper books of 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 and the Profit and Loss Account dealt with by this report are in agreement with the books of account ;
 - (d) (i) the reports of the other auditors in respect of the Area Offices audited by them under section 228 of the Companies Act, 1956, have been forwarded to us and have been duly considered by us in preparing our report;

- (ii) proper returns from unaudited branches have been received and found adequate for the purpose of audit;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Notes thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1998; and
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For B. K. KHARE & COMPANY
Chartered Accountants

sd/-
(MS. PADMINI B. KHARE)
Partner

Place : Mumbai.

Date : 29th May, 1998.