

Rich Legacy.  
Promising Future.

25 YEARS  
1989-2014



LIC HOUSING FINANCE LTD  
ANNUAL REPORT 2013-14

*“Having somewhere to go is home.  
Having someone to love is family.  
Having both is happiness.”*

*- Anonymous*

**For the last 25 years, we have been fulfilling people’s dreams of home ownership. Yes, we are a housing finance company by design, but our objectives are aspirational.**

## **Contents**

25 Years of Value Creation.....	1
About Us .....	4
Promising Future.....	6
Financial Highlights.....	8
Chairman’s Letter to the Shareholders.....	10
An Interview with the Managing Director & CEO.....	12
Awards & Accolades .....	14
Innovative Products Pioneered for Customer Convenience.....	16
Being Closer to our Customers .....	19
Assisting Buyers choose their Dream Home.....	20
Leveraging Technology to Serve our Customers .....	23
Corporate Information .....	24
Board of Directors .....	25
Management Discussion and Analysis .....	31
Directors’ Report .....	39
Report on Corporate Governance .....	45
Business Responsibility Report .....	60
Financial Section .....	66

## **Forward Looking Statements**

Statements in this report, describing the Company’s objectives, projections, estimations, expectations are “forward looking statements” within the meaning of applicable securities, laws and regulations. These statements are based on certain assumptions in respect of future events and the Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

# Rich Legacy. Promising Future.

Everyone dreams of having a home. There was a time that one had to wait an entire lifetime to muster up the savings to afford one. Today, the ability to finance a home purchase has broken this barrier. At LIC Housing Finance, we believe that getting onto the property ladder doesn't have to be difficult. For 25 years, we have brought a range of innovative mortgage options, both for first time home buyers and for people who already own a home. Over the years, we have merely been a helpful catalyst for more than 16 lakh happy customers in making them proud homeowners.

We crossed our first 25 years scored by a rich history of highly prolific and dynamic growth. We have consistently been a well-run retail housing finance company. After 25 years, we have a lot to show for it. Today, LICHFL has proved to be a leader amongst its peers. With the strength of our business model allowing us to thrive, to build our market share and to deliver consistent long-term value to our stakeholders, we feel very confident about the future. Together, let's step into the next 25 years with confidence and strength.



25 years

## Key Features of our 25 Year Legacy

- Solid track record of profit making & dividend paying since 1990
- High quality asset book with one of the lowest NPA ratio in the industry
- Highly driven towards customer convenience in terms of products, services, pricing
- Strong reputation on the strength of doorstep service through marketing intermediaries

