

## NOTICE OF THE TWENTY FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fourth Annual General Meeting of the members of LIC Housing Finance Limited will be held at "M. C. Ghia Hall", Bhogilal Hargovindas Building, 4th Floor, 18 / 20 Kaikhushru Dubash Marg, behind Prince of Wales Museum, Mumbai – 400 001 on Thursday, 25th July, 2013 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, 2013, the Profit and Loss Account for the year ended 31st March, 2013 together with Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri S. Ravi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jagdish Capoor, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 224A of the Companies Act, 1956 M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai be and are hereby appointed as Joint Statutory Auditors of the Company to hold the office from the 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 applicable service tax for the purpose of audit of the Company's accounts at the Registered and Corporate Office as well as few Back Offices."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to appoint in consultation with the Company's Joint Statutory 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 Back Offices in India on such terms and conditions as may be mutually agreed depending upon the nature and scope of their work."

### SPECIAL BUSINESS:

6. 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 V. K. Sharma, as Managing Director & CEO of the Company for a period of 5 years or as decided by LIC of India from time to time.

The terms and conditions of his service shall be determined from time to time by LIC of India and the Board of LIC Housing Finance Limited which will be within the limit as per the Companies Act, 1956 as 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".

By Order and on behalf of the Board

NITIN K. JAGE  
General Manager (Taxation) &  
Company Secretary

Date : 26.04.2013

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 COMMENCEMENT OF THE MEETING.

- (2) The Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of item Nos. 5 & 6 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, 11th July, 2013 to Thursday, 25th July, 2013 (both days inclusive).
- (4) The dividend on equity shares, if declared at the meeting, will be paid on or after 27th July, 2013.

- (i) to those members holding shares in physical form, whose names would appear on the Register of Members of the Company, at the close of business hours on Thursday, 25th July, 2013 after giving effect to all valid transfers in physical form lodged

with the Company on or before Wednesday, 10th July, 2013 and

- (ii) in respect of the shares held in electronic form, on the basis of the details furnished by NSDL and CDSL at the close of business hours on Wednesday, 10th July, 2013.
- (5) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
- (6) Members holding shares in electronic form may please note that dividend in respect of the shares held by them will be credited to their bank account as per the details furnished by the respective Depositories to the Company as per the applicable regulations of the Depositories and the Company will not be in a position to entertain any direct request from such members for change / deletion in such bank details. Further, instructions, if any, already given by members 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 (DP).
- (7) The Company proposes the payment of dividend, if declared, through National Electronic Fund Transfer (NEFT), National Electronic Clearing Services (NECS) or by way of dispatch of physical dividend warrants with Bank Details as furnished by the members. Members

holding shares in physical mode are advised to immediately submit the NEFT / Bank Details alongwith IFSC code to the Company's Registrar and Transfer Agent – Sharex Dynamic (India) Private Limited (SDIL) or notify the changes, if any, to SDIL and Members holding the shares in dematerialization mode are advised to submit the Bank Details alongwith IFSC code to their respective DP or notify the changes, if any, in their Bank Details to their respective DP. NECS mandate form is being sent alongwith the Annual Report so as to enable the shareholders to update their address and bank particulars and ensure timely and faster credit of dividend to their bank account.

- (8) Re-appointment of Directors: [ As required under clause 49(VI)(A) ]

Shri S. Ravi

Shri S. Ravi, Director of the Company retires by rotation at the ensuing Annual General Meeting.

Shri S. Ravi is a post graduate in Commerce and fellow member of Institute of Chartered Accountants of India. He is promoter partner of M/s. Ravi Rajan & Company Private Limited. He has to his credit wide experience in banking and specialization in the field of accounting, auditing, financial and management consulting, business valuation, merger, acquisition, restructuring, business advisory services etc. He was appointed as Director on 26th June 2005. He is Chairman of Audit Committee and member of Investors' Grievance Committee and Banking Licence Committee of Directors.

The details of other Directorships/committee memberships of Shri S. Ravi are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Bharat Heavy Electricals Limited	Director	Chairman of Audit Committee
Mahindra Ugine Steel Company Limited	Director	Member of Audit & Investors' Grievance Committees
IDBI Capital Market Services Limited	Director	Chairman of Audit Committee
IDBI Bank Limited	Director	Member of Audit Committee & Chairman of Investors' Grievance Committee
Religare Housing Development Finance Corporation Limited	Director	Member of Audit Committee
GMR Chennai Outer Ring Road Private Limited	Director	Chairman of Audit Committee
UTI Trustee Company Private Limited	Director	Member of Audit Committee
SME Rating Agency of India Limited	Director	Member of Audit Committee
Canbank Venture Capital Fund Limited	Director	-
S Ravi Financial Management Services Private Limited	Director	-
SBI – SG Global Securities Services Private Limited	Director	-
Management Development Institute	Member of Board of Governors	-

Shri Jagdish Capoor

Shri Jagdish Capoor, Director of the Company retires by rotation at the ensuing Annual General Meeting.

