

44th
Annual Report
2013-2014



HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED
AN ISO 9001:2008 CERTIFIED COMPANY
CIN : U74899DL1970GOI005276

VISION

*To be among
the world's leading knowledge hubs
and
financial facilitating
organizations for habitat settlement*

MISSION

*To promote
sustainable habitat development
to enhance the quality of life*

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Night View of Sabarmati River Front at Ahmedabad

OPERATIONAL AND FINANCIAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
No. of Schemes Sanctioned	145	134	130	140	134
Loan Sanctioned (₹ in crore)	16623.76	19762	20511	23974	17491
Amount Released (₹ in crore)	3098.02	5104	6906	6079	7438
Dwelling Units					
- Total	297407	295732	422524	439286	1434102
- % of EWS & LIG	77.02	93.43	96.37	96.81	98.46
Sanitation Units	0	0	0	0	0
Urban Infrastructure Projects	70	72	61	76	72
UI Loan Sanctioned (₹ in crore)	13907.41	14469	14204	16337	7848

FINANCIAL HIGHLIGHTS

(₹ in crore)

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Income	2528.35	2278.59	2778.63	2923.24	2993.85
Profit after Tax	495.31	550.03	630.33	700.56	726.34
Share Holders' Fund	5097.09	5520.97	5988.89	6427.11	7056.77
Share Capital-Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserve & Surplus	3095.19	3519.07	3986.99	4512.06	5121.43
Borrowings	15520.48	15778.66	18822.47	18867.43	21304.75
Loan Outstanding	20276.52	21197.83	23783.05	25936.52	29341.82
Earning per share (₹) (Face Value of ₹ 1,000 per share)	247.42	274.75	314.87	349.95	362.83
Gross Margin	813.21	832.61	944.50	1046.95	1120.29
Net Profit/Net Worth (%)	9.72	9.96	10.52	10.90	10.29
PBDIT/ Total Employment	0.78	0.84	0.97	1.11	1.22

BOARD OF DIRECTORS



Dr. M. Ravi Kanth
Chairman & Managing Director



N L Manjoka
Director (Corporate Planning)



Anil Kumar Kaushik
Director (Finance)



K B S Sidhu
Govt. Nominee Director and
JS (Housing) MoHUPA



Jhanja Tripathy
Govt. Nominee Director and
JS & FA MoHUPA



Prof. Dinesh Mehta
Part-time Non-Official Director



Virender Ganda
Part-time Non-Official Director



Prof. Sukhadeo Thorat
Part-time Non-Official Director



CHAIRMAN'S SPEECH



HUDCO Design Award

First Prize Under Category: Green Buildings, MON-CHASA: A Community Initiative of Rural Tourism, West Bengal

CHAIRMAN'S SPEECH



Ladies & Gentlemen,

On behalf of Board of Directors of HUDCO and on my personal behalf, I take great pleasure in extending a very hearty and warm welcome to all of you at this 44th Annual General Meeting (AGM) of your Company. I would like to congratulate all the stakeholders for yet another successful year of growth and achievements of your Company. It is my privilege to address this august gathering and highlight the performance of HUDCO during the year 2013-14 and, also give you a brief perspective about your Company.

HUDCO, as a pioneer techno-financial CPSE in the housing and urban development sector has also associated with Government Programmes like JNNURM, RAY, RRY and would like to play a vital role in development of Smart Cities and 'Housing for All by 2022' programmes of the Government. The performance of the company during the year 2013-14 was encouraging and we expect excellent rating from GOI's Department of Public Enterprises. Amidst a challenging economic context, performance achieved is more heartening and satisfying with the growing contribution towards Housing and Urban Infrastructure sectors of the economy.

The Directors' Report, the audited final accounts of the Company for the period ended March 2014, along with the Auditors' Report thereon, have already been provided to you and with your consent, I take it as read.

I would like to give a clear description on the events that have unfolded in the recent past impacting your company, the economy and the contribution of HUDCO to the sector.

1. ECONOMIC ENVIRONMENT

The growth performance of the Indian Economy remained subdued in 2013-14 with the real GDP growth of sub - 5 per cent. The major growth indicators like index of industrial production and service sector have recorded lower-growth rates. The inflation level remained elevated in 2013-14 due to a host of factors. The Reserve Bank of India affected moderate reduction in the

policy rates in order to revive growth in the economy, which resulted in marginal softening of interest rates during 2013-14.

2. **SECTORAL OVERVIEW AND GOVERNMENT POLICY INITIATIVES**

In tune with the overall economic sentiments, activities in housing, real estate and infrastructure sectors have been on a low-key and the property prices have moderated during the fiscal year and as per the NHB-RESIDEX for all the four quarters, there has been a general decline in prices of residential properties in some cities/smaller towns, while the increase in other cities is marginal. In view of the increased urbanization, the housing requirements in urban areas have been witnessing upward trend over the years. As per the estimates of the Technical Group on Urban Housing Shortage (2012-17), the housing shortage in urban areas is 18.78 million units, out of which 17.96 million units (95.62%) are for the EWS/LIG segment.

On the policy front, key developments in recent past are as follows: (i) The NHB has floated a joint-venture mortgage guarantee company—the India Mortgage Guarantee Corporation Pvt. Ltd, which offers mortgage guarantees against housing loan defaults (ii) Affordable housing in partnership (iii) Rajiv Rinn Yojana for housing the urban poor (iv) Extension of JNNURM upto March, 2015 (v) The report of the task force on Rental Housing has been submitted and action plan is likely to be unfolded and (vi) Real Estate (Regulation and Development) Bill for systematic growth of the sector. To provide Housing for All by 2022, a detailed plan and schemes are likely to be announced shortly and HUDCO would play a very significant role in this endeavour.

The Union Budget 2014-15 has announced a number of proposals for the housing and infrastructure sectors. These include allocation of Rs 8000 crore for the year 2014-15 to Rural Housing Fund (RHF) to NHB for supporting Rural Housing in the country. HUDCO has supported Rural Housing in the states of Andhra Pradesh, Karnataka, Rajasthan, Haryana, Kerala and Tamil Nadu and sanctioned an amount of ₹ 6154 crore in 2013-14. During the current year, efforts will be made to draw funds from Rural Housing Fund of NHB for funding rural housing projects. The other budget proposals, include ₹ 4000 crore allocation to NHB, for cheaper credit for affordable housing for the urban poor, deduction limit on account of interest on loan in respect of self-occupied houses raised from existing ₹ 1,50,000 to ₹ 2,00,000, ₹ 7060 crore allocated for development of 100 smart cities, and 'slum development' has been included in Corporate Social Responsibility (CSR). These proposals are likely to infuse momentum to housing and urban infrastructure sector in the country during the current year.

3. **EMERGING ISSUES AND CHALLENGES**

Cities have been at the heart of country's economic success. Urban India accounted for over 62% of the country's GDP in 2009-10 and this share is expected to rise to about 75% by 2030. Thus, cities will matter more in the future as they steer economic growth. Today, more than half of the world is urban. In India, urban population has grown from 286 million in 2001 to 377 million in 2011, accounting for 31.16% of the country's population and is expected to reach 600 million by 2031. This scenario poses huge challenge as well as opportunities for HUDCO in terms of provision of housing to the masses and related infrastructure. As per 2011 Census, 17.4% of urban households live in slums. This huge population is also contributing significantly to the growth of our economy. Therefore, the 'urbanization dividend' can be reaped only if the cities are evolved into inclusive centres of growth. Toward the same, 12th Five Year Plan has emphasised on inclusive development. For urban infrastructure sector, there exists a huge physical and financial shortfall. The financial shortfall has been estimated to be around ₹ 40 lakh

crore by the Isher Judge Ahluwalia Committee. Therefore, the city/town level civic infrastructure also provides significant opportunity and challenge to HUDCO.

The Government of India always have high expectations from HUDCO and also has been supporting HUDCO in many ways. HUDCO has played a significant role in the implementation of Action Plan Schemes of Government of India such as JNNURM, SJSRY, RAY, etc. The Credit Risk Guarantee Scheme (CRGS) for the housing loans upto ₹ 5 lakh for catering to the needs of the urban poor is a major credit enhancement measure taken by the MoHUPA through NHB. HUDCO is expected to play a lead role to provide access to housing finance to the poor. For provision of affordable housing of 18.78 million predominantly for urban poor and 32 million houses for rural poor, HUDCO would play a vital role in this domain. HUDCO has stabilized itself and consolidated its strengths over the years and is now poised to look beyond its routine business targets and aim for a quantum jump. Towards the same, HUDCO has set five goals under 'MISSION 5 ONES': i) One Million Houses per year, ii) One lakh crore cumulative releases, iii) One thousand crore profit after tax, iv) One hundred urban local bodies to be assisted per year and v) One percent reduction in Gross NPA per year. The employees have been inspired to work towards these identified goals.

4. OPERATIONAL AND FINANCIAL PERFORMANCE

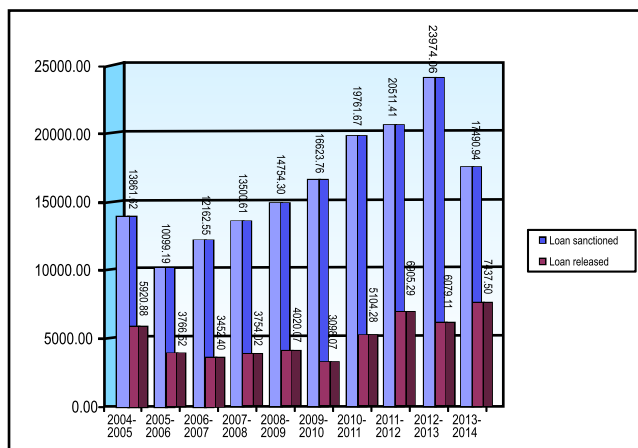
HUDCO has continued to exhibit accelerated growth in its performance with a significant emphasis on housing and provision of core infrastructure. For housing sector, the focus has been on weaker sections and in respect of infrastructure, on utility and social infrastructure that directly affect the life of common citizens. During the year 2013-14, HUDCO has sanctioned 134 schemes for a loan amount of ₹ 17,491 crore against MoU target of ₹ 15,000 crore and released an amount of ₹ 7438 crore against MoU target of ₹ 6602 crore.

HUDCO has sanctioned ₹ 9643 crore and released ₹ 2842 crore for 62 housing schemes during 2013-14. Total 1.43 million housing units were financed during the year, out of which 1.41 million housing units belong to Economically Weaker Sections (EWS) and Low Income Group (LIG) category which is 98.60% of the total sanctioned housing units and in line with HUDCO's motto of "Profitability with Social Justice".

HUDCO has sanctioned ₹ 7848 crore for 72 Urban Infrastructure Projects during the year and has released an amount of ₹ 4596 crore. These sanctions cover a wide spectrum of projects: Core Infrastructure, Social Infrastructure, Energy, Urban Transport and Industrial Estates.

It is pleasant to report that your Company has achieved profit before tax, after prior-period adjustment, of ₹ 1094.35 crore during 2013-14 as against ₹ 1061.70 crore during the previous year. The net profit stood at ₹ 726.34 crore during the year as against ₹ 700.56 crore in the previous year. The total net worth stood at ₹ 7056.77 crore as on 31.03.2014. You will be pleased to note that the Board of Directors of your Company has recommended a final dividend of ₹ 100.01 crore for the year ended 31.03.2014 to the shareholders.

Operational Growth of HUDCO (₹ in crore)



5. CREDIT RATING

The outlook on rating assigned by India Ratings & Research Private Limited (IRRPL) was upgraded from AA+ (stable) to AA+ (positive). HUDCO's surveillance rating for long term instruments was reaffirmed at 'AA+' by India Ratings & Research Private Limited and Care Ratings. India Ratings & Research Private Limited (Fitch group) and Care Ratings have further affirmed 'A1+' rating for HUDCO's short term instruments, which is the highest rating on standalone basis. Further, Fitch Ratings, the international ratings agency, affirmed Long-term foreign currency rating of 'BBB-' to HUDCO, which is at par with the sovereign rating of India.

6. PROMOTING INCLUSIVE AND SUSTAINABLE DEVELOPMENT

HUDCO has been a key catalyst in inclusive economic growth witnessed in the country. It caters to the financial needs of the marginal sections of the economy. It is one of the few HFCs that support Economically Weaker Sections (EWS) and Lower Income Groups (LIG) for meeting the housing needs. HUDCO also provides long-term finance for basic amenities like water supply, sanitation, drainage, etc.

7. SUPPORT TO INFRASTRUCTURE DEVELOPMENT

Infrastructure development is essential for improving quality of life of the citizens. Towards fulfilling its strong commitment to supporting much needed infrastructure in the country, HUDCO is providing financial assistance to various sectors like Water Supply, Sewerage/Drainage, Power, Social Infrastructure, Commercial Infrastructure, Road & Transport, etc. in our country.

8. HUDCO'S ROLE IN JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM) AND RAJIV AWAS YOJANA (RAY)

HUDCO has been actively doing JNNURM and RAY programmes as an appraisal agency. HUDCO is nominated as one of the Central Monitoring Agencies for monitoring of BSUP/IHSDP projects and review the reports submitted by Third Party Inspection & Monitoring Agencies (TPIMA). Cumulatively, upto 31st March, 2014, HUDCO has appraised 1239 projects with a Project Cost of ₹ 24,434 crore and Central Assistance of ₹ 13,745 crore for the construction/upgradation of 9.8 lakh dwelling units across 870 cities/towns in the country, which is approximately 78% of total projects sanctioned by the Ministry.

Rajiv Awas Yojana (RAY) was announced in June, 2009 for creating 'Slum Free India'. HUDCO is extending its services as an appraisal and technical-assistance providing agency. Cumulatively, upto 31st March 2014, HUDCO has appraised 83 projects under RAY with project cost of ₹ 3160 crore and central assistance of ₹ 1570 crore in 13 states, including Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal for the construction/upgradation of 62,202 dwelling units. The Design & Development Wing of HUDCO has provided consultancy services in preparation of Slum Free City Plan in a few states.

9. NEW INITIATIVES

HUDCO has taken many new initiatives during the year 2013-14 to expand its reach and enhance its contribution in the development of affordable housing.

HUDCO has entered into Memorandum of Understanding with various organisations like:

- National Commission for Women (NCW) under CSR for improving the living conditions of widows at Vrindavan, Mathura.

- National Building Construction Corporation Limited (NBCC) for joint development of projects.
- School of Planning & Architecture (SPA) for research related activities.
- National Culture Fund (NCF) for conservation of heritage sites/buildings.
- Construction Industry Development Council (CIDC) for creation of skills required in the building construction industry.

Stressing upon to achieve 'Mission 5 Ones' goals to assist one hundred ULBs per year, HUDCO extended funding to 135 Urban Local Bodies during 2013-14. This initiative will provide vast opportunities in future for funding a large number of small and medium towns/cities in the country which need to develop quality infrastructure for the growing population.

HUDCO has launched the following new schemes during 2013-14.

HUDCO Nav Nagar Yojana (HuNNY)

HUDCO proposes to facilitate Urban Local Bodies (ULBs) and other Government agencies in developing integrated townships/layouts/colonies to meet the increasing requirement of planned housing for its citizens. HUDCO will also provide technical and financial support for developing potential sites, as planned urban extensions to meet the requirements of the ever-growing population. The programme operates at three stages:

- Advisory services on conceptualization and feasibility of the proposed development;
- Fee-based consultancy assistance for architectural and engineering designs;
- Providing funds required for development of sites and services as well as housing, including land acquisition.

The HuNNY programme is open to all ULBs, Urban Development Authorities, Housing Boards or any other Government Corporation or Agency that may like to foster collaboration with HUDCO towards planned growth and expansion of the city/town. This helps the ULBs in meeting the emerging requirements with special reference to affordable housing segment. Private Developers for projects approved by the Central/State Governments for subsidy, under the Affordable Housing in Partnership scheme of the Ministry of Housing and Urban Poverty Alleviation, are also eligible.

Rent-to-own Scheme

HUDCO has been striving to make 'Housing for All' a reality. One of the sections of the society, which finds it very difficult to own housing in the career span is the salaried employees, especially at the Bottom of Pyramid (BoP). Towards improving access to housing for this section of society, HUDCO has conceived the "Rent-to-Own" Scheme. Broadly, this scheme facilitates an agency to initially avail loan from HUDCO on behalf of its employee and the agency would allot the houses to its employees initially on rental basis. The employee would become the 'owner' of the house, as and when the full cost of the house is paid to the agency. This would help the agency to improve the satisfaction level of its employees.

10. HUMAN RESOURCE MANAGEMENT

HUDCO's HR Policies aim at providing equal opportunities for all its employees, both at the time of their joining and during the course of employment. HUDCO has adopted practices of employee-empowerment, growth & development by realizing their potential, encouraging innovative ideas and fair distribution of awards & rewards, thereby building long-term sustainable business capabilities & harmonious relations.

