



स्वगृहाय अर्थसहायः

CREATING A WORLD OF POSSIBILITIES

LIC HOUSING FINANCE LIMITED



2000 - 2001

VISION

To be the Best Housing Finance Company in the Country.

MISSION

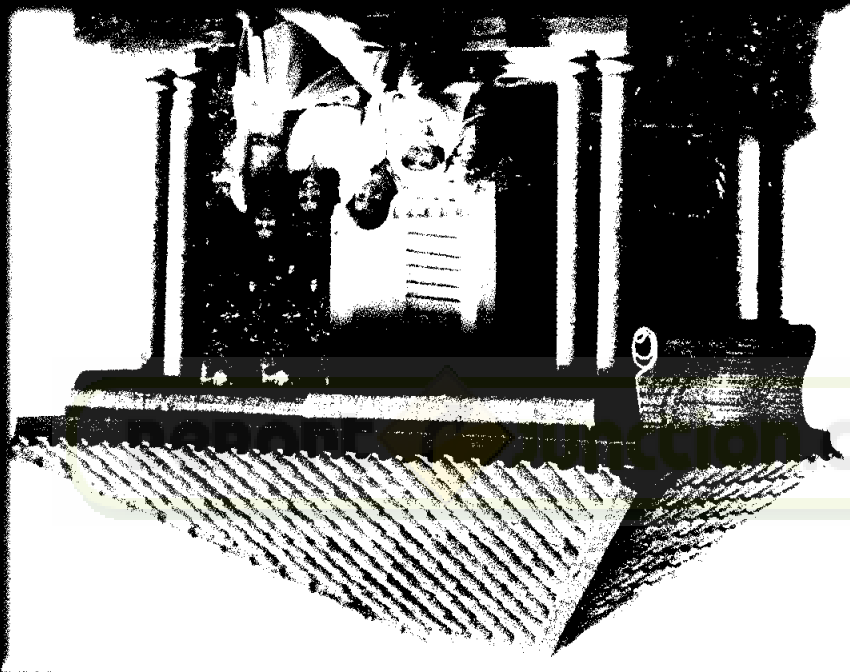
Provide Secured Housing Finance at Affordable Cost,
Maximizing Shareholders' Value with Higher
Customer Sensitivity.

VALUES

- Fair & Transparent Business Practices.
- Transformation to a Knowledge Organisation.
- Quality & Autonomy in Operations.
- Sense of Ownership amongst Employees.

affordable and hassle free financing to own your dream home.