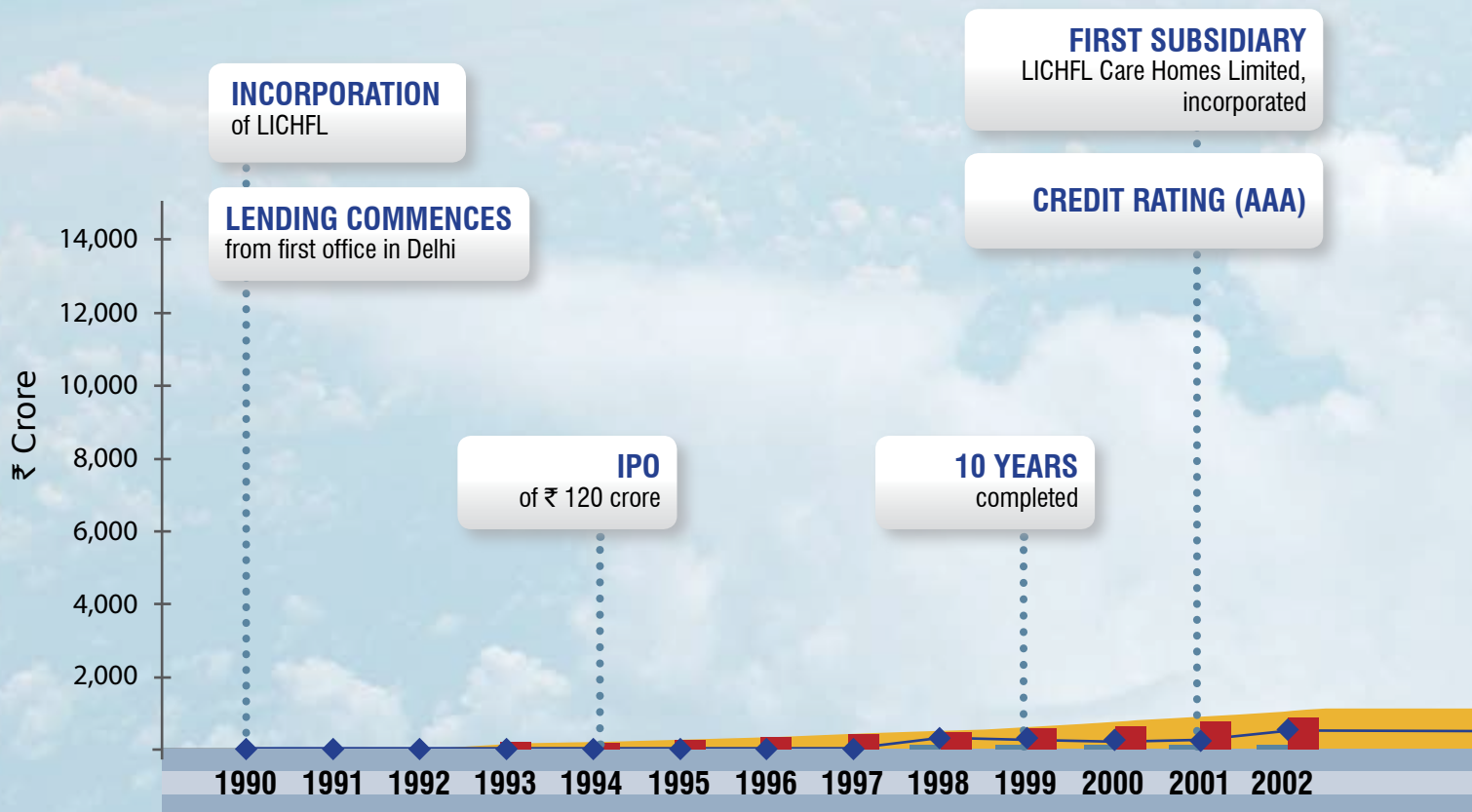
### APPEAL TO MEMBERS

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](mailto:lichsggogreen@sharexindia.com), in respect of holdings in dematerialised mode with the Depository through their concerned Depository Participants. Those holding shares in physical forms are requested to send their email address directly to the Company or to Registrar & Transfer Agent where various notices / documents can be sent through electronic mode.