Your Company has given special attention to skill-development, which is being imparted through in-house and external training programmes in India and abroad. With a view to enhance competitive capabilities of its human resources, 368 employees were nominated/sponsored for training both in India and abroad during the year 2013-14. Whenever required, the policies related to employees are revisited and re-engineered to meet the changing needs and to achieve excellent work environment. All this has helped us to retain our existing-human resources, and also to attract new talent with low attrition rate.

11. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

During the year a non-lapsable budget of ₹ 10.51 crore (1.5% of Profit after Tax for the year 2012-13) has been provided for CSR and Sustainable Development (SD) activities. In line with the thrust areas identified in the revised CSR and Sustainability Policy, HUDCO has sanctioned financial assistance of ₹ 15.33 crore for 39 proposals and released an amount of ₹ 12.49 crore (including proposals sanctioned in the previous year) for implementation of various proposals.

Some of the important projects supported under CSR and SD activities includes: Construction of 6 Night Shelters/Community Toilets, 4 proposals of renewable sources of energy, Conservation of Sunderwala Mahal (protected monument), Sunder Nursery, Employment Oriented Skill Training Programme in construction trades to 115 beneficiaries in the States of Orissa and Rajasthan, Construction of Toilets in various schools of Unakoti District in Tripura, etc.

HUDCO has also contributed an amount of ₹ 25 lakh and ₹ 15 lakh to the Chief Minister's Relief Fund, Uttarakhand and Himachal Pradesh respectively for flood and land slide victims. In addition, HUDCO has also made a contribution of ₹ 12.55 lakh to the Chief Minister's Relief Fund, Odisha, for Cyclone 'Phalin' affected area.

12. CORPORATE GOVERNANCE

Your Company endeavours not only to meet the statutory requirements, but also to institute systems and procedures that are in accordance with the global trends of making management completely transparent and institutionally sound. Good Corporate Governance practices and ethical business conduct remain at the core of HUDCO's value system. HUDCO's philosophy on corporate governance stems from the belief that timely disclosure, transparent accounting policies and positive & proactive Board go a long way in maximizing corporate value. HUDCO has its own Code of Conduct and Ethics in compliance with DPE guidelines, which is placed on HUDCO website. Up-gradation of procedures and systems is an ongoing process and your Company continued its efforts towards bringing transparency and raising the standards of corporate governance. HUDCO conducts regular video conferences that further facilitate participative decision-making process, through active involvement of its regional offices.

13. FUTURE OUTLOOK

Keeping in view the buoyancy of the economy and sectoral requirements, especially housing and urban infrastructure, the efforts would be made to improve the business manifold. The major focus would be on affordable housing for urban and rural poor, along with support infrastructure. The green building is the requirement of the sector and HUDCO would promote green building material as well as construction activities. HUDCO would further explore possibilities of entering into the sectors, which have not been addressed so far. It is also intended to launch new products on year to year basis. HUDCO would also play a vital role in development of 'Smart Cities' and 'Housing for All by 2022' programmes of the Government. Efforts would be made to spend CSR funds on construction of toilets in Schools. Emphasis would be laid to increase the non-interest income for increasing competitiveness and sustainability of cross subsidy model for housing the poor. HUDCO properties would be utilised effectively to have better results and also efforts are on to reduce the average age of employees. With team work and support from Administrative Ministry and Board, we would also make HUDCO a paperless office over a period of time.

14. ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I thank for the guidance and co-operation and support extended by the Ministry of Housing and Urban Poverty Alleviation, Ministry of Urban Development, Ministry of Rural Development, Ministry of Finance and Ministry of External Affairs, Planning Commission, Reserve Bank of India (RBI), National Housing Bank (NHB), Comptroller and Auditor General, Statutory Auditors, Bankers, and other Government Departments. Also, I do appreciate the support provided by the International Financial Institutions, such as Kreditanstalt für Wiederaufbau (KfW), Japan Bank of International Cooperation (JBIC), Asian Development Bank (ADB), USAID, etc.

I acknowledge the support of the State Governments, State Housing Boards, Development Authorities, Urban Local Bodies, etc. for realizing the mandate of your company. I am very thankful to the debenture/bond holders, depositors and other investors for their patronage and unstinted support to the various instruments issued by HUDCO. I extend my thanks to the valuable clients of HUDCO Niwas, with whom HUDCO has nurtured close and mutually-beneficial relationships. I would like to conclude by commending the hard work and efforts made by the members of HUDCO family, towards achievement of the all-round growth of the Company.

Thank you for your kind support and keen attention.

Place : New Delhi
Date : 25.09.2014

Sd/-
Dr. M. Ravi Kanth IAS (r)
Chairman & Managing Director

NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Housing and Urban Development Corporation Limited will be held on Thursday, the 25th September, 2014 at 12.30 p.m. at the Registered Office of the Company at HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi -110003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended as on that date together with the Report(s) of Directors' and Auditors' and comments of the Comptroller and Auditor General of India thereon.
2. To declare the dividend.
3. To pass the following resolution for fixing the remuneration of Statutory Auditors:

"RESOLVED THAT pursuant to the provisions of Section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby authorised for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2014-15."

Special Business

4. **To consider and if thought fit, to pass with or without modification the following resolution(s) as a Special Resolution:**

"RESOLVED THAT the consent of the Company be and is hereby accorded (under the provisions of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, to the Board of Directors of HUDCO for the following:

- Issue of bonds/debentures (including tax-free bonds/debentures and Capital Gain bonds/debentures) upto a maximum of ₹ 7500 crore in accordance with the enabling notification(s), provisions of Section 42 of the Companies Act, 2013 read together with Companies (Prospectus and Allotment of Securities) Rules, 2014, other applicable provisions/sections of the Companies Act, 2013, Housing Finance Companies Issuance of Non-convertible Debentures on private placement basis (NHB) Directions, 2014 and guidelines issued by any other regulatory authority, as may be amended from time to time; and
- The broad issue structure for mobilization of ₹ 3000 crore plus Green shoe option through issue of Non-priority Sector, Non-convertible and Redeemable taxable bonds/debentures (in one or more than one issue/tranche) upto a maximum of ₹ 7500 crore.

"RESOLVED FURTHER THAT the consent of the Company be and is hereby accorded under the provisions of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, to the Board of Directors of HUDCO to issue any other securities (both long term and short term) from time to time within the annual borrowing program of

₹ 7500 crore for the financial year 2014-15 subject to the outstanding borrowings at any given point of time not exceeding ₹ 40,000 crore".

By order of the Board of Directors

Sd/-

Place : New Delhi
Dated : 02.09.2014

Harish Kumar Sharma
Company Secretary

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto and form part of the notice.
2. ***A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.***
3. A copy of Memorandum and Articles of Association shall be open for inspection at the registered office of the company during business hours.
4. As per provisions of Section 139(5) of the Companies Act, 2013, the Auditors of the Government Company shall be appointed by the Comptroller and Auditor General of India (C&AG) within a period of 180 days from the commencement of financial year, who shall hold office till the conclusion of Annual General Meeting. Section 142 further provides that the remuneration of the auditors shall be fixed in its general meeting or in such manner as may be determined therein. Since, the Statutory Auditors for the financial year 2014-15 are yet to be appointed by the C&AG as per Section 139(5), the members are requested to authorize the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2014-15 after their appointment by C&AG.

STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013.

Item No. 4

In order to meet its annual resource fund requirement, the Board of Directors have proposed to issue the Bonds/Debentures including tax-free bonds/debentures upto a maximum amount of ₹ 7500 crore in accordance with the provisions of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Housing Finance Companies Issuance of Non-Convertible Debenture on private placement basis (NHB) Directions, 2014 and any other guidelines/notification/circular/amendments, as may be, issued from time to time by any statutory authority.

As per Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company cannot make a private placement of its securities unless the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the Company by way of a Special Resolution. The validity period of special resolution passed by the shareholders shall be one year, meaning thereby, company can make one or more offer or invitations for such debentures/securities during the currency of such special resolution.

The broad issue structure for mobilization of ₹ 3000 crore plus Green Shoe option through the issue of Non-priority and Redeemable taxable bonds/debentures (in one or more than one

issue/ tranche) upto a maximum of ₹ 7500 crore is as per details given below:

INSTRUMENT: Non-Priority Sector, Non-Convertible and Redeemable Taxable Bonds/ Debentures (Financial Year 2014-15)

Denomination (₹ per Bond)	₹ 5,00,000 (Face Value)
Tenor	3 - 10 years from the date of allotment with or without Put/ Call option
Coupon range *	6.50% - 10.75% p.a. (indicative)
Coupon type	Fixed or floating (shall be decided closer to the issue depending upon prevalent market conditions)
Put/call option	Shall be decided closer to the issue depending upon prevalent market conditions
Rating	AA+ (or as may be assigned) by M/s CARE Ratings & India Ratings & Research Pvt. Ltd (Fitch Group) or any other Credit rating agency from whom the initial rating may be obtained during the year.
Nature of Instrument	Secured or Unsecured, as the case may be.
Form of Issuance	Compulsorily in Dematerialized form
Interest payment	Annually / Semi-annually on the interest payment date of the respective series/tranche. The 1 st interest payment shall be made on the basis of actual no. of days from the date of allotment / realization of funds, whichever is later, to one day prior to the date of interest payment.
Listing	Proposed to be listed on NSE and/or BSE
Minimum Application	Application should be for a minimum of 5 Bonds and thereafter in multiples of 1 Bond.
Application Money	100% of the total value of bonds applied along with the application
Issue Time Table / planning horizon	Issue to be brought any time during the FY 2014-15. Actual time table shall be fixed at the time of the Bond issuance.
Deemed date of allotment	As per the actual time table fixed at the time of the Bond issuance.
Periodicity of the issue	At a market opportune time and depending upon the prevailing market conditions. However, no fresh offer/issue shall be made unless the allotments with respect to any offer/issue made earlier have been completed or that offer/issue has been withdrawn or abandoned by the company.
Security (in case the bonds are issued as Secured bonds)	Floating first pari-passu charge on present & future receivables of the Company to the extent of amount mobilized under the Issue. However, HUDCO shall reserve its right to create first pari-passu charge on present & future receivables for its present and future financial requirements or as may be decided closer to the issue or as may be required under the relevant section/provisions of Indian Companies Act or guidelines issued by any other regulatory authority.
Debenture redemption reserve (DRR)	DRR, as may be required under the applicable law, as amended from time to time, for the redemption of the Bonds. Accordingly, adequate amount, if required, shall be credited to the DRR from profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilized for any purpose other than for the redemption of the Bonds.

Utilization of issue proceeds	The funds proposed to be raised through the Issue shall be utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements (including debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by the Company in the past and currently outstanding in its books of accounts, including loans and market borrowings)
*	This coupon range is presently indicative based on prevalent market conditions. The coupon rate prevailing at the time of actual issuance of bonds may be different and the same may be decided by Resource Committee or CMD, HUDCO, as the case may be, on the basis of market conditions prevailing at that time, within the broad issue structure approved by the Board".

The Board recommends the special resolution as set out at item no. 4 of the notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the company/their relative are, in any way, concerned or interested, financially or otherwise in the proposed resolution.

By order of the Board of Directors

Place : New Delhi
Date : 02.09.2014

Sd/-
Harish Kumar Sharma
Company Secretary

DIRECTORS' REPORT



HUDCO Design Award

First Prize under Category Conservation of Heritage, Conservation of Walled City Bazaars, Jaipur, Rajasthan

44th DIRECTORS' REPORT

Dear Shareholders,

Housing and Urban Development Corporation Limited,

Your Directors take pleasure in presenting the 44th Annual Report on the business, operations and achievements of the Company together with the audited financial statements for the financial year ended 31st March, 2014.

Your Company was incorporated in the year 1970 and during its journey of 44 years; your company has achieved remarkable progress in all the fields. It has its presence all over the Country having 31 offices comprising of 20 Regional Offices and 11 Development Offices with a total strength of 916 employees. From ₹ 11 lakh profit in 1971-72 to over ₹ 726 crore in 2013-14, the organisation has created a niche for itself through immense contribution to the society while maintaining its profitability.

Your Company has been upgraded from Schedule-B to Schedule-A in the year 2002 and further has been conferred the status of Mini Ratna in the year 2004. HUDCO has been affirmed "AA+" rating by M/s India Rating (Fitch group) and M/s Care Ratings, showing high degree of safety regarding timely servicing of financial obligations and has been assigned "Excellent" rating for the second consecutive year as per Memorandum of Understanding targets set by Ministry of Housing & Urban Poverty Alleviation, Govt. of India.

During the year, HUDCO's primary stress was on social housing, provision of basic utility infrastructure through financing of sewerage/drainage, water supply, road and transport, social infrastructure & commercial infrastructure. HUDCO is determined to support inclusive and sustainable habitats and work towards better living conditions for all, especially the marginalized sections of the society, through its sustained efforts and its innovative approaches.

1. FINANCIALS

Your Company had completed yet another successful year of operations in the service of the Nation. Despite overall recessionary trends in the economy during the financial year 2013-14, HUDCO earned Profit before tax (PBT) and Profit after tax (PAT) of ₹ 1094.35 crore and ₹ 726.34 crore, as against ₹ 1061.70 crore and ₹ 700.56 crore during the previous year.

All these have been achieved due to robust project funding operations, efficient funds management and the prudent policies adopted by the management.

Resource Mobilisation/ Borrowings

During the year, your Company mobilized total resource amounting to ₹ 8034.61 crore, including ₹ 5687.12 crore raised through issue of bonds. Owing to inflationary pressures and volatility in foreign exchange rates, the economy continued to witness high interest rates during the financial year 2013-14, as well. However, despite high interest rates, HUDCO was able to mobilize resources at a weighted average incremental borrowing cost of 8.77% (i.e. 7 bps below 10 year Fixed Income Money Market and Derivatives Association of India (FIMMDA) G-Sec, as on 31.03.2014).

During the year, your Company successfully mobilized ₹ 4987.12 crore through issue of Taxfree bonds in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15) (iv) (h) of the Income Tax Act for 10, 15 and 20 years, out of which ₹ 4796.32 crore was mobilized through Public Issue(s), while the balance amount of ₹ 190.80 crore was mobilized

through a Private placement issue. The tax-free bonds mobilized through Public Issue(s) are listed on BSE Limited, whereas, the tax-free bonds issued on private placement basis are listed on the National Stock Exchange of India Limited.

HUDCO, also availed refinance assistance of ₹ 1000 crore from National Housing Bank (NHB) under its Rural Housing Fund scheme in two tranches of ₹ 500 crore each at fixed rate of 6.75% and 8.00%, respectively, for a tenure of 7 years. Further, a term Loan of ₹ 120 crore was availed from Banking Sector.

With an objective to promote efficient funds management and meet its day-to-day operational requirements, the Company also raised resources through Cash Credit/Overdraft facilities available from various banks and issue(s) of Commercial paper at competitive rates. The Cash Credit/Overdraft facilities outstanding as on 31.03.2014 were ₹ 960.71 crore. In addition, an amount of ₹ 266.78 crore was mobilized through HUDCO's Public deposit scheme.

Credit Rating

HUDCO's surveillance rating for long term instruments was reaffirmed 'AA+' by M/s India Ratings & Research Private Limited (Fitch group) and M/s Care Ratings. M/s India Ratings & Research Private Limited (Fitch group) and M/s CARE Ratings have further affirmed 'A1+' rating for HUDCO's short term instruments, which is the highest rating on standalone basis. During the year, India Ratings & Research Private Limited also upgraded the outlook on HUDCO's Rating from 'Stable' to 'Positive'.

Your Company also enjoys long-term foreign currency rating of 'BBB-' with 'Stable' outlook from international rating agency, M/s Fitch Ratings, which is at par with the sovereign rating of India.

Dividend

Your Directors are pleased to recommend a dividend of ₹ 100.01 crore for the financial year 2013-14, subject to approval of the shareholders at the ensuing Annual General Meeting. Accordingly, a provision of ₹ 17 crore has been made towards tax on dividend.

Reserves and Surplus

During the financial year under review, your Company has transferred ₹ 628.32 crore to the reserves comprising of Bonds/Debentures Redemption Reserve ₹ 378.17 crore, Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 of ₹ 250 crore and General Reserve of ₹ 0.15 crore.

Net Worth and Debt Equity Ratio

The net worth of your Company as on 31st March, 2014 stood at ₹ 7056.77 crore as against ₹ 6427.11 crore as on 31st March, 2013. The borrowings from all sources stood at ₹ 21,304.75 crore as on 31st March, 2014 (previous year ₹ 18,867.43 crore). The Debt Equity ratio of the Company as on 31st March, 2014 works out to 3.02:1 (previous year 2.94:1).

