



LIC Housing Finance Limited

Not just protecting
our bottomline.
But protecting your
interest as well.



Corporate information

Board of Directors

T. S. Vijayan	: <i>Chairman</i>
Thomas Mathew T.	: <i>Managing Director</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</i>
S. K. Mitter	: <i>Director & Chief Executive</i>

General Manager (Taxation) & Company Secretary

Nitin K. Jage

Senior Executives

Sharad Shrivastva

General Manager (Credit Appraisal)

P. K. Rath

General Manager (Marketing)

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)

G. D. Joshi

Deputy General Manager (Internal Audit)

Regional Managers

R. Chaturvedi	<i>Central Region</i>
A. K. Mahato	<i>Eastern Region</i>
R. K. Sood	<i>Northern Region</i>
P. R. Shankara Raju	<i>South Central Region</i>
S. M. Balvally	<i>Western Region</i>
M. A Qadir	<i>Southern Region</i>

Auditors

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

Sharex Dynamic (India) Pvt. Ltd.

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

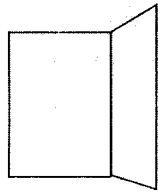
Horniman Circle, Fort, Mumbai - 400 001.

Phones : 22702485, 22641376. Fax : 22641349.

email : sd_india@rediffmail.com.

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India does not just have the second largest population in the world. It probably has the largest housing deficit as well.

LIC Housing Finance is engaged in the responsible business of providing housing loans.

With the objective to make the distant dream of home ownership accessible and affordable.

For thousands.

Singular focus helps.

This is what LIC Housing Finance is today within its industry:

- One of the largest.
- One of the fastest growing.
- One of the most profitable.

Positioning

- One of India's largest housing finance companies.
- Promoted by Life Insurance Corporation of India.
- Promoters hold a 40.50 per cent stake in the Company.
- Rated AAA by CRISIL for the last five years.
- More than 8,50,000 customers serviced till date.
- Consistent record of dividend payments since 1990.

Portfolio

- Direct financing of homes, construction projects and corporate housing schemes.
- Almost 97 per cent of loan assets belonging to the retail category.
- CAGR of 21.35 per cent in portfolio over the last 10 years.

