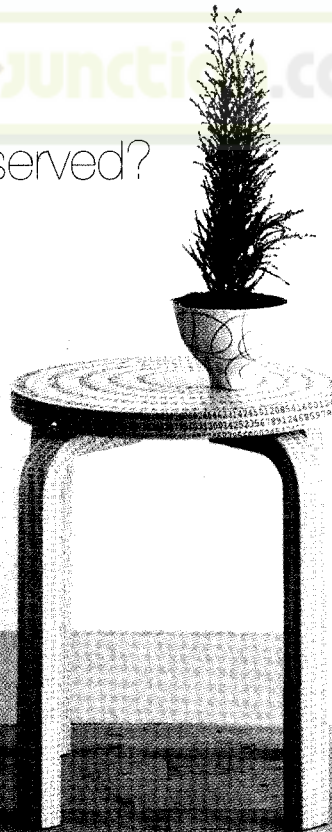




LIC Housing Finance Limited
Annual Report 2005-06

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How do you want to be served?



Corporate information

Board of Directors

T. S. Vijayan	: <i>Chairman (from 08.05.2006)</i>
Thomas Mathew T.	: <i>Managing Director (from 08.05.2006)</i>
G. M. Ramamurthy	: <i>Director</i>
Y. B. Desai	: <i>Director</i>
Dhananjay Mungale	: <i>Director</i>
S. Ravi	: <i>Director</i>
K. Narasimha Murthy	: <i>Director</i>
B. N. Shukla	: <i>Director (from 24.01.2006)</i>
S. K. Mitter	: <i>Director & Chief Executive</i>
A. K. Shukla	: <i>Chairman (upto 30.04.2006)</i>
K. Sridhar	: <i>Managing Director (upto 31.01.2006)</i>
F.M. Pardiwalla	: <i>Director (upto 22.12.2005)</i>

General Manager (Taxation) & Company Secretary

Nitin K. Jage

Senior Executives

Sharad Shrivastva

General Manager (Credit Appraisal)

P. K. Rath

General Manager (Marketing)

K. Ramesh

Chief Financial Officer & General Manager (Risk Management)

Smt. Renuka S.

General Manager (Information Technology)

K. S. Kutty

General Manager (Recoveries)

Smt. Y. V. Padmavati

General Manager (HR & Legal)

Surinder Mohan

General Manager (Accounts)

D. Y. Oke

Deputy General Manager (Internal Audit)

Regional Managers

V. Satyakumar	<i>Southern Region</i>
S. M. Balvally	<i>Western Region</i>
R. K. Sood	<i>Northern Region</i>
P. R. Shankara Raju	<i>South Central Region</i>
A. K. Mahato	<i>Eastern Region</i>
Satish Kaul	<i>Central Region</i>

Auditor

P. C. Hansotia & Co.

Chartered Accountants, Mumbai

Bankers

Andhra Bank

Central Bank of India

Corporation Bank

Syndicate Bank

UTI Bank Ltd.

HDFC Bank Ltd.

Registered & Corporate Office

Bombay Life Building, 2nd Floor,

45/47, Veer Nariman Road, Mumbai - 400 001

Phones : 2204 0006, 2204 9799 & 2204 9919

Fax : 2204 9839

email : lichfl@bom2.vsnl.net.in

website : www.lichousing.com

Registrar & Share Transfer Agent

Gharex Dynamic (India) Pvt. Ltd.

17/B, Dena Bank Building, 2nd Floor,

Horniman Circle, Fort, Mumbai - 400 001

Phones : 22702485, 22641376

Fax : 22641349

email : sd_india@rediffmail.com

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LIC Housing Finance Limited (LICHFL) is the fourth largest housing finance company in India, having serviced more than 8,50,000 customers in its 17 years of existence.



Our visiting card

Who we are

- One of India's largest housing finance companies.
- Promoted by Life Insurance Corporation of India.
- Promoters hold a 39.08 per cent stake in the Company.

Where we are present

- Head office in Mumbai, India.
- Network across six regional offices, 15 back offices, and 115 marketing offices.
- Representative office in Dubai.
- Listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
- An external marketing network comprising 5500 direct sales agents, home loan agents, customer relation associates.

What our business is

- Direct financing for homes, construction projects and corporate housing schemes.
- Almost 94 per cent of loan assets in the retail category.
- Increasing focus on non-core disbursements (project funding and rental income securitisation).