Unclaimed Deposits

As mandated under the Housing Finance Companies (NHB) Directions, 2010, it is disclosed that the unclaimed deposits with respect to Debentures/Bonds/PDS (Principal and Interest amount), due and unclaimed as on 31st March, 2014 aggregated to ₹ 18.11 crore (previous year ₹ 35.25 crore). As per the procedure, HUDCO is taking all necessary actions including letters, emails,

etc, for following up with its depositors. The amount remaining unclaimed for more than seven years has been transferred to the Investors Education Protection Fund (IEPF) as required under the provisions of the Companies Act, 1956.

Stressed Assets Management

Your Company is meticulously pursuing with the defaulting agencies for effective recoveries and taking recourses available under the Negotiable Instruments Act, 1881 and the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 besides filing recovery applications in Debts Recovery Tribunals. The Gross NPA as on 31st March, 2014 stood at 6.76% (previous year 5.69%) and Net NPA as on 31st March, 2014 is 2.52% (Previous year 0.83%). Your Company has also created sufficient additional provision as a matter of abundant precaution. The overdues have been reduced by 12.81% as on 31st March, 2014.

Risk Management

HUDCO has in place a Risk Management Policy and Operating Manual for management of the various risks to which HUDCO is exposed viz. credit risk, market risk, interest rate risk, liquidity risk and operational risk. The Policy aims at establishing the Company's risk management strategy in line with the goals of the organization and the internal and external environment.

The Company has a prudent and efficient risk management framework. There is a Risk Management Committee of the Board (RMCB) to review various reports and actions taken by Sub-Committees, such as Assets & Liabilities Management Committee (ALCO), Credit Risk Management Committee (CRMC) and Operational Risk Management Committee (ORMC). The recommendations of the RMCB are submitted to the Board of Directors. During the year 2013-14, four meeting of RMCB were held. HUDCO has in place an effective Asset Liability Management System and has constituted an Asset Liability Management Committee (ALCO). The liquidity risk and interest rate risk are being monitored with the help of liquidity gap analysis and interest rate sensitivity analysis. During the year 2013-14, four meetings of ALCO were held.

HUDCO also has in place a Currency Risk Management policy to manage risks associated with foreign currency borrowings. Forex Consultant appointed by HUDCO reviews and opines on the matters regarding scenario of international markets, foreign currency costs, hedging and options of further borrowings/ repayments etc., which are also deliberated in RMCB meetings.

Foreign Currency Risk Management

Your Company has in place a Currency Risk Management (CRM) policy to manage risks associated with foreign currency borrowings. The Company enters into hedging transactions to cover exchange rate and interest rate risk through various instruments like currency forward, options, principal only swap, interest rate swap and full currency swaps. As on 31st March, 2014, the total foreign currency liabilities are USD 81.763 million and JPY 3831.012 million. On an overall basis, as on 31st March, 2014, the currency exchange rate risk is covered to the extent of 74.40% through hedging instruments.

Cost Reduction Measures

During the year, costly loans were identified and foreclosed or prepayment option was exercised in respect of outstanding loans amounting to ₹ 133.33 crore. It would be imperative to highlight that by virtue of term loan agreement executed with the respective lender(s), no prepayment penalty in respect of loans foreclosed have been paid.

2. OPERATIONS

During the year under review, HUDCO has recorded excellent results on the operational front and has surpassed majority of targets set as per Memorandum of Understanding signed by the Company with Ministry of Housing & Urban Poverty Alleviation, Government of India both in terms of sanctions, releases and other related parameters. HUDCO has recorded an overall sanction of ₹ 17,491 crore against MoU target of ₹ 15,000 crore registering an increase of 16.61 %. Further, on the release front, it has released sum of ₹ 7438 crore against the MoU target of ₹ 6602 crore with an increase of 12.66%.

Memorandum of Understanding

Based on the provisional data/information available, performance of your Company, in terms of Memorandum of Understanding (MoU) signed with the Ministry of Housing & Urban Poverty Alleviation, Government of India, is expected to be rated as 'Excellent' for the year 2013-14.

Further, HUDCO and the Ministry of Housing & Urban Poverty Alleviation have entered into a MoU for the year 2014-15, in regard to various operational performance parameters like disbursement, sanctions, gross operating margin, cost of borrowing, gross NPA, etc. and also for various non-financial parameters like Human Resource Development (HRD), Corporate Social Responsibility (CSR), capacity building programmes, financing EWS & LIG housing, etc. The MoU for 2014-15 envisages a significant growth in the operations of HUDCO in the housing and urban development sectors with proposed sanctions of ₹ 16,100 crore and disbursements of ₹ 7300 crore during the year, with exclusive focus on social housing and core infrastructure.

As per the MoU, MoHUPA would facilitate HUDCO to achieve its projected growth by supporting the Corporation to increase its creditworthiness and enable it to achieve its social objectives by providing the necessary policy support. The Ministry would also support HUDCO in mobilizing resources at lower costs.

Housing for All – “Affordable Abode”

Food, Clothing and Housing are the three basic needs of human being, and among three, housing being the costliest has become beyond the reach of a common man. HUDCO endeavors to make this costly component of human life as an 'affordable abode' to all. HUDCO is committed to fulfill its mandate of supporting the development of housing sector in the Country.



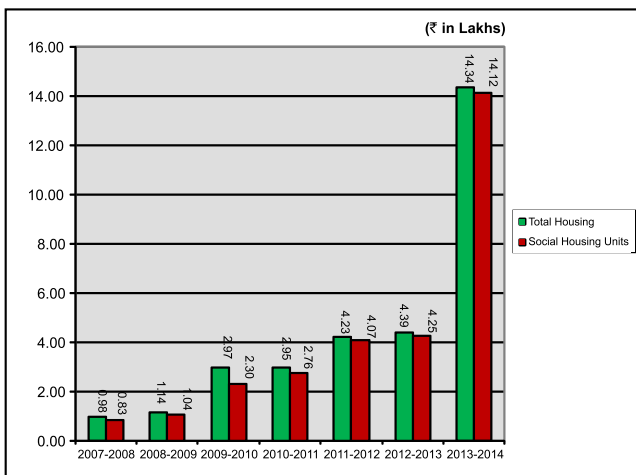
BSUP Scheme at Bally, Kolkata

During the year 2013-14, housing sanctions were ₹ 9643 crore (55% of total sanctions) and housing releases were ₹ 2841 crore (38% of total releases). During the year 2013-14, 64% (₹ 6267 crore) of housing sanctions and 74% (₹ 2110 crore) of housing releases were made for affordable housing including EWS & LIG.

During the year, HUDCO financed 14,34,102 housing units, out of which 14,11,962 units belong to Economically weaker and Low Income Group category i.e. 98.46% of the total sanctioned housing units, which is in sync with HUDCO's motto of "Profitability with Social Justice".

HUDCO also sanctioned 3.125 lacs dwelling units (DUs) of EWS category in the State of Andhra Pradesh, 1.6 lacs rural units in Haryana State under Priyadarshni Awas Yojana, 5000 DUs for Schedule Tribes and 1.228 lac DUs under Indira Awas Yojna (IAY) in the State of Kerala and Tamil Nadu respectively and 2.71 lac dwelling units each in SC/ST & general category in State of Karnataka under the Basava Grameena Vasathi. In addition to the above, HUDCO has also supported construction of police housing in various States viz. Madhya Pradesh, Karnataka, Tamil Nadu and Uttar Pradesh.

Social Orientation Growth in HUDCO



Urban Infrastructures – “Foundation for stronger India”

Towards fulfilling its strong commitment to provide an adequate and effective core infrastructure in the Country, in line with its motto of – “Foundation for stronger India”, HUDCO continued extending its financial support to various urban infrastructure projects.

During the financial year 2013-14, HUDCO has sanctioned a total of 72 schemes with its financial assistance of ₹ 7848 crore to various sectors like Water Supply, Sewerage, Drainage, Social Infrastructure, Commercial Infrastructure, Power and Road & Transport. An amount of ₹ 4596 crore loan was disbursed for urban Infrastructure projects.

HUDCO is one of the few financial institutions in the market to cater to the needs of Core urban infrastructure sectors (water supply, drainage, sanitation, solid waste management, transport including metro, buses, roads, social infrastructure like schools, hospitals etc.). These sectors form the foundation of city level infrastructure and play a significant role in enhancing the quality of life in cities. During the year 2013-14, HUDCO sanctioned ₹ 5322 crore (68 % of total UI sanctions) and released ₹ 3494 crore (76% of UI releases) for Core Urban Infrastructure.

Social Infrastructure

The major thrust of HUDCO has been on providing housing and social infrastructure to the poor, as an integral part of the urban growth and harmonious development. During the year 2013-14, HUDCO has funded 20 schemes under this category for a total loan assistance of ₹ 153.98 crore to the States of Jharkhand, Nagaland, Odisha and Puducherry. These schemes include construction of Workshops, Govt. buildings, etc.

Sewerage and Drainage & Solid Waste Management

Rapid urbanization and growth of a large number of cities requires laying of sewerage and drainage systems. To meet the growing demand, HUDCO during 2013-14 has funded 11 schemes with a total loan assistance of ₹ 1764.27 crore to the States of Gujarat, Karnataka, Maharashtra, Madhya Pradesh, Odisha and Puducherry. These projects would enable provision of comprehensive sewerage system with treatment facilities, which would benefit a large number of people in these areas.



Godavari Drinking Water Supply, Hyderabad, Andhra Pradesh

Water Supply

Potable water shortage is becoming one of the major problems in the country. Rapid growth of towns/cities in India put more demands for water supply to the Inhabitants. Keeping in view the growing demand of potable water, HUDCO during 2013-14, has sanctioned financial assistance to 5 schemes under this category for a total loan assistance of ₹ 1812.19 crore to the States of Gujarat, Maharashtra, Odisha and Tamil Nadu.

Road and Transport

Road and Transport Infrastructures are necessary for any economy to function properly. India's growing economy has witnessed a rise in demand for transport infrastructure and services. HUDCO during the year 2013-14, has sanctioned 20 projects under this category for a total loan assistance of ₹ 2120.72 crore in the States of Bihar, Gujarat, Himachal Pradesh, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Nagaland, Punjab and Uttar Pradesh. During the year, an amount of ₹ 1159.74 crore has been disbursed under this category.



Fleet Augmentation, Andhra Pradesh

Power Sector

Power has multiple knock-on effects on development of the country. Without it, development stalls. Nothing can be moved without power. Development in the country will be very hard to thrive unless there are reliable source of power. During the year 2013-14, in development of this sector, HUDCO has sanctioned 5 schemes in the States of Maharashtra, Rajasthan, Uttar Pradesh, Uttarakhand & Assam, for a total HUDCO loan of ₹ 1145.50 crore. During the year, an amount of ₹ 615.34 crore has been disbursed under this category.

HUDCO's Projects in the North Eastern Region

HUDCO continued its special thrust towards development of the Seven Sister States in North Eastern Region. During the year, HUDCO has sanctioned 7 housing schemes with a loan

amount assistance of ₹ 26 crore to the North-Eastern Region. This would support taking up of 140 housing units in the State of Mizoram and Nagaland. Beside this, HUDCO has also sanctioned 14 infrastructure projects with a loan assistance of ₹ 24.92 crore in the State of Nagaland and Assam. These projects include construction of government institutional buildings, commercial buildings, etc

Building Material Industries

HUDCO has extended financial support through equity and term loan to the building material industries for manufacturing building materials products and components, which are innovative and alternates to the conventional options. These alternate building materials utilize agricultural and industrial wastes and thus are energy efficient and environmentally appropriate options. A major thrust is to support fly-ash based building material industries and also alternates to timber in different parts of the country. Till date, 30 building material industrial units have been supported with HUDCO assistance of ₹ 29.48 crore.

Committee for the Rejuvenation and strengthening of Building Centres

HUDCO has taken the initiative to set up a Committee under the Chairmanship of architect Shri Kirtee Shah with representation from NGOs, private sector, R & D bodies as well as HUDCO and BMTPC with a mandate to suggest a plan of action for the revival of the Building Centres as an important tool for the development and propagation of green technologies and as an effective response to the contemporary needs of the sector.

Model Villages and Model Bastis

HUDCO has extended support for development of model villages and model bastis throughout the country, out of interest accrued from HUDCO-KfW IV & V grant. The selected villages/slums, which predominantly cover low-income population, have been provided with grant assistance up to ₹ 70 lacs each for a village/basti. Matching contribution has been waived off in the natural calamity hit areas, whereas for other areas, it is kept as 80:20 ratio (80% HUDCO-KfW: 20% agency/state Govt. share). 20% contribution may be met by the State Governments/Union Territories/Implementing agencies by dovetailing other resources of Central/ State Government schemes with a convergence approach, to provide community buildings and public utilities infrastructure facilities.

In the financial year 2013-14, HUDCO has sanctioned 10 model village and model bastis in the natural calamity hit areas of Uttarakhand under HUDCO-KfW grant-in-assistance of ₹ 70 lac each i.e. ₹ 7 crore and 5 model village and model bastis in the cyclone hit areas of Odisha State of ₹ 70 lac each i.e. ₹ 3.50 crore. Thus, HUDCO has sanctioned a total grant-in-aid-assistance of ₹ 10.50 crore for the natural calamity hit areas in the year 2013-14. The proposals are at various stages of implementation.

3. HUDCO NIWAS – INDIVIDUAL HOUSING LOAN SCHEME

HUDCO Niwas is working through a network of 20 Regional Offices throughout the Country and offers individual Housing Loans for construction/ purchase of a house/flat/extending or improvement of the existing house/ flat and re-financing of existing housing loans. HUDCO Niwas also offers bulk loan to State Government/Para Stats of the State Government/Profit making PSUs and other Housing Finance Companies.

During the year, an amount of ₹ 65.58 crore has been sanctioned and ₹ 297.88 crore has been released, which include release of ₹ 284 crore to PNBHFL, a Housing Finance Company promoted by Punjab National Bank. Further, cumulatively, till March, 2014, an amount of



CNG Gas Station in Gujarat

₹ 4923.26 crore has been sanctioned and ₹ 4348 crore has been released under HUDCO Niwas portfolio.

4. EMERGING SECTOR INCLUDING INDUSTRIAL INFRASTRUCTURE

Towards Industrial and economic growth of the country, HUDCO plays vital role by financing Industrial Infrastructure Projects, Industrial Estates and Special Economic Zones (SEZs) for land acquisition and Land Development, Water Supply, Access/Circulation Roads, Residential Townships, Street Lighting, Jetties, Bus Terminals/Stops and Community Centres etc. During the year 2013-14, HUDCO has funded 10 such schemes with a total loan assistance of ₹ 832.19 crore; namely City Gas distribution project in Gujarat, Establishment of new Industrial Growth Centre at Vidisha, Dewas and Sagar and Up-gradation of Industrial Growth Centre at Bhopal, Indore, Jabalpur and Mandla, in Madhya Pradesh. During the year, an amount of ₹ 485.17 crore has been disbursed under this category.

5. NEW INITIATIVES

Extending HUDCO's reach to the new clients

During the year under review, HUDCO has entered into Memorandum of Understanding with various organisations like.

- National Commission for Women (NCW) under CSR for improving the living conditions of widows at Vrindavan, Mathura.
- National Building Construction Corporation Limited (NBCC) for joint development of projects.
- School of Planning & Architecture (SPA) for research relating activities.
- National Culture Fund (NCF) for conservation of heritage sites/ buildings.
- Construction Industry Development Council (CIDC) for creation of skills required in the building construction industry.

Laying stress on acquiring business from Government agencies, HUDCO extended funding to 135 new Urban Local Bodies, who have borrowed from HUDCO for the first time during the current year. This initiative will provide vast opportunities in future for funding a large number of small and medium towns/cities in the country, which need to develop quality infrastructure for the growing population.

HUDCO Nav Nagar Yojana (HuNNY)

HUDCO, as a pioneering techno-financial institution in the housing and urban development sector, proposes to facilitate Urban Local Bodies (ULBs) and other Government agencies in developing integrated townships/layouts/ colonies, to meet the increasing requirement of planned housing for its citizens. It offers a comprehensive solution to the growing cities/towns from 'Planning to Financing' the sustainable habitats. HUDCO will provide technical and financial support for developing potential sites as planned urban extensions to meet the requirements of the ever growing population. The programme operates at three stages:

- advisory service on conceptualization and feasibility of the proposed development;
- consultancy assistance on fee basis, for architectural and engineering designs;
- providing funds required for development of sites and services as well as housing, including land acquisition.

HUDCO would provide technical assistance for integrated development of such identified sites covering housing, infrastructure as well as commercial areas. The assistance would enable location specific optimal development, covering all categories of households with commensurate infrastructure facilities. Comprehensive planning would be undertaken in consultation with the ULB as well as other stake holders.