Shri Jagdish Capoor holds a Masters degree in Commerce and is a Fellow of Indian Institute of Banking and Finance. He retired as Deputy Governor of Reserve Bank of India after serving for 39 years. While with Reserve Bank of India, he was the Chairman of Deposit Insurance and Credit Guarantee Corporation of India, Unit Trust of India, and Bharatiya Reserve Bank Note Mudran Limited and served as a Director on the boards of Bank of Baroda, Export Import Bank of India, State Bank of India, National Bank of Agriculture and Rural Development, National Housing Bank, Infrastructure Development Finance Company Limited and GHCL. He had been Chairman of Agriculture Finance Corporation Limited,

Bombay Stock Exchange Limited and HDFC Bank Limited. Presently Shri Capoor is on the Board of Directors of the Assets Care & Reconstruction Enterprise Limited, Quantum Trustee Company Private Limited, Indian Hotels Company Limited, LIC Pension Fund Limited, LICHL Trustee Company Pvt. Limited, and Manappuram Finance Limited. He is also a member on the Board of Governors of the Indian Institute of Management, Indore. Shri. Capoor is a member of Audit Committee of Indian Hotels Company Limited and Chairman of Audit Committees of Quantum Trustee Company Private Limited and LIC Pension Fund Limited.

He was appointed as Director on 25th May 2012. He is a member of Debenture Allotment Committee and Banking Licence Committee.

The details of other Directorships/committee memberships of Shri Jagdish Capoor are as follows:

Names of Companies	Nature of Interest	Chairmanship / Membership of Board Committee as per Clause 49 of Listing Agreement
Indian Hotels Company Limited	Director	Member of Audit Committee
LIC Pension Fund Limited	Director	Chairman of Audit Committee
Quantum Trustee Company Private Limited	Director	Chairman of Audit Committee
Entegra Limited	Director	Member of Audit Committee-
Atlas Documentary Facilitators Company Private Limited	Director	Member of Audit Committee
Manappuram Finance Limited	Director	-
Vikas Global One Limited	Director	-
Assets Care & Reconstruction Enterprise Limited	Director	-
LICHL Trustee Company Private Limited	Director	-
Banyantree Bank Limited	Director	Member of Audit Committee
Indian Institute of Management	Member, Board of Governors, Chairman, Finance Committee	-

- (9) Members are requested to bring Attendance Slip to the meeting. Members who hold shares in dematerialized form are requested to bring their Depository Account Number for identification.
- (10) As per the amended provisions of the Companies Act, 1956, the facility for making nomination is now available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrar and Transfer Agent – SDIL or can be downloaded from the Company's website.
- (11) Members holding shares in the same set of names under different ledger folios are requested to apply for consolidation of such folios along with relevant share certificates to the Company's Registrar & Transfer Agent- SDIL.
- (12) Members are requested to notify immediately any change in their address / bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the company – SDIL in respect of their physical share folios.
- (13) Pursuant to the provisions of section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred

the unclaimed / unpaid dividend for the financial years upto 2004-2005, to the Investor Education and Protection Fund of the Central Government on expiry of seven years from the date of declaration in terms of the provisions of Section 205A of the Companies Act, 1956. The unpaid dividend for the financial year 2005-2006 will become due for transfer to the Fund, on 2nd August, 2013. Members who have not yet encashed the dividend warrants for any of the financial years from 2005-2006 to 2011-2012 and Interim Dividend warrants for the financial year 2006-2007, are once again requested to make their claims immediately to the Company or the Company's Registrar & Transfer Agents - SDIL for issuance of duplicate / revalidated dividend warrant/s.

- (14) Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
- (15) The Members desiring any information as regards to accounts are requested to write to the Company at an early date, so as to enable the Company to keep information ready.
- (16) 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 copy of the Annual Report to the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 5**

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

M/s. Chokshi & Chokshi, Chartered Accountants, Mumbai and M/s. Shah Gupta & Co., Chartered Accountants, Mumbai have been proposed for appointment of Joint Statutory Auditors of the Company. The Board of Directors recommends their re-appointment as Joint Statutory Auditors.