to be a part of success

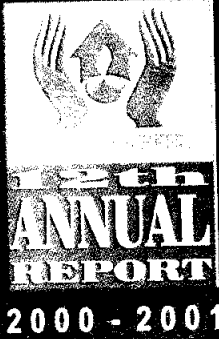


WORLD OF POSSIBILITIES

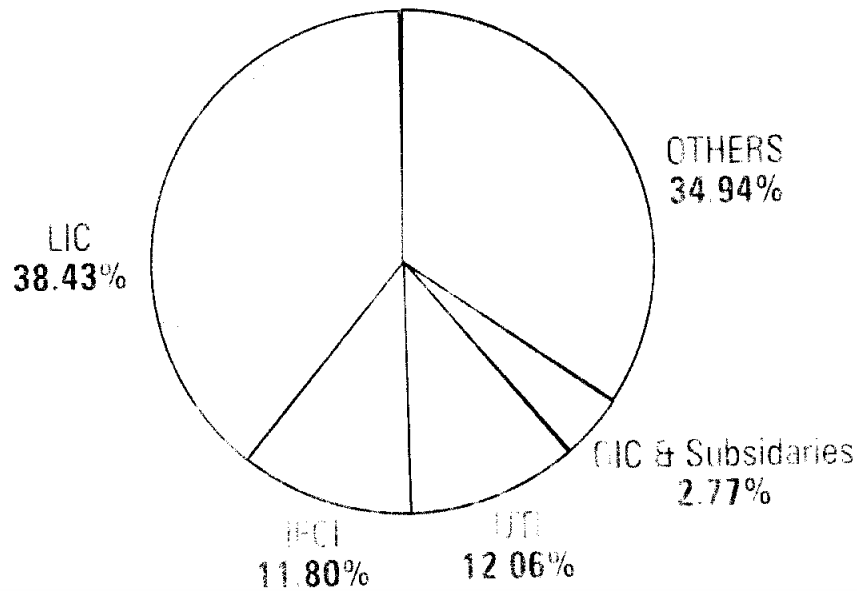
2000 - 2001

ANNUAL
REPORT

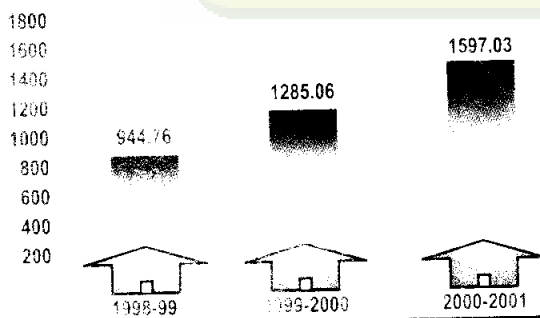




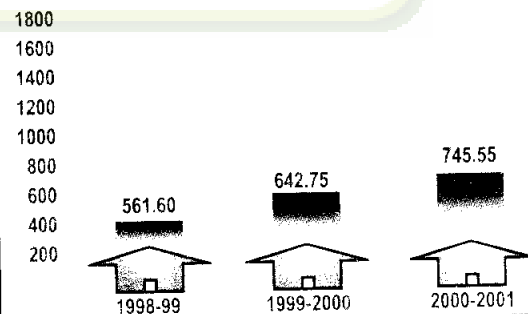
Shareholding Pattern as on 31st March 2001



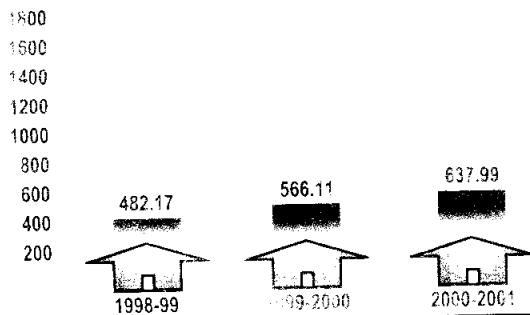
Loan Disbursed (Individual) (Rs. Crores)



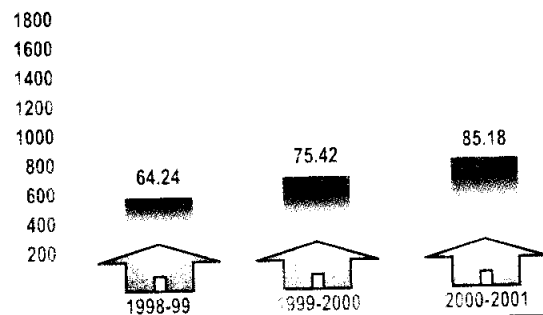
Income : (Rs. Crores)



Net Worth : (Rs. Crores)



Book Value per Share (Rs.) (face value : Rs. 10/-)





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BOARD OF DIRECTORS

G.N. Bajpai	: Chairman (from 25/10/2000)
N.C. Sharma	: Managing Director (from 30/11/2000)
K. Thomas Poulse	: Director
K. Madhava Kumar	: Director
F.M. Pardiwalla	: Director
G.M. Ramamurthy	: Director
Kamal Kishore	: Director (from 31/05/2001)
Kranti Sinha	: Director & Chief Executive
G. Krishnamurthy	: (Chairman upto 31/07/2000)
Y.P. Gupta	: (Managing Director upto 31/10/2000)
Ravi Narain	: (Director upto 27/09/2000)
A.C. Ahuja	: (Director upto 31/05/2001)

COMPANY SECRETARY

Nitin K. Jage

SENIOR EXECUTIVES

R. K. Srivastava	Chief General Manager (HR & Legal)
S. Rajagopalan	General Manager (Finance & Accounts)
D. Krishnan	General Manager (Marketing)
R.B.L. Vaish	General Manager (Investment & Audit)
J.S. Moorthy	General Manager (Marketing)

REGIONAL MANAGERS

S. M. Manchanda	Northern Region
A. Kalyansundaram	Western Region
M.D. Chandnani	Central Region
D.K. Chakraborty	Eastern Region
C.R. Aithal	South Central Region
S. Nallakuttalam	Southern Region

AUDITORS

M/s. Khandelwal Jain & Co.
Chartered Accountants, Mumbai.

SOLICITORS

M/s. Little & Co.

