



**Positive
present.**
Promising future.



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Date of Annual General Meeting

Monday, 27th September, 2021

Time: 03:00 PM

Through Video Conference

('VC') / Other Audio

Visual Means ('OAVM')

Date of E-voting

Start Date: 24th September, 2021

(09:00 AM)

End Date: 26th September, 2021

(05:00 PM)



To view
Annual Report 2021 Online, visit:
<http://www.lichousing.com/>

Positive present. Promising future.

It requires strategy, courage, conviction, perseverance and passion for a company to overcome the challenges it faces. But to win consistently, be distinctive, and leverage the opportunities coming one's way, it requires a far-sighted vision and an over-arching ambition.



Making the most of a challenging present

At LIC Housing Finance Limited (LIC HFL), we have built our business on sound fundamentals which gives us enough room to tackle unprecedented situations. Being India's second-largest pure-play mortgage lender finance company by assets, we are adapting to fast-paced change, pursuing the path to become more efficient, leaner and faster, thus setting the momentum for sustained progress. With a consistent focus on innovation and quality, we are building differentiated capabilities and focusing on pursuing our strategies. We are accelerating our digital capabilities, re-skilling distribution and strengthening our asset quality. Even while we face the present economic and industry challenges, we are constantly making transformative moves to deliver increased shareholder value.



Perfectly poised for an exciting future

We are on the right track – ready for a focussed and progressive journey ahead. With our passion, professionalism and perseverance, we look to the future with optimism. We are poised for a positive and exciting future with strong capital adequacy, comfortable liquidity position, a resilient operating model and increasing retail mix. Our operational capabilities, evolved skill-sets and solid competencies help us straddle across the value chain and emerge. With an eagle-eye focus on growth, we are well-prepared to embark on another journey of growth, as we constantly expand our horizons with technological capabilities and set new benchmarks of excellence.

We are LIC Housing finance limited

This is how we work with
PROWESS. PRUDENCE. PERSEVERANCE.



Our genesis

We are a pure-play mortgage lender finance company. We are the front-runners ensuring access to housing finance for home ownership. These very same traits of prowess, prudence and perseverance ranked us among the market leaders.



A giant leap of faith

Our passion is to help millions of people in owning their own home. We are a trusted financial services company with a strong business foundation, an extensive distribution network, and proven industry expertise, with 30 lakh prudent home owners.



Nurturing hopes, homes and happiness

Incorporated in 1989, LIC Housing Finance Limited is one of the largest Housing Finance companies in India, with the key objective of providing long-term finance to individuals for the purchase or construction of a house or a flat for residential purposes.

We also provide finance on an existing property for business or personal needs, and give loans to professionals for buying their office space and equipment. We also provide finance to persons engaged in the business of construction and the sale of residential properties.



Our objective

Our key objective is to become a leading provider of financing and credit solutions for the retail segment and emerging SME businesses, and catering to the aspirations of the growing consumer base of Middle-India.

We wish to become the “go-to” NBFC in retail home finance lending. We are committed to finding new ways to develop value-based and innovative financial solutions for our corporate and retail customers, and deliver greater value to our stakeholders.



An extensive network

We possess one of the industry’s most extensive marketing network in India with 282 marketing offices. In addition, there are 24 Back Offices spread across the country to conduct the credit appraisal and administrative functions. We have also set up Representative Offices in Dubai and Kuwait.

Today, the Company has a proud group of over 30 lakh prudent home owners who have been enjoying the Company’s financial assistance.



77.9%

Retail loans

15.3%

Non-Core loans

6.8%

Developer loans



Key numbers that define us (as on 31st March, 2021)

₹2,32,003 crore

Loan portfolio

₹55,223 crore

Disbursement in FY2021

₹4,46,363.44 crore

Cumulative disbursement
(as on 20th August, 2021)