The HuNNY programme is open to all the willing ULBs, Urban Development Authorities, Housing Boards or any other Government Corporation or Agency that may like to foster collaboration with HUDCO towards planned growth and expansion of the city/town. This will help the ULB in meeting the emerging requirements with special reference to affordable housing segment. Private Developers for projects approved by the Central/State Governments for subsidy under the Affordable Housing in Partnership scheme of the Ministry of Housing and Urban Poverty Alleviation are also eligible.

HUDCO has sanctioned Inderlok Housing Scheme for construction of 822 dwelling units (DUs) consisting of LIG & HIG houses to Haridwar Development Authority for a financial assistance of ₹ 125 crore. The project envisages planned development in the industrial area of State Infrastructure and Industrial Development Corporation of Uttarakhand Ltd.

Rent –to–Own Scheme

HUDCO has been striving to make 'Housing for All' a reality. One of the sections of the society, which finds it very difficult to own a house in the career span is the salaried public/government sector employees, especially at the lower rank. Towards improving access to housing for this section of the society, HUDCO has conceived the "Rent-to-Own" Scheme. Broadly, this scheme facilitates an agency to initially avail loan from HUDCO on behalf of its employee. The agency would allot the houses to its employees initially on rental basis. The employee would become the 'owner' of the house as and when the full cost of the house is paid to the agency. This would help the agency to improve the satisfaction level of employees.

6. CONSULTANCY INITIATIVES

HUDCO's contribution as the premier techno-financial institution in the country is not limited to housing finance alone but includes various other initiatives to contribute to the cause of sustainable urban development. Utilising its inherent strength of technical personnel, long experience and expertise in the fields of Architecture and Planning, a distinct thrust has been extended to the fee based consultancy. During the financial year, HUDCO has been involved in showcasing various facets of consultancy services, thereby contributing to the overall image building of HUDCO.



Proposed Vertical Housing Colony-Shehjar Apartments at Bemina, Srinagar, J & K

During the year, HUDCO has signed an agreement with Srinagar Development Authority for preparation of a detailed project report for housing colony at Bemina, Srinagar. HUDCO is also undertaking the preparation of Draft Master Plans of two towns in Madhya Pradesh namely, Khargone and Jhabua for the State Institute of Town Planning. The Final report for the Slum Free City Plan of Gangtok, has also been submitted. Further, HUDCO is also in the process of signing consultancy agreements with Andhra Pradesh State Housing Corporation Limited for providing consultancy services for preparation of Comprehensive Development Plan and with Siliguri Jalpaiguri Development Authority for providing consultancy services for preparation of a Detailed Project Report for Affordable Housing in Siliguri Jalpaiguri Planning Area. Apart from this, HUDCO is likely to sign an agreement with the Planning and Development Authority, Manipur, for providing consultancy services for preparation of DPRs for Market-cum-Office Complexes at various locations in Manipur.

7. HUDCO DESIGN AWARDS

HUDCO has always been associated in improving the habitat conditions, use of effective technologies and designs, especially of the urban poor. In keeping with this tradition, HUDCO instituted 'HUDCO Design Awards' to give recognition and felicitate innovative ideas and initiatives that contribute to make our cities inclusive, liveable and environmentally sustainable. The Award has five different categories and is expected to encourage professionals in the field of



HUDCO Design Awards

Architecture, Planning and Engineering and sensitize decision makers regarding utility and applicability of innovative design solutions. HUDCO Design Awards 2013 were conferred to the awardees by Hon'ble Minister of Housing & Urban Poverty Alleviation, Govt. of India on 17th February, 2014 at New Delhi. HUDCO also published a book titled "HUDCO Design Awards 2013" which is a compilation of all the award winning entries for dissemination of information regarding these innovative and inspiring projects.

8. CUSTOMER SATISFACTION

HUDCO is an organization, committed to develop products and provide services that meet the requirements of its customers i.e. its borrowing agencies, investors, etc. to ensure that they have attained full satisfaction in transacting with HUDCO. Systems have been created to ensure that customer requirements are determined and services and products are developed taking into consideration features/ requirements specific to the sector and fulfilled at each applicable function and level with the aim of continually enhancing their satisfaction. It is a culture of HUDCO to treat its customers aspirations as a priority and support them by facilitating them for example, assistance through the entire life cycle of the loan or assistance to the investors to get their interest payments at the right time.

During the year 2013-14, Regional Offices of HUDCO organized 15 customer feedback meets with the borrowing agencies to gauge their satisfaction level. Another key measure to enhance customer satisfaction is the redressal of complaints in a time-bound manner. All complaints received during the year were redressed well in time i.e. within 25 days.

The time taken to process the loan releases is a good indicator of efficient and effective delivery of services and this goes a long way in enhancing the customer's satisfaction level. In 2013-14, the process time for releases in government and private sector schemes is 6.39 days and 2.2 days respectively.

9. HUDCO – AN ISO 9001:2008 CERTIFIED COMPANY

HUDCO has recertified an ISO 9001:2008 Company for Quality Management for the full range of its activities covering providing project and retail financing services, resource mobilization for funding consultancy and joint ventures and training, research and networking in Human Settlement Planning & Management from Indian Register Quality Scheme (IRQS) on 30th September, 2012. The certificate is valid till 29th September, 2015. The Surveillance Audit for continuance of the ISO certificate was carried out by IRQS in August 2013 at the Regional Offices Kolkata, Chennai, Dehradun, HSMI and HUDCO Head Office and gave their recommendation for continuation of certificate.

10. HUDCO BUILD-TECH 2013

HUDCO organized HUDCO Buildtech 2013 – an exposition on cost effective and environmentally friendly building materials and technologies as a part of India International Trade Fair held from 14th to 27th November, 2013 at Pragati Maidan. A large scale display was put up for visitors in around 2126 sqm area, showcasing various HUDCO activities and areas of operation. The event, which also included a grand display of cost-effective and environmentally friendly building materials and technologies, by way of construction of a dwelling unit, received much appreciation from the general public.

11. JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM) AND RAJIV AWAS YOJANA (RAY)

HUDCO has been mandated to play a significant role in the successful implementation of the Government of India's flagship programme of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana (RAY). The Government of India launched the 7 years JNNURM programme on 3rd December, 2005 for provision of basic amenities to the urban poor, which was extended upto March 2015, for implementation of the programme. Ministry of Housing & Urban Poverty Alleviation has appointed HUDCO as an appraisal agency for appraisal of Basic Service for the poor (BSUP) and Integrated Housing & Slum Development

Programme (IHSDP) projects and as one of the Central Monitoring Agency for monitoring of BSUP/IHSDP projects and review of Third Party Inspection & Monitoring Agencies (TPIMA) Reports. As on 31st March, 2014, HUDCO has appraised 1239 projects with Project Cost of ₹ 24,434 crore and central assistance of ₹ 13,745 crore for the construction/upgradation of 9.81 lac dwelling units across 870 cities/towns in the Country. HUDCO supported 15 'viability gap funding' schemes under JNNURM to projects under BSUP, IHSDP, gap-funding for Sewerage network, water supply, solid waste management and purchase of buses etc.

Rajiv Awas Yojana (RAY) was announced in June, 2009 for creating 'Slum Free India'. Preparatory phase of RAY concluded on 2nd June, 2013. During the preparatory phase, the States were required to draw up Slum-free Plans of Action (SFCP) for proceeding towards the goal of Slum-free Cities/States. In the preparatory phase, the State Governments prepared pilot projects with an aim of evolving, demonstrating and establishing models for scalability and replicability. Implementation phase of RAY was launched on 3rd September 2013. HUDCO with its social mandate of providing housing to economically weaker sections, has appraised 83 RAY projects as on 31st March 2014, with project cost of ₹ 3160 crore and central assistance of ₹ 1570 crore for the construction/upgradation of 62,202 dwelling units. In addition, 3 Affordable Housing in Partnership (AHP) projects with project cost of ₹ 56 crore covering 992 dwelling units for the State of Karnataka were also appraised by HUDCO.

Against the MoU targets for 'Fee based income from Action Plan Scheme' for the year 2013-14 of ₹ 2.50 crore, HUDCO has raised fee based income of ₹ 3.01 crore against appraisal of JNNURM & RAY projects, monitoring and analysis of TPIMA reports.

12. HUMAN RESOURCES

HUDCO is an treasure trove of expertize with its multi-disciplinary strength of professionals. During the year, HUDCO Board has approved HUDCO Employees Superannuation Pension Scheme as per DPE Guidelines, for which approval of the Government of India has been received. As a next step Trust has been constituted and further action is being taken. The guidelines for the utilisation of Employees' Welfare Reserve have been approved by the Board. An Employee Welfare Committee has been constituted for overall management of Welfare Fund and to implement the welfare measures. The benefits under the Social Security Scheme have been broadened for larger coverage of facilities. With a view to hone the skills of employees, capability development was taken up in various strategic, functional and behavioural areas for the employees. 370 employees have been nominated for 133 different training programmes out of which 10 were International Training Programmes.

As per the MoU Targets for the Company for the Financial Year 2013-14, HRMA Wing was given targets with a weightage of 5 points. The parameters were: (i) for restructuring of supervisory level of executives, Board approval was obtained on 20th November, 2013 and restructuring has already been done; (ii) a Voluntary Retirement scheme (VRS) for the Company employees was approved by the Board on 23rd April, 2013, (iii) implementation of Bell Curve has been adhered to (iv) as infusion of fresh talent and ideas is a must for the growth of the company, a plan of recruitment at entry level was approved by the Board on 12th September, 2013.

Human Settlements Management Institute (HSMI)

Human Settlements Management Institute (HSMI) is the Research & Training Wing of HUDCO and its activities are supported by a multi-disciplinary group of professionals. The Institute continued its capacity building efforts for the professionals engaged in the housing and urban development sector including HUDCO's borrowing agencies and HUDCO's own functionaries.

During the year, 51 training programs were conducted, covering 1869 Indian professionals from different sectors. Besides, HSMI also organised two International training programme: one supported by Ministry of External Affairs on the theme of “Planning of Equitable and Prosperous Cities”; and one International Refresher Course jointly organised with Institute for Housing & Urban Development Studies (I.H.S.), Rotterdam on the theme of “A Right Based Approach to Resettlement (International) Standards and Local Practice” for the Alumni located in South-East Asian Countries. Further, as Anchor Institution, HSMI organised a Joint Working Group of IBSA-HS (India, Brazil, South Africa Human Settlements) in May, 2013.



International Training Programme on "Planning for Equitable and Prosperous Cities" conducted by HSMI

Keeping in view HUDCO's emphasis on strengthening and working through local bodies and supporting these agencies for taking up projects funded by HUDCO, the Institute organised 15 Capacity Building Programmes for Urban Local Bodies (ULBs). HSMI also organized 17 In-house programmes for HUDCO officers, in the disciplines of Law, Finance, and Projects, achieving training 1261, man-days during the year.

Further, to create a culture of Innovation in HUDCO to achieve 'Mission Five Ones' goals, HSMI organised Orientation and Synergy Building Workshop for “Innovation Officers of HUDCO” during the month of July, 2013.

HUDCO Chair activities supporting 18 reputed institutions to undertake research and training activities in the habitat sector have been operationalized.

HUDCO/HSMI also sanctioned research grants for 14 research proposals during the financial year 2013-2014 under the five areas i.e. (i) Affordable Housing and Financing Options; (ii) Urbanisation and Urban Poverty – A Geo-Demographic Approach; (iii) Project Development and Management for PPP Project; (iv) Environmental Improvement Planning in Cities; (v) Governance and use of IT for Urban Development. Out of these 14 proposals, 11 proposals were awarded before 31st December, 2013 to reputed institutions. The total R&D expenditure incurred in financial year 2013-2014 amounts to ₹ 353.48 lakh. Nine Best Practices Awards have also been given to agencies, which have undertaken unique/novel projects/schemes after recognising their potential for replication and adaptation by other agencies in the country.

HSMI is one of the National Nodal Resource Centres of the Ministry of Housing & Urban Poverty Alleviation, Govt. of India, for undertaking training and documentation activities in support of implementing Action Plan Programmes of the Ministry. The activities are supported through funds earmarked for IEC (Information, Education & Communication) component of the programmes, which include National Urban Livelihood Mission (NULM) and Rajiv Awas Yojana (RAY). HSMI also organised nine training programmes as support to Action Plan Programmes of the GoI & MoHUPA including six training programmes on RAY as well as one ToT programme on RAY.

HSMI is also the nodal agency for implementing the 'Challenge Fund' concept instituted by the Ministry of Housing & Urban Poverty Alleviation with the assistance of international agencies. Four projects have been approved for grant funding under this project.

CITYNET– National Chapter India

HUDCO is an Associate Member of CITYNET since 1993. The purpose of CITYNET is to promote exchange of information, experience and skills through various research and training activities among members of CITYNET. HUDCO has established an India chapter of CITYNET, so that more Indian cities could benefit from HUDCO's vast experience in the area of common interest. HUDCO/ HSML also organised the CITYNET – National Chapter India – First Meeting of the Expert Group was held on 16th December, 2013.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT (SD) ACTIVITIES

In line with the revised guidelines issued by Department of Public Enterprises (DPE) on CSR and Sustainable Development effective from 01.04.2013, HUDCO Board of Directors has approved the revised CSR and Sustainability Policy and has also provided a budget of ₹ 10.51 crore (1.5% of profit after tax for the year 2012-13) for the CSR and SD activities. In line with the annual plan approved by the Board in its meeting held in July, 2013 and thrust areas identified in the HUDCO CSR and Sustainability Policy, HUDCO has sanctioned financial assistance of ₹ 15.33 crore for 39 proposals and disbursed an amount of ₹ 12.49 crore (including proposals sanctioned in the previous years) for implementation of various proposals.

During the year, HUDCO has supported Construction/Renovation and Extension of 6 Nos. Night Shelters/Community Toilets – (2 nos each at Ahemdabad and Haridwar and 1 no. each at Alwar and Mussoorie) and 4 number of proposals of Renewable Sources of Energy - Solar Lighting at BSUP School Site, Vijayawada, Ukhimath, Uttarkashi in Uttarakhand, Deshpriyo Park in Kolkata, West Bengal and for setting up of Wind Mill for generation of Power at Naya Raipur. The first instalment equivalent to 25% of Project Cost/CSR assistance has been also disbursed to the implementing agencies for implementation of the proposals.

HUDCO has also extended support for Conservation of Sunderwala Mahal (protected monument) Sunder Nursery, Delhi through National Culture Fund (Project cost/CSR assistance



Night Shelter at Kalavai Town, Vellore District, Tamilnadu constructed with the HUDCO CSR assistance

of ₹ 38.51 lacs) and Construction of Community/Pay & Use Toilets at 3 locations in Kapasan Town, Chittorgarh District, Rajasthan, a Backward district identified by the Planning Commission under BRGF scheme (Project cost/ CSR assistance of ₹ 41.76 lacs) and first instalment of 25% of Project cost/CSR assistance has been already disbursed to the agencies before end of December, 2013 for implementation of proposal.

Employment Oriented Skill Training Programme in construction trades to more than 115 beneficiaries in the States of Orissa and Rajasthan has been also completed and KUDUMBASHREE has also completed training in construction trade for 70 slum women in Kerala.

HUDCO has also contributed an amount of ₹ 25 lacs and ₹ 15 lacs to the Chief Minister's Relief Fund, Uttarakhand and Himachal Pradesh respectively for flood and land slide victims. In addition, HUDCO has also made a contribution of ₹ 12.55 lacs to the Chief Minister's Relief Fund, Orissa for Cyclone "Phalin" affected area.

Besides, HUDCO has also extended support for Construction of toilets in the various schools of Unakoti Distt. in Tripura, Completion of Kala Bhawan at Chikkaballapur in Karnataka, Construction of Skill Training Centres in Cuttack in Orissa and Tezpur in Assam, Purchase of 4 Ambulances in the state of Goa and Cesspool cleaners in state of Nagaland and also taken up/completed the Rain Water harvesting in its Regional Office Building at Jhalana Dongri, Jaipur through CPWD at a cost of ₹ 4.50 lacs.

HUDCO'S Role in Disaster Mitigation

HUDCO has always been on the forefront of disaster mitigation efforts in India and always extended its helping hand in times of crisis due to natural calamities like earthquakes, landslides, cyclone, flooding, sea erosion and tsunami etc in various parts of the country. Consequent these natural calamities, substantial damage to property and assets take place, rendering large number of families homeless. HUDCO has played an active role in the rehabilitation/reconstruction of housing and other amenities for natural calamity affected areas. Recently HUDCO has supported natural calamity hit areas of Uttarakhand, Himachal Pradesh and Odisha State through CSR and HUDOC's KfW grant assistance.