## Our Rich Legacy



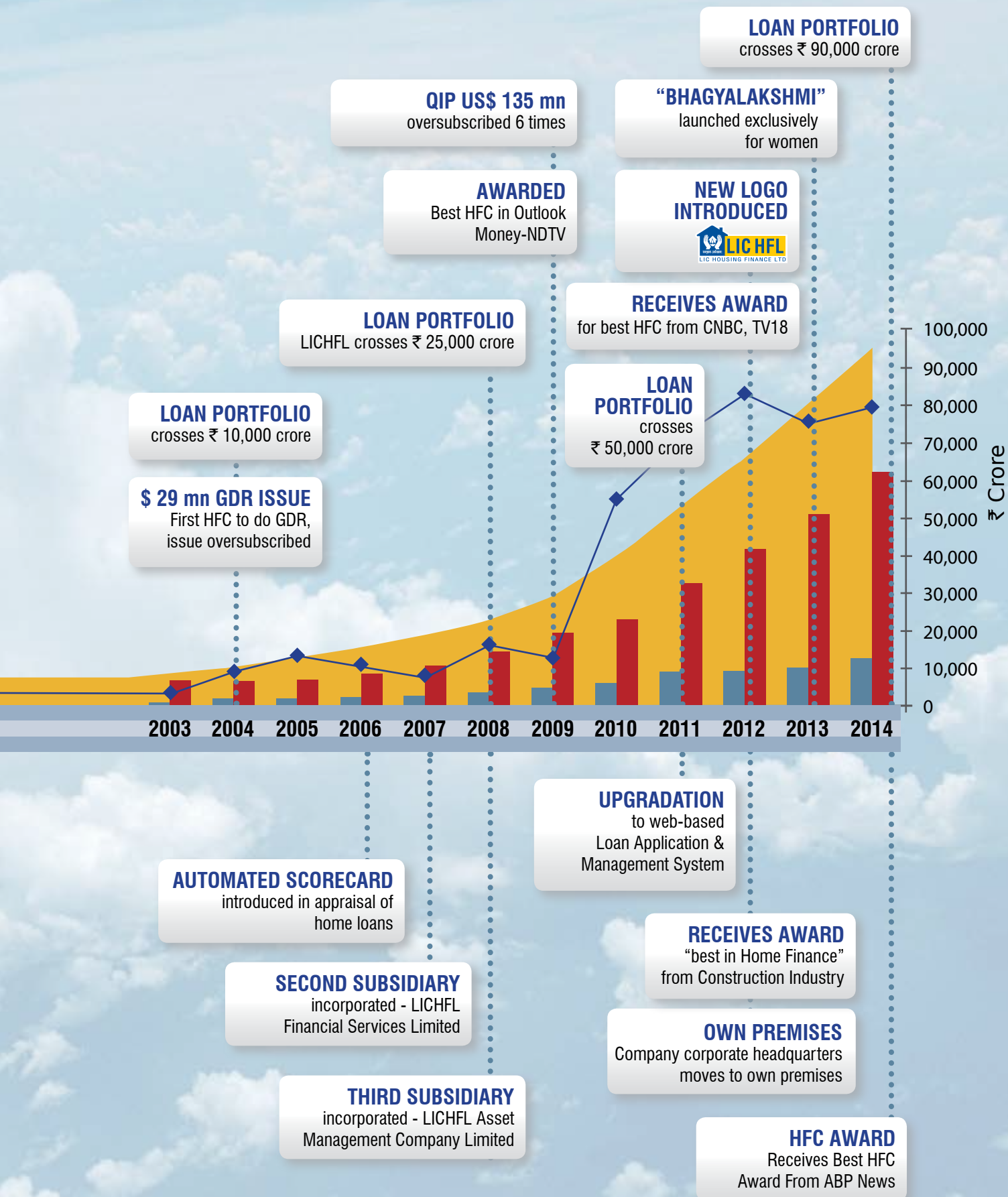
## 25 YEARS OF VALUE CREATION

In FY2014, we completed our first 25 years since our inception in 1989. Over the years, we have had the privilege of being well served by inspired leaders and managers that have allowed us to emerge as a front-runner amongst peers. They have also kept us in a robust shape to face the future full of growth opportunities. Over the years, we have built a robust business model that allows us to deliver consistent long-term value to our stakeholders. We now look forward to the next 25 years with conviction and excitement.

**PARTICIPATED** in the first MBS transaction in India

**DUBAI OFFICE** opened, our first overseas presence

**MAIDEN ECB** launched





## ABOUT US

LIC Housing Finance Limited is one of the largest Housing Finance companies in India. Incorporated on 19<sup>th</sup> June, 1989 under the Companies Act, 1956, the Company was promoted by LIC of India and went public in the year 1994. The Company launched its maiden GDR issue in 2004. The Company is registered with National Housing Bank and listed on the National Stock Exchange (NSE) & Bombay Stock Exchange Limited (BSE) and its shares are traded only in

Demat format. The GDRs are listed on the Luxembourg Stock Exchange.

The main objective of the Company is providing long term finance to individuals for the purchase or construction of a house or a flat for residential purpose. The Company also provides finance on an existing property for business or personal needs and also gives loans to professionals for buying their office space and equipment. The

***LIC Housing Finance Limited possesses one of the industry's most extensive marketing network in India with 204 marketing offices. In addition, it has appointed nearly 10,500 intermediaries to extend its marketing reach.***



Company also provides finance to persons engaged in the business of construction and sale of residential properties.

LIC Housing Finance Limited possesses one of the industry's most extensive marketing network in India with 204 marketing offices. In addition, it has appointed nearly 10,500 intermediaries to extend its marketing reach. Sixteen Back Offices spread across the country

conduct the credit appraisal and administrative functions. The Company has set up a Representative Offices in Dubai and Kuwait to cater to the Non-Resident Indians in the GCC countries covering Bahrain, Dubai, Kuwait, Qatar and Saudi Arabia. Today, the Company has a proud group of over 16 lakh prudent house owners who have enjoyed the Company's financial assistance.

- Promoted by the LIC of India in 1989
- IPO in 1994, GDR in 2004
- Listed on BSE, NSE & Luxembourg SE
- Profit making & dividend paying since 1990
- Highest credit ratings (AAA) since 2002
- More than 16 lakh customers serviced till date
- Market capitalisation more than ₹ 16,000 crore
- Total loan assets more ₹ 91,000 crore
- 97% of loan assets in retail category
- Cumulative disbursements ₹ 1.40 lakh crore since inception
- Gross NPAs in retail loans at 0.27%





# PROMISING FUTURE

India is hopeful of transformative change and vibrant growth. Its favourable demographics and burgeoning Tier 2 and 3 cities and new urban centres along with evolving face of rural India are key drivers fuelling the growth of home ownership. In addition, low mortgage penetration; rural to urban migration and the creation of new townships and cities are also complementing this growth. Most significantly, India has the highest working

age population in the world, which has strong desires and expectations both as citizens and as consumers. The country's need for aspirational and affordable homes is going to be vast. In this milieu, all players in the sector will stand to gain. As one of the largest HFCs with deep penetrated presence across India, LIC Housing Finance is bound to benefit from this sector's vitality and growth.

## Our Focus for the next 25 years...

- Striving for Growth with Profits, while maintaining the highest quality of assets
- Ensuring that Customer Satisfaction remains at the centre of our attention
- Leveraging the expected growth wave of home ownership to create shareholder value
- Placing great importance on using technology to enhance our service levels
- Developing capacities and capabilities of our Human Resources
- Expanding our footprint within and outside India
- Be a good corporate citizen by responsibly assisting the growth of the realty sector and the mass employment it generates



**Success is not a matter of chance; it is a matter of choice. It is not to be waited for, it is to be achieved. At LICHFL, we believe that we've reached where we are through concerted actions and perseverance. We believe that we are at the tipping point between a rich legacy and promising future. With more than 97% of lending in the retail segment, we are a Finance Company that is squarely focussed on financing personal residential assets. Consequently we have the best asset quality with the lowest NPA amongst the top five players in retail mortgage space in India. This regimented approach will ensure that we will attain our pole position that destiny has in store for us.**



## FINANCIAL HIGHLIGHTS FY2014

Net Profits ₹ 1,317.19 crore, up by 29%

Total Loan portfolio up by 17% to ₹ 91,341 crore

Individual Loan Portfolio up by 18% to ₹ 88,559 crore

NIMs 2.25% as against 2.18%

Total Gross NPAs 0.67%