BANKERS

Andhra Bank
Central Bank
Syndicate Bank

REGISTERED & CORPORATE OFFICE

Bombay Life Building, 2nd Floor,
45/47, Veer Nariman Road,
Mumbai - 400 001.
Phones : 204 0006, 204 9799 & 204 9919
Fax : 204 9839
e.mail : lichfl@bom2.vsnl.net.in
website : www.lichousing.com

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 & 893 7793
Fax : 893 7845



NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth Annual General Meeting of the members of LIC Housing Finance Limited will be held at 'Indian Merchants Chamber', IMC Building, IMC Marg, Opposite Churchgate Station, Mumbai 400 020, on Thursday, the 26th July, 2001 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, 2001, the Profit and Loss Account for the year ended 31st March, 2001 together with Reports of the Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Shri G.M. Ramamurthy, 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. Khandelwal Jain & Co., Chartered Accountants, Mumbai 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 of Directors 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, Pune & Aurangabad."

"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 under Section 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 pursuant to the provisions under Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such sanctions as may be necessary, approval be and is hereby given to the appointment of Shri N.C. Sharma as Managing

Director of the Company for the period from 30th November, 2000 to 30th November, 2002 on the terms and conditions set out in the Explanatory Statement attached to this notice".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution".

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

"RESOLVED THAT Shri Kamal Kishore 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 a member 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."

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

"RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof), the 'Other Objects' Clause of the Memorandum of Association be and is hereby altered by inserting the following sub-clauses 73, 74 and 75 as new sub-clauses immediately after existing sub-clause 72 of clause III C of the Memorandum of Association of the Company:

73. To advance long term loan for purchase of consumer durables, on such terms and conditions as the Board of Directors may think fit in the interest of the Company, to the borrower of housing loan and/or to others and to charge differential interest rates to the existing borrower and fresh applicants.
74. To advance loan to individuals and/or corporates on the first mortgage of the existing flat/house property for personal/business needs other than speculative or any illegal purposes.
75. To develop, maintain, operate, 'Assisted Living Community Centres' to provide care for the various needs to all citizens and in particular senior citizen and to take policy for their health and medical care from Insurance Company/ Corporation."



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"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein confirmed to any Committee of Directors or a Director to give effect to aforesaid Resolutions."

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

"RESOLVED THAT on the Special Resolution at Item No.7 for alteration of the 'Other Objects' in the 'Objects Clause' of the Memorandum of Association being duly passed and becoming effective, the approval of the members of the Company be and is hereby accorded pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing and carrying on all or any of the business and activities specified in the existing sub-clause 4 and newly incorporated sub-clauses 73, 74 and 75 in the 'Other Objects' Clause of the Memorandum of Association of the Company at such time and such place as may be deemed fit by the Board of Directors."

By Order and on behalf of the Board

Sd/-

NITIN K. JAGE
COMPANY SECRETARY

PLACE : MUMBAI

DATE : 31st May, 2001.

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 Item Nos. 4 to 8 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 Thursday, 5th July, 2001 to Thursday, 26th July, 2001 (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 26th July, 2001.
- (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 therefore requested to bring their copies of the Annual Report to the meeting.
- (7) Appointment/Re-appointment :

Shri G.M. Ramamurthy, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. He is a Director of the Company from 10th May, 1999. He is Bachelor of Science and Law, member of Institute of Company Secretaries of India and also holds Diplomas in Labour Laws, Company Laws and Taxation Laws. In addition he has passed banker's exam — C.A.I.I.B. Presently, he is holding the position of Chief General Manager (Legal) in Industrial Development Bank of India and has to his credit 30 years of experience in legal. He is not holding Directorship in any other Company.

Shri N.C. Sharma has been nominated as a Managing Director of the Company on 30th November, 2000 by LIC of India pursuant to Article 133(1) of the Articles of Association of the Company.

Shri Kamal Kishore who has been appointed as an Additional Director by the Board of Directors is proposed to be appointed as a Director by the members at the ensuing Annual General Meeting.

The information or details to be provided under Corporate Governance code for Shri N.C. Sharma and Shri Kamal Kishore is given in Explanatory Statement to this notice.

- (8) Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend, to their Depository Participants.
9. The Resolution at Item No. 7 requires consent of shareholders through 'Postal Ballot' and hence ballot paper alongwith a pre-paid envelope for voting is being sent to the members with this Annual Report.