₹20,316.53 crore*

Net Worth

15.28%

Capital adequacy ratio

30.38 Lakh

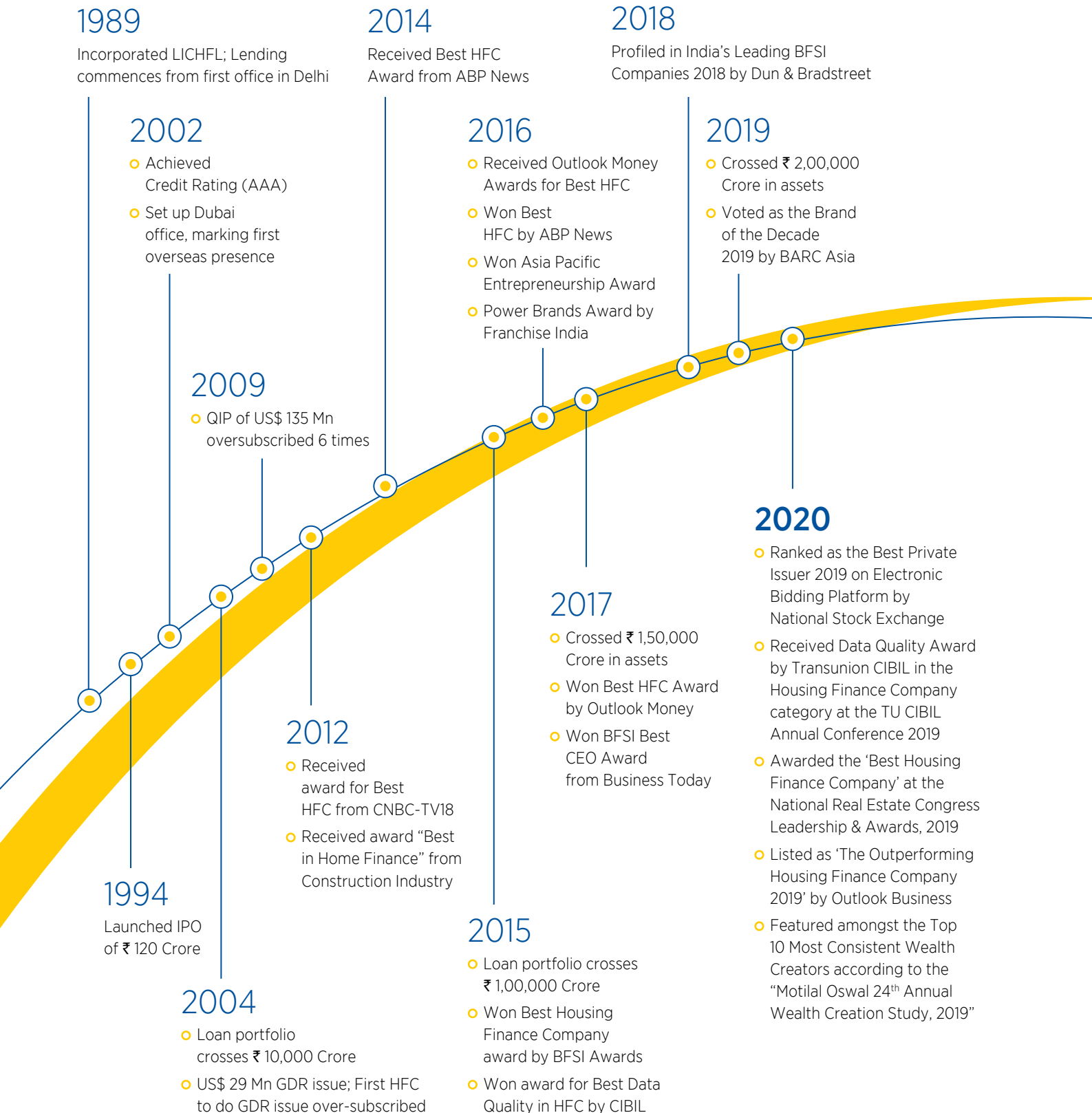
Number of Customers

2.37%

Net Interest Margin

* ₹ 204.78 Crore Excluding Impairment Reserve

Three decades of making a difference



A dominant position among major markets and states

282

Marketing Offices

24

Back Offices

9

Regional Offices

450

Centres Coverage

Dubai and Kuwait

Overseas presence

2,427

Number of Employees



Map not to scale. For illustrative purposes only.

Message from the Chairman

We successfully triggered our business continuity plans and enabled work from home for more than 90% of our employees. We are proud to share with you that a change of this scale was executed smoothly.



Dear Shareholders,

As I write this, we continue to be in the middle of the COVID-19 pandemic – the biggest crisis we have seen in our lifetime. The pandemic and the resultant lockdowns led to unprecedented socio-economic disruption and loss of human life. And just when the exit path in the form of a vaccine became visible, the second wave hit India, which resulted in another bumpy ride for the Indian economy.

Having said that, I reiterate that we, at LIC Housing Finance Limited, have undergone adverse economic circumstances earlier too. And each time, we have bounced back with even greater strength and vigour. Hence, like the earlier crises, we are confident we will bounce back from the Covid crisis as a stronger and more valuable LICHFL, having mastered the new normal with the unleashing of a fresh wave of energy.

Impact on the industry

One of the sectors most affected by the outbreak and the ensuing lockdown was real estate and housing finance, which was already facing a liquidity crunch following the IL&FS crisis. In March 2020, the Reserve Bank of India (RBI) announced a moratorium on loan repayment of term loans till 31st May, 2020, but this was later extended by another three months. The loan moratorium had a significant impact on housing finance companies with a substantial portion of the aggregate underlying assets placed under it.

In addition to this, the Government also extended a credit line and liquidity support in the form of Emergency Line Credit Guarantee Scheme (ECLGS) to MSME borrowers in the form of collateral-free loans to mitigate the economic impact of the pandemic. In order to further support COVID-19-hit customers, the Finance Ministry announced an extension of the scheme from time to time through the introduction of ECLGS 2.0, ECLGS 3.0 and ECLGS 4.0.

However, the housing finance market witnessed good bounce back in terms of confidence on the ground from the 2nd and 3rd quarter of the year. The gap kept narrowing to move towards pre-COVID-19 disbursement, especially with the vaccination drive in place at the start of Current Year 2021. Demand for housing was back in lower income and middle-income segments. Affordable housing finance witnessed a faster bounce back among retail asset classes. On account of this business being semi-urban and rural-based, it was relatively unaffected as compared to urban cities.