What makes us happy

- Rated AAA by CRISIL for the last five years.
- Consistent record of dividend payments since 1990.

What we have achieved

- Disbursements (to individuals) of approximately Rs. 4,670.08 cr (March 31, 2006) with a CAGR of approximately 24 per cent over last five years.
- 13.54 per cent growth in CAGR interest income over the last ten years.
- Profit after tax growth at a CAGR of (approximately) 14 per cent over the last ten years.

Total outstanding assets
Rs. **14,867** cr
as on March 31, 2006



Our key numbers

No. of employees
873
as on March 31, 2006

Capital adequacy ratio
14.13 %
as on March 31, 2006

Dwelling units financed
8,50,000
as on March 31, 2006

Market capitalisation
Rs. **1,643.44** cr
as on March 31, 2006

What we achieved in 2005-06



Performance

- 21.65 per cent growth in interest income from housing loans from Rs.977.89 cr in 2004-05 to Rs.1,189.65 cr.
- 11.39 per cent growth in net interest income from Rs.300.77 cr in 2004-05 to Rs.335.05 cr.
- 45.12 per cent growth in profit after tax from Rs.143.72 cr in 2004-05 to Rs.208.57 cr.



Business

- 13.87 per cent growth in sanctions from Rs.4,415.05 cr in 2004-05 to Rs.5,027.28 cr in 2005-06.
- 11.00 per cent growth in disbursements from Rs.4,207.22 cr in 2004-05 to Rs.4,670.08 cr in 2005-06.
- 7.34 per cent growth in funds procured from Rs.4,045 cr in 2004-05 to Rs.4,342 cr in 2005-06.
- 19.72 per cent growth in total loan portfolio from Rs.12,418.32 cr in 2004-05 to Rs.14,867.19 cr in 2005-06.



Expenses

- 138 basis points reduction in administrative expenses to total income from 8.77 per cent to 7.39 per cent.
- 17.24 per cent growth in provision cover on total assets from Rs.203 cr in 2004-05 to Rs.238 cr in 2005-06.

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Profitability

- 98 basis point reduction in NPAs from 2.78 per cent in 2004-05 to 1.80 per cent in 2005-06.
- 274 basis point increase in net profit margin from 13.69 per cent in 2004-05 to 16.43 per cent in 2005-06.
- 348 basis point increase in return on equity from 12.02 per cent in 2004-05 to 15.50 per cent in 2005-06.



Product launch

- Introduction of the New Griha Lakshmi scheme for disbursement of loans against liquid securities acceptable to the Company.



Customer service

- Design and launch of the I.T.-enabled Appraisal Scorecard system for unbiased appraisal.
- Introduction of the concept of multiple due date for EMI.



Shareholder value

- 37.67 per cent growth in earning per share from Rs.17.84 in 2004-05 to Rs.24.56 in 2005-06.
- 12.59 per cent growth in book value from Rs.140.70 in 2004-05 to Rs.158.42 in 2005-06.



Vision

To be the best housing finance company in the country.

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Mission

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



Values

Transformation to a knowledge organisation

The Company is committed to the growing use and sharing of knowledge as a driver of business success.

Sense of ownership

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

Quality and autonomy in operations

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

Fair and transparent business practices

Ethics and transparency form the basis of the business of LIC Housing Finance. On the macro level, the Company complies with all the laws of the lands in which it operates; on the micro level, the Company respects the dignity of each individual.

At LIC Housing Finance,
service begins by asking what the
customer wants and then being
able to provide it.



Loans to individuals for new houses

- Loan up to 85 per cent of property cost.
- Loan amount ranging from Rs. 1,00,000 to Rs. 1,00,00,000.
- Term upto 20 years.



Loans to non-resident Indians

- Exclusive scheme for NRIs.
- Loan up to 85 per cent of property cost.
- Loan amount ranging from Rs. 5,00,000 to Rs. 1,00,00,000.
- Term up to 10 years (up to 15 years for professionals).



Loans for repairs and renovations

- Loans for repairs / renovation.
- Loans up to 85 per cent of the cost of repairs (as per the Company's assessment).
- Loan amount from Rs. 1,00,000 to Rs. 1,00,00,000.
- Term upto 20 years.

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90

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