Presence

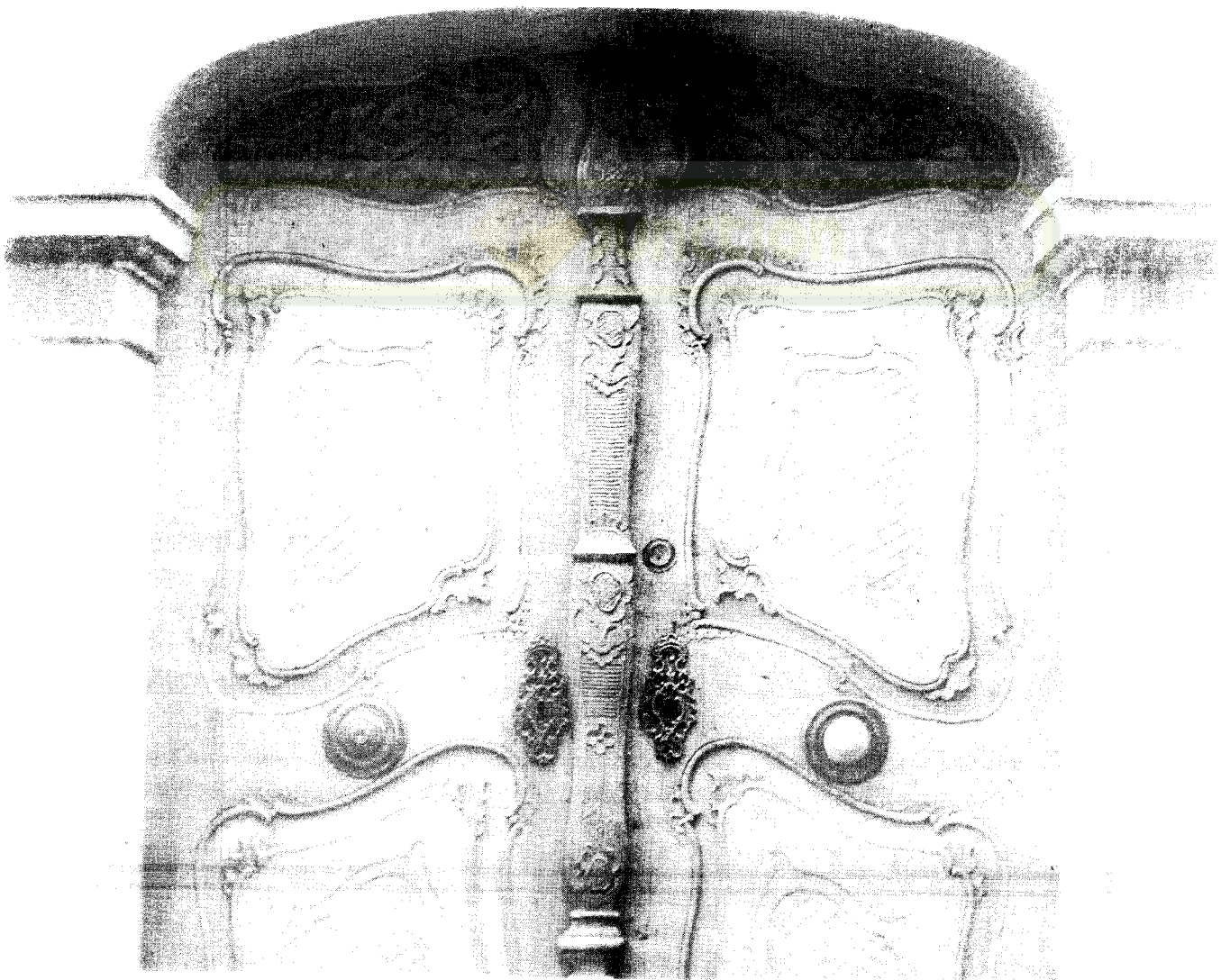
- Headquartered in Mumbai, India.
- Network across six regional offices, 14 back offices, and 108 marketing offices.
- Representative presence in Dubai and Kuwait.
- Listed on the Bombay and the National Stock Exchanges in India and also on the Luxembourg Stock Exchange.
- External marketing network comprising 977 direct sales agents (DSAs), 3,914 home loan agents (HLAs) and 304 customer relation associates (CRAs).

Performance

- Disbursals of approximately Rs. 51.21 bn (31st March 2007) with a CAGR of more than 23 per cent over the last 10 years.
- 14.40 per cent CAGR in interest income over the last 10 years.
- Profit after tax at a CAGR of almost 14 per cent over the last 10 years.

LIC Housing Finance is one of the top four players in India's housing finance industry with a market share of 6 per cent.

In its 17 years of existence, the Company has provided loans worth Rs. 29,740.16 cr to finance the dreams of nearly 8,67,936 individuals.



Vision

To be the best housing finance company in the country.

Values

Transformation to a knowledge organisation

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

Sense of ownership

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

Quality and autonomy in operations

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

Fair and transparent business practices

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

Mission

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

Report



Junction

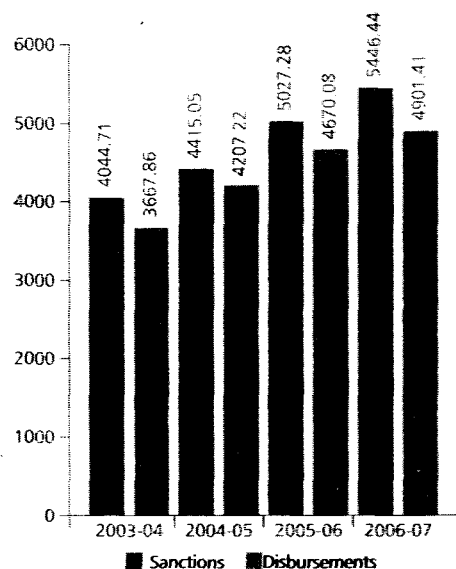
2006-07 was not just another year. It was a challenging time for housing loan providers.