14. OFFICIAL LANGUAGE

HUDCO continued its efforts to implement the official language policy of Govt. of India in all its offices and motivating the employees at all levels to achieve the targets set in the annual official language programme issued by Govt. of India. In order to promote use of Hindi in HUDCO, 'Rajbhasha Month' was celebrated in September, 2013 and various competitions were organized both at Corporate Office, as well as in Regional Offices and during the month. Officials from Official Language Department of Corporate Office participated in Regional Offices meetings and programmes and a special Hindi workshop was also organized in Thiruvananthapuram for Hindi Nodal Officers and Nodal Assistants. Further, officials of HUDCO were sent for Hindi Training Programme organized by various Officials Language Institutes.



Hindi Rajbhasha Maha (राजभाषा माह)

During the year, Committee of Parliament on Official Language inspected HUDCO's Guwahati and Patna Regional Offices and the official language implementation in these Regional Offices was appreciated by the Parliamentary Committee. Official language inspection was also conducted by Hindi Department, Corporate Office at Mumbai, Guwahati, Jaipur, Hyderabad, Thiruvananthapuram, Jammu, Bhopal, Lucknow and NCR Regional Offices and the Corporate Office departments viz. Human Settlement Management Institute, Public Relations Internal Audit, Company Secretary, Administration, Human Relations and General Accounts.

In recognition of HUDCO's efforts towards progressive use of Hindi, "NARAKAS" awarded special appreciation award – "Rajbhasa Shield" to HUDCO and also appreciated HUDCO for organizing "Doha Path Pratiyogita" for the employees of PSUs, Delhi under NARAKAS. Two of our officials were also awarded for participating in Hindi competitions by NARAKAS, Delhi. Our Thiruvananthapuram Regional Office and one of the officials of our Jammu Regional Office were also awarded appreciation award for Official Language implementation.

15. VIGILANCE

The Corporate Vigilance Department (CVD) continued to strive for improving the systems and procedures in the working of the company, in line with CVC's directions issued from time to time. Several steps were initiated as part of preventive vigilance by putting in place the modes of creating general awareness amongst all officials, particularly towards vigilance related issues, with special emphasis on implementation of e-governance by the concerned wings of the Company and Regional Offices.



Vigilance Awareness Week

The steps taken/being taken towards preventive vigilance and the efforts made to deal with the third party in a transparent manner include online applications, tenders accessible to the general public/vendors, information on payments made to them from time to time. In compliance of CVC's instructions, all the Regional Offices of HUDCO have been advised to ensure the maintenance of quality standards in construction activities by the borrowing agencies in the projects financed by HUDCO. Another initiative taken by HUDCO towards reducing the volume of physical documents at Head Office includes digitization of records which has been taken up on a pilot basis.

Further, inspection of Regional Offices at Hyderabad and Ahmedabad were carried out during the year and officials were detailed about preventive aspects of vigilance. The points emerged out of inspections have been apprised to the concerned ROs for follow-up action. Vigilance Awareness Week was observed by the Corporation from 28th October to 2nd November, 2013 at the Head Office as well as at all the Regional Offices with focus on 'Promoting Good Governance–Positive Contribution of Vigilance'. Shri PRK Naidu, IPS (Jharkhand 1987) has joined HUDCO as Chief Vigilance Officer with effect from 6th March, 2014.

16. MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report covering the requisite information as required by the DPE guidelines is annexed with the Directors Report.

17. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy

HUDCO is not a manufacturing Company and does not own any manufacturing unit; hence the disclosure of particulars regarding Conservation of Energy is not applicable. However, efforts are made for conservation of energy in the office(s) of HUDCO by use of energy efficient machines/ equipments/ lights while replacing the existing ones. Rain water harvesting methods are also adopted, wherever possible.

Technological Absorption

HUDCO has taken various measures in the field of technology absorption by extending financial assistance to the building material industries manufacturing building materials and other components through the latest technology, which are innovative, cost effective and alternates to the conventional mode of manufacturing.

Foreign Exchange Earnings and Outgo

During the year, inflow on account of foreign exchange transaction was amounted to ₹ 1.73 crore (previous year ₹ 2.28 crore) while out go was amounted to ₹ 6.89 crore (previous year ₹ 8.92 crore).

18. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors of your Company confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures, if any;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for the financial year 2013-14;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors have prepared the annual accounts on a going concern basis.

19. DIRECTORS

Shri KBS Sidhu, IAS, Joint Secretary (Housing), Ministry of Housing & Urban Poverty Alleviation, Government of India was appointed as Government Nominee Director on the Board of HUDCO with effect from 30th August, 2013 in place of Shri Susheel Kumar.

Further, Dr. M. Ravi Kanth, IAS(r), has been appointed as Chairman & Managing Director of HUDCO with effect from 11th April, 2014 in place of Shri VP Baligar, IAS, who ceased to be Chairman & Managing Director with effect from 10th April, 2014 on completion of his term.

Smt. Jhanja Tripathy, IRAS, Joint Secretary & Financial Advisor, Ministry of Housing & Urban Poverty Alleviation, Government of India was appointed as Government Nominee Director on the Board of HUDCO with effect from 3rd May, 2014 in place of Shri Naresh Salecha.

Your Directors extend a warm welcome to Shri KBS Sidhu, Dr. M. Ravi Kanth and Smt. Jhanja Tripathy for being part of HUDCO. Your Directors also place on record its appreciation for the valuable contribution made by Shri Susheel Kumar, Shri VP Baligar and Shri Naresh Salecha, during their tenure on the Board of HUDCO.

20. PARTICULARS OF EMPLOYEES

There is no employee, in receipt of remuneration in excess of limit prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

21. AUDIT COMMITTEE

Your Company has an Audit Committee in compliance to the provisions of Section 292A of the Companies Act, 1956 and the guidelines issued by Department of Public Enterprises (DPE) applicable to Central Public Sector Enterprises. The complete detail with respect to the Audit Committee as required to be given under the Companies Act, 1956 and DPE guidelines is given in the 'Corporate Governance Report'.

22. AUDITORS & AUDITORS' REPORT

M/s Dhawan & Co., Chartered Accountants, the Statutory Auditors', who were appointed by the Comptroller & Auditor General of India (C&AG) for the financial year 2013-14, had conducted the statutory audit of your Company. The review of Annual Accounts of your Company for the year ended 31st March, 2014 by the C&AG under Section 143(6) of the Companies Act, 2013 forms part of this report and the same is annexed hereto.

23. BUY-BACK OF SHARES

There was no buy back of shares as per provisions of section 77A of the Companies Act, 1956.

24. EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year, no Employee Stock Option Scheme has been offered to the employees by the Company.

25. LISTING OF SECURITIES

The entire equity share of the Company is held by Government of India; hence the same is not listed on the Stock Exchanges. However, the bonds issued by the Company are listed at the following Stock Exchanges as on 31st March, 2014:

1. National Stock Exchange of India Ltd. (NSE)
2. Bombay Stock Exchange (BSE)
3. Delhi Stock Exchange (DSE)

26. APPRECIATION AND GRATITUDE

Your Directors acknowledge with gratitude the valuable guidance, support and co-operation extended by various Ministries of the Government of India including the Ministries of Housing & Urban Poverty Alleviation, Urban Development, Rural Development, Finance, External Affairs, Planning Commission, Reserve Bank of India, National Housing Bank, Bankers, Financial Institutions, Credit Rating agencies, Comptroller and Auditor General, Statutory Auditors and other Governments' Agencies/Departments. Your Directors also appreciate the continued

support provided by the International Finance Institutions, such as Kreditanstalt für Wiederaufbau (KfW), Japan Bank of International Cooperation (JBIC), Asian Development Bank (ADB), USAID, etc.

Your Directors also acknowledge their gratitude to various State Governments, Housing Boards, Development Authorities, Municipal/Local Bodies and other Institutions for their continued support and confidence reposed in your Company and for their valuable suggestions.

Your Directors also place on record its appreciation to the debenture/bond holders, depositors and other investors/ stakeholders for their unstinted support and confidence reposed in the organization and their continued support has been a source of inspiration and strength to the Company.

Your Directors also take this opportunity to place on record its appreciation to the hard work, dedication, commitment and unstinted efforts put in by all the members of HUDCO family.

for and on behalf of the Board of Directors

Place : New Delhi
Date : 30.07.2014

Sd/-
Dr. M. Ravi Kanth
Chairman & Managing Director
(DIN:01612905)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The overall economic activity of the Indian economy remained subdued in 2013-14 which was reflected in the GDP growth figures. The quarterly GDP during Q1, Q2 and Q3 of 2013-14 registered growth rates of 4.4%, 4.8% and 4.7% respectively- all below 5%. The overall GDP growth for the year 2013-14 is estimated at 4.9%. During the course of 2013-14, monetary policy had to face challenges of financial turbulence arising from the US Fed contemplating tapering its large scale asset purchase programme. This sparked off turning of the global interest rate cycle with volatile movements for cross-border capital flows and asset prices. As a result, like most emerging markets and developing economies, India faced capital outflows and intense exchange rate pressures. In response to these developments, monetary policy had to depart from its charted course of calibrated monetary easing that had started in April 2012. The event resulted in a rapid deterioration of financial conditions across emerging markets, including India. Stabilisation of the economy by restoring exchange rate stability became the overriding task. Short-term interest rates were raised by hiking the Marginal Standing Facility (MSF) rate by 200 bps and siphoning off excess liquidity with a view to defending the Rupee Exchange rate.

Several other measures were introduced, either to restrain the current account deficit or to improve its financing. Following a host of such measures stability returned to the external front by a good measure. The monetary policy stance of the Reserve Bank of India has been driven by the imperatives of keeping inflation in check and supporting growth revival while managing a complex external economic situation. The inflation trend, especially the retail inflation remained elevated during most part of the year, barring the last quarter of the financial year. The interest rates had hardened marginally during the year.

With the general economic slowdown persisting and uncertainties looming large on the economic front, its ripple effects have been experienced by the housing, real estate and infrastructure sectors. As per the advanced estimate of GDP released by CSO, the construction sector's growth is estimated at only 1.7% in FY14 compared to 1.1% in FY13.

However, the CSO data on third quarter GDP shows that construction sector grew only by 0.6% in Q3 of FY14 compared to 4.3% in the previous quarter. As per RBI's data on sectoral deployment of bank credit, housing loans recorded a higher growth in FY14 at 18.4% compared to 15% in FY13 but the overall sentiment remained subdued. Similarly data on banking sector's credit flow to infrastructure shows that it has recorded marginally lower growth at 15.1% in FY14 compared to 15.8% in FY13. As per Reserve Bank House Price Index (Base year = 2010-11),



MTPA Integrated Steel Plant at Parbatpur, Jharkhand

house price pressures, that abated in Q1 of 2013-14 had shown some signs of increase in Q2. The y-o-y increase in the RBI House Price Index at the all-India level was 15.0 per cent in Q2 of 2013-14 as compared to 13.8 per cent in the preceding quarter.

On the policy front, key developments in 2013-14 were: (1) National Urban Livelihood Mission was launched by the MoHUPA to reduce poverty and vulnerability of the urban poor households. The Mission has six areas of operation for which guidelines were issued: Employment through Skills Training & Placement, Social Mobilisation and Institution Development, Urban Street Vendors, Scheme of Shelters for Urban Homeless, Self Employment Programme, Capacity Building and Training; (2) A Model State Affordable Housing Policy was prepared by MoHUPA in September, 2013; (3) The Task Force on Rental Housing, MoHUPA brought out its Report on Policy and Interventions to Spur Growth of Rental Housing in India recommending rental housing as the more workable solution especially for the poor.

2. STRENGTHS AND WEAKNESSES

HUDCO is a leading techno-financial institution with strong corporate image in housing and urban development sectors it has an All-India presence and has a long -standing association with State Governments, State level agencies like Development Authorities, Housing Boards, Urban Local Bodies, Utilities etc. Having a vast and rich experience in project appraisal of Housing and Urban Infrastructure Projects, the Company is financially sound and consistently profit-earning Organisation. It has a multi disciplinary human resource base of professionals and it provides capacity-building support to the housing and urban development sectors.

Some of the constraints that the company faces include a mismatch between assets and liabilities, with long gestation period of projects (short-term borrowing but long-term lending). The financial status of its main borrowers in the urban space, i.e. urban local bodies, is weak. HUDCO has an aging human resource with average age is 47 plus and no young blood has been infused into the Company as there has not been any fresh recruitment for the last 15 years. However, the process for fresh recruitment is underway.

3. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

India's urban population is expected to go up from 377 million in 2011(Census,2011) to about 600 million for the year 2031 which implies an increase of over 200 million in just 20 years. There is a concentration of urban population in large cities and existing urban population in large cities and existing urban agglomeration. The census of 2011 notes that the number of towns in India increased from 5161 in 2001 to as many as 7935 in 2011. An addition of 2774 towns implies an increase in the market for HUDCO.

As per the estimates of the Technical Group on Urban Housing Shortage (2012-17), the housing shortage in urban areas is 18.78 million units, out of which 17.96 million units (95.62%) are for the EWS/LIG segment. This shows the housing finance potential for HUDCO.

The Government of India recognizes that its future growth trajectory would depend on the quality of infrastructure created. As per the Interim Report of the High Level Committee on Financing Infrastructure (August 2012), the government has set a massive target for doubling investment in infrastructure from ₹ 27 lakh crore in Eleventh Plan to ₹ 51 lakh crore during the Twelfth Plan period, i.e. 2012–17 which is an estimate for 10 major infrastructure sectors in the economy (electricity, roads & bridges, water supply and sanitation, telecom, railways, irrigation, ports, airports, storage, oil & gas pipelines). It is expected that private sector would contribute an increasing proportion to the required investment.

As far as the core-city-level infrastructure (water supply, sanitation, sewerage, solid waste management etc.) is concerned, the inherent nature of such projects makes it unattractive to the

private sector and financial institutions like HUDCO have been lending to them. The total capital investment in this sector is estimated to be about ₹ 39 lakh crore over the period 2010-30 (The High Powered Expert Committee (HPEC) for estimating the Investment Requirements for Urban Infrastructure Services, 2011). HUDCO is in fact one of the few players in the market lending for core-city-level infrastructure and also building the capacities of the service providers i.e. the urban local bodies and parastatal agencies.

The large gap between demand and supply in housing and urban infrastructure sectors provides a huge scope for HUDCO'S lending operations, there are around 8000 Urban Local Bodies (ULBs) in the country and HUDCO has to tap as many as possible because it is one of the few institutions which has the appetite to lend to urban local bodies by virtue of its experience over the years. There is untapped potential in the area of consultancy and other fee-based activities; there is scope to assist and support Micro-Housing Finance Institutions; Scope for development of government properties (construction business) through JV routes and scope for expansion/diversification in key commercially viable sectors (Real Estate, Power, Delhi Mumbai -Industrial Corridor and Amritsar–Kolkata Industrial Corridor).

HUDCO's operational performance in 2013-14 was exceptional considering the macroeconomic scenario in which it had to operate. Despite slow GDP growth, high levels of inflation, high interest rates, HUDCO maintained its stability by following a policy mix of cautious lending, careful appraisal, prudent resource mobilization etc. The company strengthened its ties with the traditional borrowers and maintained its core competence and closed the year with a satisfactory performance especially against its MoU targets. Other challenges that HUDCO faces in conducting its business are: competition from Banks and Financial Institutions – HDFC, PNBHFL, LICHFL; poor health of borrowers especially Urban Local Bodies (ULBs), NPA build-up, reaching exposure limit in case of borrowing States.

4. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

This has already been discussed in Housing and Urban Infrastructure section of the Directors' Report.

5. FUTURE OUTLOOK

Govt. of India has envisaged various Industrial / Economic corridors such as Delhi Mumbai Industrial Corridor (DMIC), Amritsar-Kolkata Industrial Corridor Development Corporation Ltd. (AKICDC), Mumbai-Bangalore Economic Corridor (MBEC), and Chennai-Bangalore Industrial Corridor (CBIC). These projects will see major expansion of Infrastructure and Industry – including industrial clusters and rail, road, port, air connectivity – in the states along the route of the Corridors.

HUDCO has subscribed to 19.90% (₹ 19.90 crore) of the equity capital of Delhi Mumbai Industrial Corridor Development Corporation Ltd. (DMICDC). By utilizing the high capacity western dedicated railway freight corridor as the backbone, DMICDC has a vision to develop seven Industrial cities (in Phase-I) along Delhi Mumbai Corridor, which can compete with the best manufacturing and investment destinations in the World. Through this endeavour, HUDCO has not only been able to secure participation in the prestigious flagship infrastructure project of the country, but could also avail business opportunities from the State Governments along the Delhi-Mumbai Infrastructure Corridor in financing of land acquisition, new township development and related infrastructure projects.