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. Khandelwal Jain & Co., Mumbai have been proposed for appointment of Auditors of the Company. The Board of Directors recommends their re-appointment as Auditors.

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

Item No. 5

Pursuant to Article 112 (b) & 133 (1) of Chapter XVI of the Article of Association of Company, LIC of India vide their letter dated 30th November, 2000 nominated Shri N.C. Sharma as Managing Director of the Company.

The terms and conditions of his appointment as required under Section 302(7) of the Companies Act, 1956 has already been circulated among the members immediately on his appointment as Managing Director viz.

1. His appointment is for the period from 30th November, 2000 till his retirement from services from LIC of India i.e. 30th November, 2002.
2. He will not be entitled to any salary as a Director/ Managing Director of LIC Housing Finance Limited as he is already getting his salary from LIC of India as Managing Director.

None of the Directors, except Shri N.C. Sharma is concerned or interested in the Resolution.

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

Item No. 6

Shri Kamal Kishore was appointed as an Additional Director of the Company by the Board of Directors on 31st May, 2001 under Section 260 of the Companies Act, 1956. and

holds Office upto the date of the Twelfth Annual General Meeting of the Company.

Shri Kamal Kishore is a Chief General Manager of IFCI Ltd., and is having wide experience in different fields like finance and management.

As required under Section 257 of the Companies Act, 1956, a Notice has been received from a member proposing the name of Shri Kamal Kishore for the office of a Director.

None of the Directors, except Shri Kamal Kishore is concerned or interested in the Resolution.

The Board of Directors recommends the passing of the Resolution at Item No. 6 of the Notice.

Item Nos. 7 & 8

Your Directors visualise good potential for business growth in this field. Further, this business activity is germane to and conducive to the growth of existing main business of the Company.

Your Directors therefore, commend your approval to the Resolutions under Item Nos. 7 & 8 of accompanying Notice.

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

The Memorandum of Association is open for inspection to the members at the Registered Office of the Company on any working day during 10.00 a.m. to 12.00 noon.

By Order and on behalf of the Board

Sd/-

NITIN K. JAGE
COMPANY SECRETARY

PLACE : MUMBAI

DATE : 31st May, 2001.

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 Twelfth Annual Report of your Company together with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2001.

FINANCIAL RESULTS

The Profit and Loss Account reflects a Profit Before Tax of Rs.156.82 crore after a provision of Rs.11.00 crore towards contingencies for doubtful loans and diminution in investments and taking into account all expenses including depreciation of Rs. 1.16 crore. The Net Profit (after tax) for the year is Rs.121.52 crore.

Taking into account the balance of Rs.19.34 crore being brought forward from the previous year and provision for previous year items of Rs. 0.25 crore, the disposable profit is Rs.140.60 crore.

Appropriations :

	(Rs. in Crore)	
	For the year ended 31.3.2001	For the year ended 31.3.2000
Special Reserve	56.70	53.00
General Reserve	30.00	25.00
Interim Dividend	Nil	18.76
Proposed Dividend	30.02	03.75
Tax on Dividend	3.07	02.89
Tax on Dividend pertaining to earlier year	Nil	00.23
Balance Carried forward to next year	20.81	19.34
	<u>140.60</u>	<u>122.97</u>

DIVIDEND

Your Directors have recommended a dividend @ Rs. 4 per share (40%), for the year ended 31st March, 2001, compared to Rs. 3 per share (30%) aggregate of interim and final for the year ended 31st March, 2000.

PERFORMANCE

Income and Profit Growth

Profit Before Tax and Profit After Tax stood at Rs. 156.82

crore and Rs.121.52 crore as against Rs. 137.58 crore and Rs. 109.08 crore respectively for the previous year.

The Company earned a total income of Rs.745.51 crore and thereby registered a growth of 16%. Profit Before Tax has grown by 14% and Profit After Tax by 11.40% as compared to previous year. The ratio of administrative expenses to the housing loans which was 0.46% last year has increased to 0.51% for 2000-01 mainly due to wage revision and arrears payment.

Lending Operations

Individual Loans :

The Company sanctioned 54821 loans for Rs.1716.56 crore and disbursed 52258 loans for Rs.1597.03 crore during the year 2000-01. This constitutes 98.44% in respect of sanction and 99.29% in respect of disbursement, of the total lending operation. The cumulative sanctions and disbursements since the incorporation, under this category are:

Amount Sanctioned Rs.8456.52 crore

Amount Disbursed Rs.7505.66 crore.