Interest rates hardened. Real estate prices jumped.

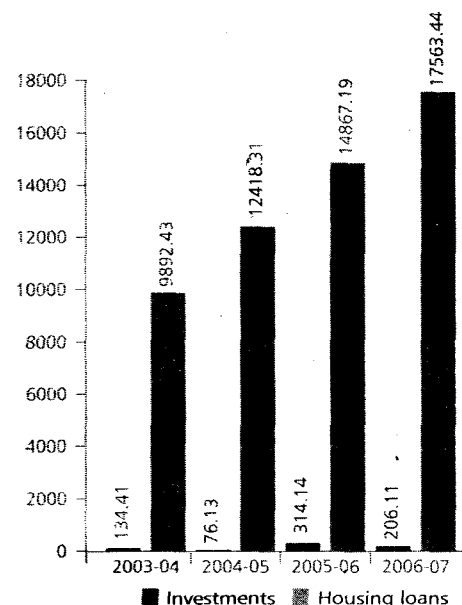
Difficult times get the best out of some people. LIC Housing Finance reported record numbers in 2006-07.

Report  junction.com

Loan sanctions and disbursements - individual (Rs./cr)



Asset profile (Rs./cr)



Performance

26 per cent growth in interest income from housing loans from Rs. 1,189.65 cr in 2005-06 to Rs. 1,498.99 cr in 2006-07

18.65 per cent growth in net interest income from Rs. 335.04 cr in 2005-06 to Rs. 397.53 cr in 2006-07

33.84 per cent growth in profit after tax from Rs. 208.57 cr in 2005-06 to Rs. 279.14 cr in 2006-07

Business

18.62 per cent growth in sanctions from Rs. 5,147.02 cr in 2005-06 to Rs. 6,105.43 cr in 2006-07

4.61 per cent growth in disbursements

from Rs. 4,895.51 cr in 2005-06 to Rs. 5,121.36 cr in 2006-07

18.14 per cent growth in total loan portfolio from Rs. 14,867.19 cr in 2005-06 to Rs. 17,563.44 cr in 2006-07

4.54 per cent growth in funds procured from Rs. 4,342 cr in 2005-06 to Rs. 4,539 cr in 2006-07

Expenses

2.77 per cent reduction in provision cover on total assets from Rs. 238 cr in 2005-06 to Rs. 231 cr in 2006-07

Profitability

54-basis point reduction in NPAs from

1.8 per cent in 2005-06 to 1.26 per cent in 2006-07

200-basis point increase in net profit margin from 16.43 per cent in 2005-06 to 17.63 per cent in 2006-07

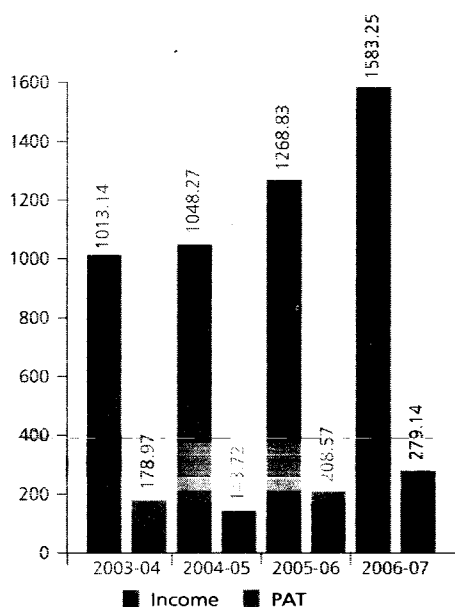
258-basis point increase in return on equity from 15.50 per cent in 2005-06 to 18.08 per cent in 2006-07