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

**Item No.6**

Shri V. K. Sharma was appointed as Managing Director & CEO of the Company by the Board of Directors w.e.f. 19th March, 2013 under section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, and holds Office upto the date of the Twenty Fourth Annual General Meeting of the Company.

The terms and conditions of his appointment are,

- a. From 19th March, 2013 for a period of 5 years or as decided by LIC of India from time to time.
- b. The terms and conditions of his service shall be determined from time to time by LIC of India and the Board of LIC Housing Finance Limited which will be within the limit as per the Companies Act, 1956.

The Board of Directors recommends the passing of the Ordinary Resolution as per Item No.6 of the Notice.

None of the Directors, except Shri V. K. Sharma is concerned or interested in the Resolution.

By Order and on behalf of the Board

NITIN K. JAGE  
General Manager (Taxation) &  
Company Secretary

Date: 26.04.2013

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



## Annual Report 2012-13

With you, for your  
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# Corporate Information

## BOARD OF DIRECTORS

D. K. Mehrotra	: Chairman
Sushobhan Sarker	: Director (from 19.03.2013)
Dhananjay Mungale	: Director
S. Ravi	: Director
K. Narasimha Murthy	: Director
B. N. Shukla	: Director
Jagdish Capoor	: Director
Savita Singh	: Director
V. K. Sharma	: Managing Director & CEO (from 19.03.2013)
Sushobhan Sarker	: Managing Director (till 18.03.2013)
V. K. Sharma	: Director & Chief Executive (till 18.03.2013)

## GENERAL MANAGER (TAXATION) & COMPANY SECRETARY

Nitin K. Jage

## SENIOR EXECUTIVES

Rajeev Chaturvedi	: General Manager
Naveen Koul	: General Manager
S. N. Mokashi	: General Manager
A. K. Anand	: General Manager
N.K. Mittal	: General Manager
Surinder Mohan	: General Manager
S. T. Samtani	: Chief Financial Officer
Pardaman Singh	: Chief Manager
Venkata Subramanian B	: Chief Manager

## REGIONAL MANAGERS

P. B. Roy	Eastern Region
R. J. Rajaraman	South Central Region
Ratikanta Singh	Central Region
T. R. Chowdury	South Eastern Region
Ajay Grover	Northern Region
Deepak Kumar	Western Region
S. Ramasamy	Southern Region (information as on 26.04.2013)

## AUDITORS

### Joint Statutory Auditors:

M/s. Chokshi & Chokshi, 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.  
email : lichousing@lichousing.com  
website: www.lichousing.com.

## REGISTRAR & SHARE 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 Tower, "F" Premises,  
13th Floor, Cuffe Parade, Mumbai – 400 005.  
Phones : 022- 22178600, 22178700  
& 22178611 Fax : (022) 22178777  
email : lichousing@lichousing.com  
website: www.lichousing.com

## APPEAL TO SHAREHOLDERS

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 electronic holdings with the Depository through their concerned Depository Participants.

## Profile & Progress..... At A Glance.....

- ❖ Provides loans for homes, construction activities, corporate housing schemes.
- ❖ Around 93.82% of the loan portfolio derived from the retail segment and the rest from large corporate clients.
- ❖ Rated 'AAA' by CRISIL for the 12th consecutive time in 2012-13; Fixed Deposit scheme rated as FAAA/stable by CRISIL.
- ❖ Promoted by world's premier financial institution, LIC of India, incorporated as Company in June 1989.
- ❖ Registered & Corporate Offices at Mumbai with 7 Regional Offices, 15 Back Offices, 194 Marketing Offices and 1 Customer Service Points.
- ❖ Apart from wide marketing network comprising Direct Selling Agents (DSAs), Home Loan Agents (HLAs) and Customer Relationship Associates (CRAs), a wholly owned subsidiary also distributing the company's product.
- ❖ Representative overseas presence in Dubai and Kuwait.
- ❖ Listed on the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and was the first Indian housing finance company to be listed overseas i.e., on Luxembourg Stock Exchange.
- ❖ Has been a profit making and consistently dividend paying company since 1990 – its first year of operation.
- ❖ The concept of a life insurance linked mortgage product was first introduced in the country by the Company.
- ❖ Participated in the pilot issue of mortgage backed securities launched in August 2000 by National Housing Bank.
- ❖ Attractive and competitive product to withstand the fierce competition in the market.
- ❖ Awarded the 'Best Outstanding Company in Home Finance' on 16.09.2012.
- ❖ Pioneer in introducing a scheme called 'Bhagyalakshmi' exclusively for women which has 0.25% additional rebate for the entire loan tenure.
- ❖ Competitive Advantage for LIC Housing Finance lies in
  - Strong parentage and Brand Recall,
  - Transparent systems and procedure &
  - Competitive Interest Rates
- ❖ More than 15.56 lakh satisfied customers across the country since inception.
- ❖ Reported 21.63 percent increase in individual and project loan disbursals in 2012-13.
- ❖ Balance sheet size increased to 80546.15 crore from 65755.47 crore.
- ❖ Recommended increased dividend over previous year i.e., from 180 percent to 190 percent.