Rising above the pandemic challenges

During these challenging times, the one thing that remained of paramount importance for us was safety and well-being of our employees and our customers. At the early onset of the crisis, we successfully triggered our business continuity plans and enabled work from home for more than 90% of our employees. We are proud to share with you that a change of this scale was executed smoothly. We actively leveraged technologies to remain connected and engaged, ensuring employee welfare and seamless customer service delivery.

As we settled into the new way of working, our focus continued to be to provide impeccable service to our customers. During the pandemic, we provided seamless delivery of products and services, protecting the safety of our customers. Our local teams engaged with borrowers

At LICHFL, we are India's second-largest pureplay mortgage lender finance company in terms of assets. Being a long-term player with a strong record of 35 years and wide industry experience, we have witnessed and experienced several credit and economic cycles and moved from strength to strength.

affected by the virus to provide guidance to them on their borrowings. We also constantly interacted and engaged with customer segments to address their anxiety regarding the loan moratorium offered by the Government. Further, we also extended our support through counselling sessions on how to best avail the moratorium.

Ability to withstand challenges

At LICHFL, we are India's second-largest pureplay mortgage lender finance company in terms of assets. Being a long-term player with a strong record of 35 years and wide industry experience, we have witnessed and experienced several credit and economic cycles and moved from strength to strength. We are not only aware of the current challenges, but also have the agility and dexterity to negotiate and overcome these economic and industry situations with even greater strength and vigour.

Following the Government's policies, about 25% of our loan book was placed under moratorium. The proportion of retail loans under moratorium was lower at 16%. Our restructured assets are also expected to rise largely because of the impact of the pandemic's second wave. During the first lockdown, the Reserve Bank of India (RBI) made an exception by launching

a loan recast or restructuring facility for those impacted by the pandemic.

In the 4th quarter, LICHFL recorded 197% YoY growth – the highest YoY growth in the past three decades, and business is on a high growth trajectory. Our collections continued to hold up above 90%, even during April and May 2021, despite COVID-induced lockdowns. A collection efficiency of 96% of pre-pandemic level was reported for loan book out of moratorium. Our borrowers were able to ride the lockdown without trouble, and continued to keep up their repayment after the economy unlocked.

Disrupting the market

In probably the lowest in the market, we announced a 6.9% rate of interest on new home loans in July 2021, resulting in low EMI payment. Attractive price points and affordable EMIs helped us in addressing the demand side for buying homes. We also utilised the lockdown period to further drive operating efficiencies. All this, along with softening of cost of funds and our acute focus on low-income housing finance segment, cushioned the effect of COVID-19. Further, we are also comfortable on the liquidity front.

Adequately capitalised

During the year, we infused three tranches of Tier 2 capital through a capital infusion of ₹ 1,800 crore. This Tier 2 capital infusion has been done after almost a decade. We are further exploring the means to improve Tier 1 capital from regulatory perspective and also growth capital through the promoter, including through a preferential allotment.

With this, our capitalisation profile will remain adequate from a regulatory and solvency perspective. We will be well-positioned in terms of capital adequacy norms and will lead to healthy expansion of business, furthering loan book size. Currently, our capital adequacy stands at 15.28% above regulatory levels, and needs to be shored up to 15% by end of FY2022.

Drivers for future growth

In the backdrop of the COVID-19 pandemic, demand for houses moved up as asset creation assumed priority and people became keen to buy their own home as security. With the corporate sector moving to a hybrid model of working, and with online studies in schools and colleges, people are either buying bigger houses, or modifying and renovating the existing houses. Several people moving back to their native

Interest rates too are at an all-time low – in the range of 6.9%, encouraging home buyers to go for purchase. In addition, the Government provides adequate tax benefit to home buyers.

towns during the lockdown to continue working from there also increased demand in Tier 2/3 cities.

Being in a buyers' market

Based on our experience of 35 years, we feel this is perhaps the best and favourable time to buy a house. There is price stability across real estate markets and segments. Real estate prices have fallen by up to 10% in the bigger cities.

Interest rates too are at an all-time low – in the range of 6.9%, encouraging home buyers to go for purchase. In addition, the Government provides adequate tax benefit to home buyers. And a marginal fall in home prices across major markets has been an enabling factor. Another big driver for push in demand has been the stamp duty waiver given by several state governments, including Maharashtra and Karnataka. At LICHFL, too, charges on processing fee were eliminated for loans up to ₹ 50 lakh, while a 50% processing fee is being charged on loans over ₹ 50 lakh.

Those with stable earnings haven't been impacted by the pandemic so much, and in fact they are looking to cash-in on the opportunity. At LIC Housing, we too have seen a rebound in the mid-segment owing to a growing demand for large spaces. We have been experiencing potential buyers taking the plunge on the back of property prices bottoming out.

PMAY fuelling demand

The recovery in housing finance sector was faster also due to the inherent demand and sops given by the Government under the Pradhan Mantri Awas Yojana (PMAY), which envisages affordable housing for all by giving borrowers