Shareholder value

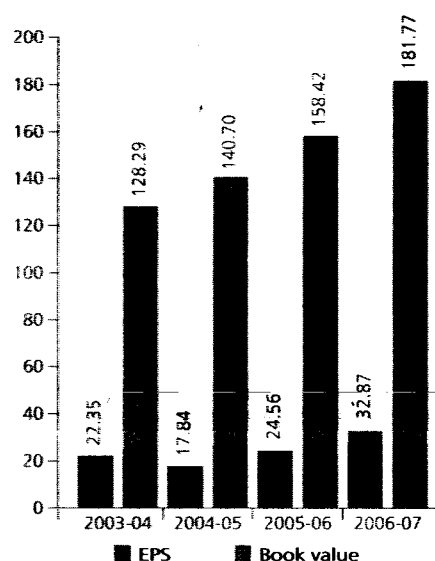
33.85 per cent growth in earning per share from Rs. 24.56 in 2005-06 to Rs. 32.8 in 2006-07

14.74 per cent growth in book value from Rs. 158.42 in 2005-06 to Rs. 181.77 in 2006-07

Performance indicators (Rs./cr)



Shareholder value (Rs.)



Message from the Chairman

Dear Shareholders,



It gives me great pleasure to present before you the performance of LIC Housing Finance Limited for the year 2006-07. The year has been one of progress and improvement in all areas of operations.

Housing provides emotional and social bondage to the individual with the family and the society. Housing is an economic and social need, irrespective of the financial status of the individual. Your Company has been continuously trying to fulfill the needs of the teeming millions for a house, by providing the necessary financial support to the people.

The need and scarcity of housing has become all the more acute by the disintegration of the joint family system and the emergence of nuclear families. An individual today has been urged to have his own independent income. This has led to the migration of people from rural/semi-rural agrarian values and systems to the faster and complex urban agglomeration, more specifically to the centres of active businesses, thereby further leading to centres now termed as Tier I; Tier II and Tier III cities. During the 10th five year plan (2002-07), an estimated amount of Rs. 7, 00,000 cr will be spent on housing related activities. It is also expected that in the 11th five year plan (2007-12), this amount will reach Rs. 9,00,000 cr.

In this vast and ever expanding housing market in the country, your Company will be in the forefront to fulfill the needs of millions of people. The Company would also like to take this opportunity to strengthen the financials through improved performance and value added service to the customers and the stakeholders.

The challenge before the Company is to manage the growing transaction cost, more particularly, the cost of funds. While the Company has been very effective in managing the funds, the impact of market dynamics cannot be avoided. During the last one year there has been a sharp rise in the cost of funds and the Company had no option left but to share the burden with the existing and prospective customers, by raising the interest rates. In fact, there has been a rise of almost 200 basis points in the interest rates during the last one year.

In its continuous efforts to source cheap funds, your Company for the first time embarked on the scheme of Public Deposits, thereby enabling the Company to access the investible money in the hands of the retail investors. In its effort to improve the market penetration and cater to the needs of the various segments, the Company has been developing appropriate products. In his last budget speech the Honorable Finance Minister, Mr. P. Chidambaram suggested to banks and housing finance companies to develop products on "Reverse Mortgage" as is available in many of the developed countries. Your Company is in a position to introduce to the market Reverse Mortgage product at any time.

Non Performing Assets (NPAs) constitute a very critical area in any lending business. Your Company has been very effective in arresting and reducing the NPAs during the last two years. As on 31st March 2007, the

net NPA of the Company was 1.26 per cent. Your Company will make ceaseless efforts to arrest NPAs by better risk appraisal and effective recovery mechanism. In addition to this, the Company intends to make full use of the foreclosure norms to recover the outstanding dues of the Company.

Your Company recognises the value of customers in any marketing plan both for the present and future. Value Added Service will be one of the focused areas of the Company. The Company has set up specialised Customer Relation Management (CRM) desk to address to the grievances and expectations of the customers both domestic and international.

LIC Housing Finance Limited has been playing a significant part in the economy and social life of the country, with its impeccable brand image and transparent policies and practices. The Company would like to remain focused on all areas that are likely to impact, favourably, the customers, the stakeholders, the employees and above all the society. I am confident, of a consistent and continuous improvement of the Company. This progress cannot move forward without your active support and good wishes. I look forward to another year of achievements and success.

Yours truly,

14th May 2007

T.S. Vijayan
Chairman