## Vision

To be the best housing finance company in the country.

## Mission

Provide secured housing finance at an affordable cost, maximizing 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 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 every individual.

# Management Discussion and Analysis Report

## MACRO-ECONOMIC & MONETARY DEVELOPMENTS IN 2012-13.

### Overview

Monetary policy eased during 2012-13, in response to some softening of inflation and significant moderation in growth. However, monetary policy response to addressing growth concerns was constrained by inflation persistence and the twin deficit risks that prevailed for the most part of the year. Although fiscal risks were lowered during H2 of 2012-13, current account deficit (CAD) risks intensified during Q2 and Q3.

The impact of monetary policy in boosting GDP growth is contingent upon resolution of supply bottlenecks, governance issues impeding investments and the government's efforts towards fiscal consolidation. Domestic energy price adjustments, inadequate supply response and sustained wage pressures on inflation are expected to drag down growth for some more time. These factors, coupled with subdued domestic business confidence, are likely to keep recovery in 2013-14 modest. The challenge is to counter the growth slowdown by reviving investment while managing the trade-off between objectives of reviving demand and restraining the CAD.

While non-food manufactured products inflation has moderated, there is always the risk that the current high food inflation could spill over to broader price formation, undermining the efforts of monetary policy to contain inflation.

## INDIAN ECONOMY: DEVELOPMENTS AND OUTLOOK

### OUTPUT

#### Slow-paced recovery likely to shape 2013-14

The Indian economy remained sluggish in Q3 of 2012-13, with slowdown turning visibly pervasive across most sectors. The deceleration in the services sector growth, which has been the mainstay of high growth in the recent period, had dragged down overall economic activity and employment creation. The agriculture output was dented by deficient rainfall that impacted kharif crop. Domestic policy uncertainties, governance concerns, the impact of earlier monetary tightening and the slacking of external demand continue to adversely impact growth.

### AGGREGATE DEMAND

Resolving structural bottlenecks and providing public investment stimulus can turnaround falling investment

Aggregate demand remained sluggish during Q3 of 2012-13 with inflation impacting real consumption and cyclical and structural factors affecting investment. Corporate results

suggest weak demand, with moderation in investment as well as consumption. Government consumption expenditure has decelerated, reflecting expenditure-cutting as part of its fiscal consolidation strategy. Corporate data on planned fixed investments indicate that investment slowed further during Q3 of 2012-13. Given the intensity of the slowdown, a public investment stimulus balanced with offsetting reductions in current expenditures, along with concerted action to remove supply-side bottlenecks, are needed to shape the revival of the economy.

## GLOBAL ECONOMIC CONDITIONS

### Global growth likely to stay sluggish in 2013.

Global growth turned weaker in 2012 and is expected to stay sluggish in 2013 as fiscal adjustments drag growth in advanced economies (AEs) and, in turn, delay cyclical recovery in emerging market and developing economies (EMDEs). The International Monetary Fund (IMF) in its World Economic Outlook has forecast global growth to stay sluggish at 3.3 per cent in 2013 before improving to 4.0 per cent in 2014. While downside tail risks have reduced in early 2013 because of the supportive policy action in the euro area and the measures to tackle the fiscal cliff in the US, risks to global recovery have increased consequent to the Chinese economy slowing down.

### Global commodity price inflation likely to remain soft, although with some risks from Quantitative Easing (QE)

The outlook for global commodity prices during 2013 remains benign, with a further decline expected in metal and oil prices. This should help reduce imported inflation in the domestic economy, subject to prevalence of stable exchange rate movements. However, global commodity price inflation risks remain from the large and continuous doses of quantitative easing (QE).

### Global financial markets bolstered by policy actions aimed at reducing tail risks

Notwithstanding weak global growth and austerity measures imposed in the US and in the euro area, international financial markets gained traction following unconventional monetary easing. However, this has not translated into growth revival. Although the tail risks have reduced, they remain significant, calling for committed action to trim the balance sheet exposures and prepare adequate buffers against possible contagion effects.

## EXTERNAL SECTOR

### Sustained efforts needed to reduce the CAD, though fall in global commodity prices brings temporary respite

External imbalances were in focus as the current account