HUDCO has accorded an in-principle approval to AKICDC for equity investment of ₹ 16 to ₹ 26 crore. HUDCO is also very keen in financing of land acquisition, new township development and related infrastructure projects in AKICDC, CBIC and MBEC industrial / Economic Corridors.

HUDCO has also funded the projects of Piped Natural Gas (PNG), Compressed Natural Gas (CNG) Station in the State of Gujarat. There is a vast scope in Oil, Gas & Energy Sectors.

6. INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Internal Control System entails the overall control environment established by the management of an organization for effective and efficient monitoring and control of its operations. It endeavours to ensure adherence to the management policies, safeguarding of assets of the enterprise and proper accounting and recording of the business transactions.

HUDCO has well laid down internal control system with adequate checks and balances in various operational areas. It is regulated and controlled by Master Circulars, Operational Circulars, Guidelines, Checklists, Manuals etc. which ensures the proper functioning of the internal control system. There is also a detailed system of authorization of transaction through delegation of authority and responsibility. The norms for concurrence of the proposals are prescribed for technical, legal and financial areas and their adherence is ensured. The financial transactions of HUDCO are recorded in the customized software package with inbuilt control mechanism. These are constantly reviewed and updated keeping in view the latest developments on the economic scenario and experience learnt during the courses of operations.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This portion has already been discussed in the Directors' Report under the heading 'Operational achievements'.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES, INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

During the year, the total employee strength of your Company stood at 916 comprising of 684 executives and 232 non-executives as on 31st March, 2014. Out of the total strength, there were 168 SCs, 56 STs, 78 OBCs, 17 Physically Handicapped and 21 Ex-servicemen employees. The total number of women employees was 262, including 50 employees in SC/ST category. HUDCO continues to follow the Government policies on reservation for SC / ST / OBCs etc.

9. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENTS, FOREIGN EXCHANGE CONSERVATION

This portion has already been discussed in the Directors' Report. Further, Renewable Energy Development, due to its distinctive nature, is beyond the scope of operations of HUDCO.

10. CORPORATE SOCIAL RESPONSIBILITY

This portion has already been discussed in the Directors' Report under the heading 'Corporate Social Responsibility' and 'Sustainable Development Activities'.

11. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report with regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Management envisages in terms of performance and outlook. The Management of the Company reserves the right to re-visit any of the predictive statements to decide the best course of action for meeting social and human obligations.

CORPORATE GOVERNANCE REPORT

HUDCO has established a system of Corporate Governance with emphasis on compliance of law(s), rules & regulations in its true letter and spirit and safeguarding the interest of all its stakeholders & maximizing their wealth.

HUDCO has been complying with the requirements of Corporate Governance as stipulated in the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), Government of India applicable to Central Public Sector Enterprises (CPSE), from time to time. A report on Corporate Governance is given below along with Statutory Auditors Certificate regarding compliance of the conditions of Corporate Governance.

1. CORPORATE GOVERNANCE POLICY IN THE COMPANY

HUDCO, Board of Directors is managing its business in an ethical, fair and transparent manner with emphasis on commitment to quality of governance, transparency, timely disclosure of all material information, maximization of stakeholders' wealth and Corporate Social Responsibility.

At HUDCO, your Management is taking all possible steps in a time bound manner to ensure compliance of not only the prevalent statutory provisions relating to Corporate Governance but also believes in adopting the best practices that are being followed in the field of Corporate Governance across the country as per the global trends.

Your Company continues its efforts towards upgrading its systems and procedures on regular basis being a continues process for raising the standards of Corporate Governance and bring transparency in its business and operations.

2. BOARD OF DIRECTORS

HUDCO is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013, as President of India presently holds 100 % of its paid up equity share capital.

As per Articles of Association of the Company, the power to appoint Directors vests in the President of India. Further as per Articles, the number of Directors at any time shall not be less than three and more than ten. The Directors are not required to hold any qualification shares.

2.1 COMPOSITION OF BOARD AND CATEGORY OF DIRECTORS

As on 31st March, 2014, HUDCO Board comprises of 8 Directors, comprising of three Functional Directors including Chairman & Managing Director, two Government Nominee Directors and three Independent Directors, hence, have a optimum combination of Executive & Non-Executive Directors.

HUDCO Board's composition as on 31st March, 2014 is as follows:

Sl. No.	Name	Position	Qualification
Whole Time Directors (Executive Directors)			
1	Shri V P Baligar (DIN : 00850615)	Chairman & Managing Director	B.Tech, MBA
2	Shri Nand Lal Manjoka (DIN : 06560566)	Director (Corporate Planning)	AMIE (Civil Engineering), MBA in International Business from IIFT, New Delhi. Executive Master in International Business from IIFT, New Delhi.
3	Shri Anil Kumar Kaushik (DIN : 06600755)	Director (Finance)	M.Com, LL.B, ACMA, ACS
Government Nominee Directors (Non-Executive Directors)			
4	Shri K B S Sidhu (DIN : 03128133)	Director (Government Nominee)	BE (Electronics & Electrical Comm), Masters of Arts (Economics) (Development Administration and Management). Leader in Development, Certificate Course from Harvard University, USA.
5	Shri Naresh Salecha (DIN : 00843812)	Director (Government Nominee)	MBA, LL.B
Independent Directors (Non-Executive Directors)			
6	Prof. Dinesh Mehta (DIN : 01957927)	Independent Director	Civil Engineering, PGD Planning, Masters in Regional Planning, MA and Ph.D
7	Shri Virender Ganda (DIN : 01013057)	Independent Director	B.Sc, LL.B, FCS, FICWA
8	Prof. Sukhadeo Thorat (DIN : 06414412)	Independent Director	MA (Eco.), M.Phil/ Ph.D (Economics), Diploma in Economic Planning & Honorary D.Litt.

No Director is related to any other Directors in any manner. As per DPE guidelines, the Independent Directors shall be at least 50% of Board's strength, therefore number of Independent Directors are short of two, than the required strength. The Company has already taken up the matter with the Ministry of Housing & Urban Poverty Alleviation, Government of India.

Further, after the close of financial year 2013-14, Shri V P Baligar and Shri Naresh Salecha ceased to be Chairman & Managing Director and Director on the Board of the Company with effect from 10th April, 2014 and 3rd May, 2014 respectively on completion of their term(s).

The vacancy caused on completion of term of Shri V P Baligar and Shri Naresh Salecha as Chairman & Managing Director and Director respectively was filled with the appointment of Dr. M. Ravi Kanth, IAS(r), as Chairman & Managing Director and Smt. Jhanja Tripathy, Joint Secretary & Financial Advisor, Ministry of Housing & Urban Poverty Alleviation, Government of India as Government Nominee Director effective from 11th April, 2014 and 3rd May, 2014 respectively, the brief of whom is as under:

Sl. No.	Name	Position	Qualification
Whole Time Director (Executive Director)			
1	Dr. M. Ravi Kanth w.e.f. 11/04/2014. (DIN : 01612905)	Chairman & Managing Director	MA (Economics), Ph.D (Agri-Exports), LL.B and MBA (Finance)
Government Nominee Director (Non-Executive Director)			
2.	Smt. Jhanja Tripathy w.e.f. 03/05/2014 (DIN : 06859312)	Director (Government Nominee)	Masters in Psychology and Post Graduate Diploma in Industrial Relations & Personnel Management.

Dr. M. Ravi Kanth

Dr. M. Ravi Kanth is 1986 batch ex-IAS officer of Kerala Cadre. He took over as Chairman & Managing Director of HUDCO on 11th April, 2014.

Prior to joining HUDCO, he was Chairman & Managing Director of Project & Development India Ltd., (PDIL). He held important positions such as Principal Secretary to the Government of Kerala and Joint Secretary, Ministry of Power, Government of India, New Delhi and had served at various other important positions in Government of India and Government of Kerala as well as Govt. of Delhi.

Dr. M. Ravi Kanth is Masters in Economics, Doctorate in Agri-Exports from Andhra University, LL.B from Delhi University and MBA in finance from Melbourne, Australia.

He holds directorship in Delhi Mumbai Industrial Corridor Development Corporation Limited and does not hold membership of Committees of the Board in other Companies.

Smt. Jhanja Tripathy

Smt. Jhanja Tripathy, Joint Secretary & Financial Adviser, Ministry of Housing & Urban Poverty Alleviation (MoHUPA), is a 1986 batch of Indian Railways & Accounts Services (IRAS). She has

been appointed as Government Nominee Director (Non-Executive) with HUDCO on 3rd May, 2014.

Smt. Tripathy has wide experience in finance and administration field and held many senior positions during her service with Railways/Government of India. Before joining, MoHUPA, as Joint Secretary & Financial Advisor, she was Executive Director (Finance) at Sports Authority of India. She held the position of Secretary of the Railways Sports Promotion Board.

Smt. Tripathy is Masters in Psychology and Post Graduate Diploma in Industrial Relations & Personnel Management.

She holds directorship in Hindustan Prefab Limited and Kolkata Metro Rail Corporation and does not hold membership of committees of the Board in other Companies.

2.2 Details of the Board Meeting(s) held, during the financial year 2013-14

During the year, the Board of Directors met 14 times to transact the business of the Company, the details of which are as follows:

Sl. No.	Date of Meeting(s)	Place	Board Strength	No. of Director(s) Present
1.	23.04.2013	New Delhi	8	5
2.	07.06.2013	New Delhi	9	6
3.	28.06.2013	New Delhi	9	6
4.	31.07.2013	New Delhi	9	6
5.	23.08.2013	New Delhi	8	5
6.	12.09.2013	New Delhi	8	7
7.	10.10.2013	New Delhi	8	7
8.	28.10.2013	New Delhi	8	6
9.	20.11.2013	New Delhi	8	6
10.	19.12.2013	New Delhi	8	5
11.	15.01.2014	New Delhi	8	8
12.	29.01.2014	New Delhi	8	5
13.	19.02.2014	New Delhi	8	6
14.	26.03.2014	New Delhi	8	5

2.3 Attendance Record and Directorship/Committee Position held during the financial year 2013-14.

Sl. No.	Name of the Director(s)	No. of Board Meeting(s)		Last AGM Attended (AGM held on 28 th June, 2013)	Number of other directorship/committee membership held on 31.03.2014	
		Held during their tenure in 2013-14	Attended		Directorship	Committee Membership
1.	Shri VP Baligar	14	13	Yes	2	0
2.	Shri N L Manjoka (from 11/04/2013)	14	14	Yes	0	0

Sl. No.	Name of the Director(s)	No. of Board Meeting(s)		Last AGM Attended (AGM held on 28 th June, 2013)	Number of other directorship/committee membership held on 31.03.2014	
		Held during their tenure in 2013-14	Attended		Directorship	Committee Membership
3.	Shri Anil Kumar Kaushik (from 30/05/2013)	13	13	Yes	0	0
4.	Shri KBS Sidhu (From 30/08/2013)	9	8	No.	1	0
5.	Shri Naresh Salecha	14	6	Yes (also as a shareholder)	3	2
6.	Prof. Dinesh Mehta	14	9	Yes	0	0
7.	Shri Virender Ganda	14	14	Yes (also as Chairman of the Audit Committee)	0	1
8.	Prof. Sukhadeo Thorat	14	5	No	0	0
9.	Shri Susheel Kumar (upto 30/08/2013)	5	1	No	2	0
10.	Shri Nasser Munjee (upto 04/08/2013)	4	0	No	14	9

None of the Directors on the Board of HUDCO was a member of more than 10 Committees and Chairman of more than 5 Committees, across all the Companies (Public Limited) in which, he/she/they is/are the Director(s). For computation of limit of chairmanship/ membership of the Committees, only, chairmanship/ membership of Audit Committee and Shareholders' Grievance Committee are considered as per DPE guidelines.

2.4 Declaration of the Code of Conduct

The Board of Directors of your company has laid down HUDCO's Code of Conduct and Ethics for all Board Members and Senior Management Personnel of the Company as per the DPE guidelines and the same has been placed on the website. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

Declaration

It is hereby declared that the Company has obtained from the Board and Senior Management Personnel of the Company, affirmation that they have complied with the HUDCO's Code of Conduct and Ethics. The said affirmation is subject to:

1. The condition of not less than the fifty percent of Board members being non-executive and independent is not complied with. Matter has already been taken up with the Ministry of Housing & Urban Poverty Alleviation, for filling up the vacancies of Independent Directors.
2. The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India, except Accounting Standard AS-9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administrative fees and processing fees on loans on realisation basis instead of accrual basis.
3. The Company is complying with National Housing Bank's credit concentration norms in respect of loans to private sector agencies. However, in case of loans to State Governments/ State Governments agencies, the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated April 5th, 2011; the same is complied with except in one case the investment in equity share of HFC i.e. Indbank Housing Ltd is beyond the ceiling of 15% as prescribed, which was invested around twenty years back.
4. During the year, the company has utilized a sum of ₹ 160 crore out of the excess provision of ₹ 380 crore held beyond the NHB norms, for Non-Performing Assets as at the end of the previous year ending 31st March, 2013. As a result, the ad-hoc provision for non-performing assets beyond NHB norms stood at ₹ 220 crore as at 31st March, 2014.

Place : New Delhi
Date : 30.07.2014

Sd/-
Dr. M. Ravi Kanth
Chairman & Managing Director

3. AUDIT COMMITTEE

3.1 Composition of the Audit Committee

The Composition of the Audit Committee is in accordance with the provisions of Section 292-A of the Companies Act, 1956 and as per DPE guidelines.

As on 31st March, 2014, the Committee consists of five members, out of which three are Independent Directors (Non-Executive) and two are Government Nominee Directors (Non-Executive).

The Audit Committee comprised of the following members during the year.

Sl. No.	Name	Position	Tenure as Audit Committee Member	Status of Member
1.	Shri Virender Ganda	Chairman	(From 19.03.2012)	Independent – Non Executive
2.	Prof. Dinesh Mehta	Member	(From 30.07.2012)	Independent – Non Executive
3.	Shri Naresh Salecha	Member	(From 21.12.2012)	Government Nominee–Non Executive
4.	Shri KBS Sidhu	Member	(From 15.01.2014)	Government Nominee–Non Executive
5.	Prof. Sukhadeo Thorat	Member	(From 15.01.2014)	Independent–Non Executive
6.	Shri Nasser Munjee	Member	(From 05.01.2011 to 04.08.2013)	Independent – Non Executive

As on date, the Audit Committee consists of Shri Virender Ganda, as Chairman, Prof. Dinesh Mehta, Prof. Sukhadeo Thorat and Mrs. Jhanja Tripathy (w.e.f. 03.05.2014) as members. Shri KBS Sidhu and Shri Naresh Salecha ceased to be members of the Committee w.e.f. 30th April, 2014 and 3rd May, 2014 respectively.

Secretary to the Audit Committee:

Dr. Harender Verma (Upto 6.11.2013)	Company Secretary, HUDCO
Shri Harish Kumar Sharma (From 6.11.2013)	Company Secretary, HUDCO

3.2 Terms of reference of the Audit Committee

The terms of reference of Audit Committee are to comply with the provisions of the Companies Act, 1956 relating to Audit Committee and to comply with the guidelines relating to Audit Committee as contained under Corporate Governance guidelines for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises and such other functions as has been assigned by the Board from time to time. The meetings of the Audit Committee are regularly held to review various tasks as per terms of reference of the Committee.

The Company Secretary acts as the Secretary to the Audit Committee. The Head of the Finance Department, Statutory Auditors and Internal Auditors of the Company are also invited for the meeting of the Audit Committee as per requirement. The recommendations of the Audit Committee were considered/ accepted and implemented by the Board.

3.3 Audit Committee Meetings and Attendance for the year 2013-14.

During the year, six meetings of the Audit Committee were held, as per following details:

Detail of the meetings

Sl. No.	Date of Meeting(s)	Place	Total Strength	No. of Member(s) Present
1.	23.04.2013	New Delhi	4	2
2.	07.06.2013	New Delhi	4	2
3.	31.07.2013	New Delhi	4	3
4.	19.08.2013	New Delhi	3	2
5.	28.10.2013	New Delhi	3	2
6.	29.01.2014	New Delhi	5	2

Attendance of members at the meetings

Sl. No.	Name of Member	No. of Audit Committee Meeting(s)	
		held during their tenure in 2013-14	attended
1.	Shri Virender Ganda	6	6
2.	Prof. Dinesh Mehta	6	4
3.	Shri Naresh Salecha	6	2
4.	Shri KBS Sidhu	1	0
5.	Prof. Sukhadeo Thorat	1	1
6.	Shri Nasser Munjee	3	0

Shri Anil Kumar Kaushik, Director (Finance) attended the Audit Committee meeting(s) as a Special Invitee.