Non Performing Loans & Provisions :

The amount of gross NPA as on 31st March, 2001 is Rs.180.41 crore which is 3.44% of the Individual loan portfolio. The net NPA is Rs.145.09 crore, which is 2.76% of the Individual loan portfolio. During the year under review the Company has, as a matter of prudent business policy made further provision of Rs.11.00 crore towards Non-Performing Assets. The cumulative provision is Rs.35.36 crore which is higher by Rs.1.76 crore than required by the NHB guidelines. Further, the Company has transferred Rs.17.00 crore from Special Reserve created prior to 31st March, 1998 and written off Rs. 14.47 crore against Builders' loan, Rs.4.68 crore against Non-Convertible Debenture and Rs.1.00 crore against Inter Corporate Deposit.

Project Loans :

The Company continued to follow a conservative policy in sanctioning loans to the Developers/Builders; instead the thrust has been on sanctioning loans to Individuals, Corporates/Public-bodies, Co-operative Housing Societies, etc.

The Company has helped in constructing around 4,60,962 dwelling units under Individual and Project Loan Schemes upto 31st March, 2001.



CUSTOMER ORIENTATION

With a view to taking operations nearer to our clients the Company opened 23 Extension Counters under some of the large Area Offices. Apart from existing 67 Area Offices and the above numbered Extension Counters, the Company also operates through a chain of more than 100 Camp Offices. With these, your Company has widest network amongst all the Housing Finance Companies in India.

SECURITISATION OF DEBT PORTFOLIO

The Company has been selected by the National Housing Bank as one of the prime Housing Finance Company for launch of Mortgage Based Securitisation. For this purpose the selected Mortgaged Portfolio of your Company's Housing Loan has been rated by CRISIL as "AAA (SO)" [pronounced as Triple A Structured Obligation]. The first tranche of Rs. 43.84 crore was placed in the market in the month of August, 2000 and is being serviced satisfactorily. The second tranche has also been rated as "AAA (SO)" and fully subscribed enabling the Company to securitise another Rs. 46.84 crore.

AUDITORS

The Directors recommend re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai as Auditors of the Company for the Financial Year 2001-2002.

The Company has received certificate from them stating that their re-appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

DIRECTORS

During the year Shri G. Krishnamurthy, Shri Y.P. Gupta, Shri Ravi Narain and Shri A.C. Ahuja resigned from the Board of Directors of the Company. The Board places on record its appreciation for the valuable contribution made by them during their tenure as Members of the Board.

Shri G.M. Ramamurthy retires by rotation at the ensuing annual general meeting and is eligible for re-appointment. Your Directors recommend his re-appointment.

During the year Shri G.N. Bajpai and Shri N.C. Sharma were nominated as Chairman and Managing Director, respectively by LIC of India in terms of Article 143(b) and 133(1) of the Articles of Association of the Company. The appointments of Managing/Executive Directors by the shareholders/ LIC of

India is upto the date of their superannuation subject to a maximum period of 5 years at a time.

Shri Kamal Kishore was appointed as an Additional Director by the Board of Directors and holds Office till conclusion of Twelfth Annual General Meeting. The Company has received notice from a Member proposing his name for the office of Director. Your Directors recommend his appointment.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the stock exchanges at Mumbai, New Delhi, Kolkata, Chennai, Ahmedabad & National Stock Exchange.

DEPOSITORY SYSTEM

The Company has signed agreement with Central Depository Services (India) Limited (CDSL) for transaction of its share in demat, in addition to the National Securities Depository Limited (NSDL) so as to give choice to the Shareholders. However, as on 18th May, 2001, 62,349 members of the Company hold shares in physical form. As per SEBI's instruction the transaction of the Company's shares has to be in Demat form and therefore, members are requested to convert their holding in Demat form.

NHB GUIDELINES

The Company has been following a prudential accounting practice in respect of 'Income Recognition' since incorporation and thereby not accounting income in respect of housing loans on which interest is 'Past Due' for more than six months.

Your Company is complying with the guidelines in respect of Income Recognition, provisioning for Non-Performing Assets and maintaining Capital Adequacy Ratio issued by National Housing Bank (NHB) from time to time. As on 31st March, 2001 the Capital Adequacy Ratio was 11.26% (as against 10% prescribed by NHB).

FIXED DEPOSITS

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

STATUTORY INFORMATION

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of particulars in the Report of the Board of