4. REMUNERATION COMMITTEE

4.1 HUDCO, being a Central Public Sector Undertaking, the appointment, terms & conditions of appointment and remuneration payable to its Chairman & Managing Director and Whole-Time Directors (Executive) are approved by the President of India through the Administrative Ministry i.e. 'Ministry of Housing & Urban Poverty Alleviation'.

As per DPE guidelines on Corporate Governance, "Remuneration Committee" was constituted by the Board to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionised supervisors' within the prescribed limits.

4.2 Composition of Committees

As on 31st March, 2014, the committee consists of three members, out of which two are Independent Directors (Non executive) and one is Government Nominee Director (Non-

executive). The Committee is headed by Shri. Virender Ganda, as Chairman, an Independent Director (Non-executive) and other members of the Committee are Prof. Dinesh Mehta (Independent Director) and Shri Naresh Salecha (Govt. Nominee Director).

4.3 Detail of the meetings and record of attendance

During the year four meetings of the Remuneration Committee were held, Detail of the meetings and record of attendance there at is as under:

Detail of the Meetings

Sl. No.	Date of Meeting(s)	Place	Total Strength	No. of Member(s) Present
1.	23.04.2013	New Delhi	3	2
2.	30.10.2013	New Delhi	3	2
3.	15.01.2014	New Delhi	3	2
4.	19.02.2014	New Delhi	3	2

Attendance of members at the meetings

Sl. No.	Name of Member	No. of Meeting(s)	
		held during their tenure in 2013-14	attended
1.	Shri Virender Ganda	4	4
2.	Prof. Dinesh Mehta	4	3
3.	Shri Nasser Munjee	1	0
4	Shri Naresh Salecha	3	1

4.4 Independent Directors (Non-Executives) are paid sitting fees for attending each meeting of the Board/ Audit Committee and other Committee of Directors.

4.5 Details of Remuneration of Whole Time Directors

The Whole Time Director(s) including Chairman & Managing Director were paid remuneration as per terms and conditions of their appointments approved by Government of India. Details of the remuneration paid to the whole time directors during the financial year 2013-14 are given below:

(in ₹)

Sl. No.	Name of Director	Salary/ Allowances	Benefits*	Performance Linked Incentives	Gross Amount
1.	Shri VP Baligar Chairman & Managing Director	18,19,200	4,90,345	-	23,09,545
2.	Shri N L Manjoka ** Director (Corporate Planning)	18,11,470	8,23,531	-	26,35,001

Sl. No.	Name of Director	Salary/ Allowances	Benefits*	Performance Linked Incentives	Gross Amount
3.	Shri A K Kaushik *** Director (Finance)	16,25,057	4,11,337	5,78,172	26,14,966

* Benefits include medical reimbursement, leave encashment, perquisites, lease rent, EPF etc.

** For the period from: 11th April, 2013 to 31st March, 2014

*** For the period from: 30th May, 2013 to 31st March, 2014

4.6 Details of Remuneration of Independent Directors and Government Nominee Directors

Independent Directors (Non-Executive Directors) are paid sitting fee at the rate of ₹ 10,000/- for each meeting of the Board and at the rate of ₹ 8000/- for each meeting of the Committee(s) attended by them. Details of sitting fee paid to Independent Directors during the year 2013-14 are as given below: -

Sl. No.	Name of the Independent Director	Sitting Fee		Total (₹)
		Board Meeting (₹)	Committee Meeting (₹)	
1.	Shri Nasser Munjee	0	0	0
2.	Prof. Dinesh Mehta	90,000	1,36,000	2,26,000
3.	Shri Virender Ganda	1,40,000	2,00,000	3,40,000
4.	Prof. Sukhadeo Thorat	50,000	64,000	1,14,000

Government Nominee Directors (Non-executive), are not paid any remuneration or sitting fee by the Company.

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

HUDCO, being a Government Company, its entire Share Capital is held by the President of India and its nominee(s), hence, no Shareholders/Investors Grievance Committee is required to be constituted.

6. DETAILS OF GENERAL MEETING(S)

6.1 Date, location and time of the last three AGM of the Company:

Financial Year	Location	Date	Time	Special Resolution Passed
2012-13	Registered Office, New Delhi	28.06.2013	12.30 p.m.	-
2011-12	Registered Office, New Delhi	09.07.2012	12.00 p.m.	-
2010-11	Registered Office, New Delhi	29.06.2011	5:00 p.m.	-

6.2 Extra-ordinary General Meeting.

During the year, one Extra-ordinary General Meeting was held on 7th May, 2013 for seeking approval of the shareholders by way of special resolution for alteration by way of insertion of new Clause under the Object Clause.

6.3 Resolution through Postal Ballot

No resolution has been passed through Postal Ballot during the financial year 2013 -14.

7. DISCLOSURES

- a) The condition no. 3.1.4 on Corporate Governance applicable to Central Public Sector Enterprises (CPSE) issued by the Department of Public Enterprises, (DPE) regarding the number of Independent Directors has not been complied with. The Company as on 31st March, 2014 is short of two Independent Directors and the matter has been taken up with the Ministry. All other compliances as prescribed as per DPE guidelines have been complied with. Matter has already been taken up with the Ministry of Housing & Urban Poverty Alleviation, for filling up the vacancies of independent Directors.
- b) There were no material transactions with related parties that may have potential conflict with the interest of the Company at large.
- c) There are no penalties, strictures imposed on the Company by any statutory body, in any manner relating to the guidelines issued by the Government and non-compliance, during the last three years.
- d) The Company has a Whistle Blower Policy, empowering employees to report to the management concerns about any unethical or improper activity/practice, actual or suspected fraud, or violation of the Company's general guidelines on Conduct & Ethics Policy. They are also empowered to have access/report to the Audit Committee of the Company and further confirm that no personnel has denied access to the Audit Committee.
- e) An amount of ₹ 25,41,978/- (on account of perquisite tax paid by the Company, amounting to ₹ 24,91,846/- and HUDCO recreation club expenditure of ₹ 50,131/-) has been adjusted in the books of accounts which are not for the purpose of business.
- f) No expenses, personal in any nature have been incurred for the Board of Directors and top management.
- g) An amount of ₹ 57.88 crore has been incurred towards Administrative and Office expenses constituting 2.84 percent of total expenses vice-versa 3.4 percent of financial expenses.
- h) The Company's Board comprises of optimum combination of executive and non-executive Director(s) with varied range of skills, experience and expertise in different fields. For the professional development and knowledge of HUDCO's operating environment, the Management encouraged them to keep up to date on relevant issues and provided/nominated them for various programmes from time to time.
- i) The Audit Report for the year 2013-14 has been considered by the Audit Committee & Board of Directors and the observations, pointed by the Auditors', have been suitably replied in the Directors' Report.

8. CEO/CFO CERTIFICATION AS REQUIRED UNDER DPE GUIDELINES

To the Board of Directors

Housing and Urban Development Corporation Ltd.

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2014 and to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

for Housing and Urban Development Corporation Ltd.

	Sd/-	Sd/-
Place : New Delhi	Anil Kumar Kaushik	Dr. M. Ravi Kanth
Date : 13.06.2014	Director (Finance)	Chairman & Managing Director

9. PRESIDENTIAL DIRECTIVES

During the financial year ending March 31, 2014, no Presidential Directive has been received.

10. MEANS OF COMMUNICATIONS:

- a) Half yearly (Unaudited) results as reviewed by the Statutory Auditors and Annual audited financial results of the Company as recommended by the Audit Committee and approved by the Board of Directors are submitted to Stock Exchanges and published in the newspapers.
- b) Quarterly results though not mandatory as per listing requirements, yet, the same are placed before the Audit Committee and as recommended by the Audit Committee, the same are approved by the Board.

Half yearly result	:	Press advertisements, information to Stock Exchanges etc.
Annual/half yearly/Quarterly results	:	Normally advertised in Economic Times, Financial Express etc.
Website where annual/half yearly/quarterly results are displayed	:	www.hudco.org

Whether it also displays official news releases and presentations made to institutional investors/analysts	:	Yes
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11. GENERAL SHAREHOLDER INFORMATION

11.1 44th Annual General Meeting

Date and Time	:	25 th September, 2014 at 12.30 p.m.
Venue	:	HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi-110003.

11.2 Calendar for the financial year 2014-15 (Tentative)

Accounting Period	:	1 st April, 2014 to 31 st March, 2015
Unaudited financial results (half yearly)	:	Within a period of 45 days from end of each half year.
Unaudited financial results (Quarterly)	:	Within a period of 45 days from end of each quarter.
Audited financial results for the last half year/ quarter	:	Within a period of 60 days from end of last half year/ quarter
Annual General Meeting (for next year)	:	September, 2015 (tentative)

11.3 Dividend Payment Date

The Board of Directors has recommended a final dividend of ₹ 100.01 crore for the financial year ending on 31st March, 2014 and the same shall be paid within statutory time period, after its declaration/approval by shareholders in the Annual General Meeting of the Company.

11.4 Listing of Securities on Stock Exchanges

As on 31st March, 2014, HUDCO Bonds were listed only on -

- (i) National Stock Exchange of India Limited (NSE),
- (ii) Bombay Stock Exchange (BSE) and
- (iii) Delhi Stock Exchange (DSE).

11.5 Dematerialization

The different bonds series of the Company have been admitted as an eligible security for trading in dematerialization form by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

11.6 Address & Name of Registrars and Transfer Agents

1. Alankit Assignment Limited Alankit House,
2E/21, Jhandewalan Extn., New Delhi-110055
Phone : 011-42541234/23541234, Fax : 011-23552001
Email : info@alankit.com

2. Link Intime India Private Limited,
44, 2nd Floor, Community Centre, Naraina Industrial Area, Phase-I,
Near PVR, Naraina, New Delhi-110028
Phone : 011-41410592-94/25896893/25897309
Fax : 011-41410591, Email : delhi@linkintime.co.in
3. Beetal Financial & Computer Services (P) Limited,
Beetal House, 3rd floor, 99, Madangir,
Behind Local Shopping Centre, New Delhi-110062
Phone : 011-29961281-83, Fax : 011-29961284
Email : beetelrta@gmail.com
4. Karvy Computer Share Pvt. Ltd.
Plot No. 17 to 24, Vithal Rao Nagar, Madhapur,
Hyderabad-500081.
Phone : 040-44655000, Fax : 040-23431551
Email : e.inward.ris@karvy.com

11.7 Names and address of HUDCO Debenture Trustees.

1. PNB Investment Services Ltd.
10 Rakesh Deep Building, Yusuf Sarai Commercial Complex,
Gulmohar Enclave, New Delhi-110049
Phone : 011-41032929 Fax : 011-41035057
Email : coo@pnbisl.com
2. SBICAP Trustee Company Limited
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Church Gate, Mumbai-400020.
Phone : 022-43025555 Fax : 022-43025500
Email : corporate@sbicaptrustee.com
3. IL&FS Trust Company Ltd.
IL&FS Financial Centre,
Plot No.C-22, G Block, Bandra Kurla Complex,
Bandra (E), Mumbai-400051.
Phone : 022-26593560 Fax : 022-26533149
Email : itcl@ilfsindia.com, itcldata@gmail.com
4. Axis Trustee Services Ltd.
2nd Floor, Axis House C-2, Wadia International Centre,
Bombay Dyeing Mills, Pandurang Budhkar Marg,
Worli, Mumbai-400025.
Phone : 022-24252525/43252525
Email : debenturetrustee@axistrustee.com
5. IDBI Trustee Services Ltd.
Asian Building, Ground Floor, 17, R. Kamani Marg,
Ballard Estate, Mumbai-400001.
Phone : 022-40807000, Fax : 022-66311776
Email : itsl@idbitrustee.com

11.8 Shareholder's Profile

Category	As on 31.03.2012		As on 31.03.2013		As on 31.03.2014	
	No. of Shares (₹ 1,000 each)	% of Shares	No. of Shares (₹ 1,000 each)	% of Shares	No. of Shares (₹ 1,000 each)	% of Shares
President of India	2,00,18,993	99.999965	2,00,18,993	99.999965	2,00,18,993	99.999965
Others*	7	0.000035	7	0.000035	7	0.000035
Total	2,00,19,000	100.000000	2,00,19,000	100.000000	2,00,19,000	100.000000

*Nominees from the Ministry on behalf of the President of India.

11.9 Address for Communication

The Company Secretary
Housing and Urban Development Corporation Limited
HUDCO, HUDCO Bhawan, Core – 7A,
India Habitat Centre,
Lodhi Road, New Delhi-110003.
CIN : U74899DLL970GOI005276
Phone : 011-24648420/24649610
Fax : 011-24625301/24615534
E-mail : hudco1970@gmail.com

11.10 Website

Shareholders related information like Annual Report/Quarterly/half yearly financial results etc. is available on Company's website www.hudco.org.

Certificate by Statutory Auditors on Corporate Governance

As required under the DPE guidelines on Corporate Governance, the certificate from the Statutory Auditors pertaining to the Compliance of conditions of Corporate Governance is being annexed with the Directors' Report.



BRT Bus Station at Sabarmati, Ahmedabad

AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 8.2 OF THE DPE GUIDELINES.**To the members of****Housing and Urban Development Corporation Limited**

We have examined the Compliance of conditions of Corporate Governance by the **Housing and Urban Development Corporation Limited** for the year ended 31st March, 2014 as stipulated in clause 8.2 of the DPE Guidelines.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in the aforesaid clauses. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned clause of the listing agreement and of the DPE Guidelines, subject to the following:

1. The condition of not less than the fifty percent of Board members being non-executive and independent is not complied with. Matter has already been taken up with the Ministry of Housing and Urban Poverty Alleviation, for filling up the vacancies of independent Directors.
2. The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India, except Accounting Standard AS-9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administration fees and processing fees on loans on realization basis instead of accrual basis.
3. The Company is complying with National Housing Bank's credit concentration norms in respect of loans to private sector agencies. However, in case of loans to State Governments/ State Governments agencies, the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated 5th April, 2011; the same is complied with except in one case the investment in equity share of HFC i.e. Indbank Housing Ltd. is beyond the ceiling of 15% as prescribed, which was invested around twenty years back.
4. During the year, the company has utilized a sum of Rs. 160 crore out of the excess provision of Rs. 380 crore held beyond the NHB norms, for Non Performing Assets as at the end of the previous year ending 31st March, 2013. As a result, the ad-hoc provision for non performing assets beyond NHB norms stood at Rs. 220 crore as at 31st March, 2014.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s Dhawan & Co.
Chartered Accountants,
(Firm Registration No.002864N)

Sd/-

Prakash N. Mathur
(Partner)

Membership No. 086292

Place : New Delhi
Date : 30.07.2014

ADDENDUM - I



*HUDCO Design Award
First Prize Under Category: Landscape Planning and Design, Dr. Ram Manohar Lohia Park, Gomti Nagar,
Lucknow, Uttar Pradesh*

ADDENDUM – I

Annexure to the Directors' Report

Management reply on the observations made by Statutory Auditors' on the Corporate Governance report for the financial year ended 31st March 2014.

Sl. No.	Auditors observations on Corporate Governance	Management reply
1.	The condition of not less than the fifty percent of Board members being non-executive and independent is not complied with. Matter has already been taken up with the Ministry of Housing & Urban Poverty Alleviation, for filling up the vacancies of Independent Directors.	HUDCO does not have the power to appoint Directors on its Board. The power to appoint the Director(s) vests with the Administrative Ministry. The said non-compliance was brought to the knowledge of the Administrative Ministry and was pursued for the appointment of Independent Directors. HUDCO has made all best possible efforts within its control for compliance of the required provisions.
2.	The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India, except Accounting Standard AS-9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administration fees and processing fees on loans on realization basis instead of accrual basis;	The Company has the accounting policy of recognising application fees, front-end-fees, administration fees and processing fees on loans on realization basis, which has also been disclosed in the Accounting Policy No. 2 (b) of Note no.1: Significant Accounting Policies, part of Annual Accounts for the year 2013-14.
3.	The Company is complying with National Housing Bank's credit concentration norms in respect of loans to private sector agencies. However, in case of loans to State Governments/State Governments agencies, the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/ 3792/2011 dated April 5 th , 2011; the same is complied with except in one case the investment in equity share of HFC i.e. Indbank Housing Ltd. is beyond the ceiling of 15% as prescribed, which was invested around twenty years back.	HUDCO's Board has already granted in-principle approval of merger of Ind Bank Housing Limited into Indian Bank. The swap ratio of the respective shares is to be finalised and then merger would be effected after approval of the Boards of HUDCO and Indian Bank, consequent upon which there would not be non-compliance of prudential norms regarding equity investment in Ind Bank Housing Limited.
4.	During the year, the company has utilized a sum of Rs. 160 crore out of the excess provision of Rs. 380 crore held beyond the NHB norms, for Non-Performing Assets as at the end of the previous year ending 31 st March, 2013. As a result, the ad-hoc provision for non-performing assets beyond NHB norms stood at Rs. 220 crore as at 31 st March, 2014.	<p>The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & procedural delays in repayment from Government agencies etc.</p> <p>The position has been disclosed in point no 3(b) in Note 24, Explanatory Notes of Annual Accounts for the year 2013-14.</p>

For and on behalf of the Board of Directors

Place : New Delhi
Date : 12.08.2014

Sd/-
Dr. M. Ravi Kanth
Chairman & Managing Director

INDEPENDENT AUDITORS' REPORT



HUDCO Design Award

Second Prize Under Category: Conservation of Heritage, Conservation of Odisha State Maritime Museum, Cuttack, Odisha

INDEPENDENT AUDITORS' REPORT

To the Members of

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Housing and Urban Development Corporation Limited (the "Company")**, which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the "Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

BASIS FOR QUALIFIED OPINION

6. *During the year, the Company has utilized a sum of ₹ 160 crore out of the excess provision of ₹ 380 crore held by it beyond the NHB norms, for Non Performing Assets as at the end of the previous year ending 31.03.2013. As a result, the ad-hoc provision for non performing assets beyond NHB norms stood at ₹ 220 crore as at 31st March, 2014. Consequently, the profit for the year is higher by ₹ 160 crore. [Refer Point 3(b) of Note 24].*

7. *The company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [Refer Significant Accounting Policy 2(b) of Note 1].*

Qualified Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the paragraphs of Basis for Qualified Opinion, the said accounts read together with the Significant Accounting Policies and Notes to Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Matters of Emphasis

9. We draw attention to the following:
- i) *Some of the balances of loan accounts are subject to confirmation/reconciliation. [Refer Point 3(a) of Note 24]*
 - ii) *In respect of disputes relating to Andrews Ganj Project undertaken by the company on behalf of the Ministry of Urban Development, the Ministry has intimated the company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company, on its part, has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [Refer Point 2(b) of Note 24].*
 - iii) *Further, as indicated in Point 2(b) of Note 24, the company, as per the board resolution passed in the year 2009, has charged interest amounting to ₹ 22.53 crore (₹20.57 crore for the previous year ending 31st March, 2013) for the year ended 31st March, 2014. The same has been shown under the head "Other Income – interest on construction project". The balance outstanding as at the end of the year is ₹ 271.27 crore (debit) in "HUDCO AGP Account". The same has been informed to the concerned Ministry but specific confirmation from the ministry is awaited.*
 - iv) *In view of revised guidelines issued by the Department of Public Enterprises (DPE) on Corporate Social Responsibility (CSR) and Sustainability effective from 01.04.2013, the Company has formulated a CSR and Sustainability policy and accordingly has charged the CSR and Sustainability budget amount of the current financial year to Profit & Loss Account. The company, in line with the revised guidelines and policy, has also reversed the opening balance of CSR and sustainability Development reserve created by it in earlier years by debiting the same to Profit & Loss Account (through prior period) amounting to ₹ 20.29 crore and has created a provision for the similar amount. [Refer Point No.23 (a) of Note 24].*
10. Our Opinion is not qualified in respect of Matters of Emphasis.
11. *We further report that, without considering the observations made in paragraph 7, the effect of which has not been ascertained and after considering the impact of paragraph 6,*

the Profit for the year would have been ₹ 566.34 Crore (as against the reported figure of ₹726.34 crore) and Reserves & Surplus would have been ₹ 4961.43 crore (as against the reported figure of ₹5121.43 crore).

Report on Other Legal and Regulatory Requirements

12. As required by the Companies (Auditors' Report) Order, 2003, as amended by 'the Companies (Auditors' Report) (Amendment) Order 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
13. As required by Section 227(3) of the Act, we report that:
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, *except Accounting Standard (AS) 9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administration fees and processing fees on loans on realisation basis instead of on accrual basis. [Refer Significant Accounting Policy 2 (b) of Note 1].*
 - v) The Company being a Government Company, clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 regarding obtaining written representation from the Directors of the Company is not applicable to the Company, in terms of notification no. GSR-829(E) dated 21.10.2003.

NHB Directives

14. *The Company is complying with National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to State Governments / State Governments agencies, the said norms have been relaxed to HUDCO by NHB vide letter no. NHB/ND/HFC/DRS/3792/2011 dated April 5th 2011; the same is complied with except in case of the investment in equity share of HFC i.e. Indbank Housing Limited more than 15% of the equity capital of the investee company as prescribed limit, which was invested in the financial year 1990-91. [Refer Point 7(iv) of Note 24]*

For M/s Dhawan & Co.
Chartered Accountants,
(Firm Registration No.002864N)

Sd/-
Prakash N. Mathur
(Partner)

Membership No. 086292

Place : New Delhi
Date : 30.07.2014

Annexure Referred to in Report on other Legal and Regulatory Requirements Paragraph 12 of our Report of Even Date on the Accounts of Housing and Urban Development Corporation Limited For the Year Ended 31st March, 2014

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per information and explanations given to us, all the fixed assets were physically verified by the Company during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 4 (ii) (a), (b) & (c) of the Order, are not applicable.
- iii) a) According to the information and explanation given to us, the company has granted a loan to its director (year end balance Rs. 0.03 Crore) (Maximum Outstanding during the year Rs. 0.04 Crore), covered in the register maintained under section 301 of the Companies Act, 1956. Other than the above, the Company has not granted any loans, secured or unsecured to companies, firms or parties covered in the register maintained under section 301 of the Act.
- b) In our opinion, the rate of interest and other terms and conditions of loans granted by the company to parties listed in the register maintained under section 301 of the Companies Act, 1956, secured or unsecured, are prima facie not prejudicial to the interest of the company.
- c) In the case of the loans granted to director listed in the register maintained under section 301 of the Act, the borrower has been regular in the payment of the interest as stipulated.
- d) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to a body corporate or parties listed in the register maintained under section 301 of the Act.
- e) The company has not taken any secured or unsecured loans from the companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(e) to 4(iii)(g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets. The Company's operations do not involve purchase of inventory and sale of goods. In our opinion, monitoring mechanism in regional offices regarding loan

schedule implementation, site inspection, reviewing of financial/ technical appraisal of the schemes and non-receipt of utilization certificates in respect of various grants and subsidies needs to be further strengthened.

- v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA and other relevant provisions of the Companies Act, 1956, the Companies (Acceptance of Deposits) Rules, 1975 and Housing Finance Companies (NHB) Directions with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or NHB or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii) According to the information and explanations given to us, the company has an internal audit system; however, to make it commensurate with size and nature of its business, it requires to be further strengthened. In our opinion, the coverage of internal audit should be enlarged.
- viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- ix) (a) According to the information and explanations given to us and according to the records produced before us for verification, the Company is generally regular in depositing, with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax and any other material statutory dues applicable to it.

Further, since no rules relating to the amount of cess for rehabilitation or revival or protection of assets of sick industrial companies, payable by a company under section 441A of the Act have been notified by the Central Government. Thus, it would not be possible for us to comment on the regularity or otherwise about the cess till the time relevant rules or regulations are issued.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax and any other statutory dues were in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax and Service Tax which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Financial Year to which the matter pertains	Forum where Matter is pending	Amount (₹ in crore)
Income Tax Act, 1961	Income Tax, Interest & Penalty	1996-1997, 1999-2000, 2000-2001, 2001-2002, 2004-2005, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	Deputy Commissioner of Income Tax, CIT(A), ITAT	298.84
Finance Act, 1994	Service Tax, Interest & Penalty	2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	Commissioner of Service Tax	2.95

- x) The Company has no accumulated losses as at 31st March, 2014 and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Order are not applicable.
- xiii) In our opinion, the Company is not a Chit Fund or Nidhi /Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.
- xiv) In our opinion the Company is not dealing or trading in shares, securities, debentures or other investments. Therefore, the provisions of clause 4 (xiv) of the Order are not applicable.
- xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Order are not applicable.
- xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, prima facie, no funds raised on short-term basis have been used for long- term investment.

- xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) According to the information and explanations given to us, the Company has not issued any debentures, during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable.
- xx) The Company has raised funds of ₹ 4796.32 Crore through Public Issue of tax free bonds, which are to be utilized towards lending purposes, augmenting the resource base of the Company and other operational requirements. The position of issue proceeds transferred to Company's current account and its utilization as on 31.03.2014 is as under:

(₹ in crore)

(A)	Total Issue proceeds – Secured Tax-free Bonds	
	Tranche-I	2370.000
	Tranche-II	2153.393
	Tranche III	272.93
	Grand Total	4796.325
(B)	Utilized towards lending purposes, augmenting the resource base of the Company and other operational requirements during the period.	4737.695
(C)	Utilized towards Debt Servicing, statutory payments, establishment and administrative expenses and other working capital requirements of our company.	58.639
	Grand Total (B)+(C)	4796.324

- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year, although there have been eleven instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers amounting to ₹ 29.54 crore. The legal proceedings are under progress. However the amounts are not material in the context of the size of the Company and the nature of its business and which have been provided for to the extent of ₹ 27.28 crore.

For DHAWAN & CO
Chartered Accountants
F.R.N. 002864N

Sd/-
(Prakash N Mathur)
Partner
M. No. 086292

Place : New Delhi
Date : 30.07.2014

ADDENDUM - II



*HUDCO Design Award
Second Prize Under Category: Green Building International Institute for Social Entrepreneurs, Thiruvananthapuram,
Kerala*

ADDENDUM-II

Annexure to the Directors' Report

Comments of the Board of Directors on Statutory Auditors' Report and Annexure to the Auditors' Report (required under Section 217 (3) of the Companies Act, 1956).

A.

Auditors' Report	Comments of the Board of Directors
Point No. 6	Position has been explained in the Point 3(b) of Note 24.
Point No. 7	The Company has the accounting policy of recognising application fee, front end fee, administration fees and processing fees on loans on realisation basis which has also been disclosed in Accounting Policy No. 2(b) of Note 1.
Point No.8 (i), (ii) & (iii)	Statement of fact, so no comments required.
Point No.9 (i)	This being a continuous process, noted for suitable further action. Position has been explained in the Point 3(a) of Note 24.
Point No.9 (ii) & (iii)	The Andrews Ganj Project has been undertaken by the company on behalf of the Ministry of Urban Development. The position has also been disclosed in Point 2(b) of Note 24.
Point No.9 (iv)	Position has been explained in the Point 23(a) of Note 24.
Point No. 10	No comments required.
Point No. 11	This being conclusion of point No. 6 & 7 as above, so no comments required.
Point No. 12 and 13 (i), (ii), (iii) & (v)	Statement of fact, so no comments required.
Point No. 13 (iv)	The Company has the accounting policy of recognizing application fee, front end fee, administration fees and processing fees on loans on realisation basis which has also been disclosed in Accounting Policy No. 2(b) of Note 1.
Point No. 14	Position has been explained in the Point 7 (iv) of Note 24.

B.

Auditors' Report	Comments of the Board of Directors
Point No.(i)(a), (i)(b), (i)(c), (ii), (iii), (v), (vi), (viii), (ix)(a), (ix)(b), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx)	No comments required.
Point No. (iv) and (vii)	This being a continuous process, noted for suitable further action.
Point No. (ix)	The matter has been taken up with appropriate authority for decision / rectification / deletion / adjustment of demand raised by them.
Point No. (xxi)	Considering the size of the Company and the nature of its business no material fraud on or by the Company was noticed or reported during the year. Although there have been eleven instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers amounting to ₹ 29.54 crore. The legal proceedings in the cases are under progress. Further, the company has created provision to the extent of ₹ 27.28 crore in respect of aforesaid cases.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 30.07.2014

Sd/-
Dr. M. Ravi Kanth
Chairman & Managing Director

COMMENTS OF THE C&AG

Annexure to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31ST MARCH, 2014.

(As conveyed vide letter संख्या/No.MAB-III/Rep/01-02/Acs-HUDCO/2014-15/Vol.-II/988 dated 02.09.2014 by the office of the Principal Director of Commercial Audit and Ex-officio Member, Audit Board – III, New Delhi.)

The preparation of financial statements of Housing and Urban Development Corporation Limited, New Delhi, for the year ended 31st March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the standards on auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30th July, 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956, of the financial statements of Housing and Urban Development Corporation Limited, for the year ended 31 March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller & Auditor General of India

Sd/-

(Tanuja S. Mittal)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board - III, New Delhi

Place : New Delhi
Date : 02.09.2014

ANNUAL ACCOUNTS



*HUDCO Design Award
Commendation Prize Under Category: New & Innovative Town Design Solutions/Eco Cities, The Uttorayon
Township, Siliguri, West Bengal*

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in crore)				
S.No.	PARTICULARS	NOTE No.	As at 31 st March, 2014	As at 31 st March, 2013
I	EQUITY AND LIABILITIES			
(1)	Share Holders' Funds			
	(a) Share Capital	2	2,001.90	2,001.90
	(b) Reserves and Surplus	3	5,121.43	4,512.06
	Sub-Total (1)		7,123.33	6,513.96
(2)	Non-current Liabilities			
	(a) Long-term Borrowings	4	18,868.21	13,504.40
	(b) Deferred Tax Liabilities (Net)	5	495.05	416.39
	(c) Other Long-term Liabilities	6	112.59	104.15
	(d) Long-term Provisions	7	227.68	219.23
	Sub-Total (2)		19,703.53	14,244.17
(3)	Current Liabilities			
	(a) Short-term Borrowings	8	20.00	48.54
	(b) Trade Payable	9	13.76	18.78
	(c) Other Current Liabilities	10	3,176.48	5,894.90
	(d) Short-term Provisions	11	176.43	228.80
	Sub-Total (3)		3,386.67	6,191.02
	Total (1+2+3)		30,213.53	26,949.15
II	ASSETS			
(1)	Non-current Assets			
	(a) Fixed Assets	12		
	(i) Tangible Assets		68.05	71.06
	(ii) Intangible Assets		0.05	-
	(iii) Capital work-in-progress		26.68	17.65
			94.78	88.71
	(b) Non-current Investments	13	753.88	683.98
	(c) Long-term Loans and Advances	14	24,033.96	21,141.78
	Sub-Total (1)		24,882.62	21,914.47
(2)	Current Assets			
	(a) Trade Receivable	15	10.07	10.60
	(b) Cash and Bank Balances	16	271.89	696.77
	(c) Other Current Assets	17	5,048.95	4,327.31
	Sub-Total (2)		5,330.91	5,034.68
	Total (1+2)		30,213.53	26,949.15
	Significant Accounting Policies	1		
	Explanatory Notes	24		
	Note: The Notes referred to above form an integral part of the Financial Statements			

For and on behalf of the Board

Sd/-
Harish Kumar Sharma
Company Secretary

Sd/-
Anil Kumar Kaushik
Director Finance

Sd/-
Dr. M Ravi Kanth
Chairman & Managing Director

As per our separate report of even date attached

For Dhawan & Co.
Chartered Accountants
(Firm Registration No. 002864 N)

Place : New Delhi
Dated : 30.07.2014

Sd/-
Prakash N. Mathur
Partner
(Membership No. 086292)

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2014

(₹ in crore)				
S.No.	PARTICULARS	NOTE No.	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
I	Income			
II	Revenue from Operations	18	2,945.03	2,864.55
III	Other Income	19	48.82	58.69
IV	Total Revenue (II+III)		2,993.85	2,923.24
V	Expenses			
(i)	Finance Cost	20	1,701.71	1,567.92
(ii)	Employee Benefits Expense	21	104.84	122.30
(iii)	Depreciation and Amortisation		4.32	4.96
(iv)	Other Expenses	22	57.83	50.68
(v)	Provision on Loans		167.85	68.00
(vi)	Provision on Debtors/recoverables, other loans and advances		1.33	2.39
	Total Expenses (V)		2,037.88	1,816.25
VI	Profit before exceptional, extraordinary Items and tax (IV-V)		955.97	1,106.99
VII	Exceptional Items		(160.00)	65.00
VIII	Profit before extraordinary Items and tax (VI-VII)		1,115.97	1,041.99
IX	Extraordinary Items		-	-
X	Prior period adjustments {Income(+)/ Expenditure(-)}	23	(21.62)	19.71
XI	Profit Before Tax (VIII-IX+X)		1,094.35	1,061.70
XII	Tax Expense			
(i)	Current tax		(290.00)	(295.50)
(ii)	Deferred tax		(78.66)	(66.01)
(iii)	Adjustment of tax of earlier years (Net)		0.65	0.37
	Total Tax Expense XII (i+ii-iii)		(368.01)	(361.14)
XIII	Profit for the period (XI-XII)		726.34	700.56
XIV	Earnings per Share (Face value ₹ 1000) (Refer S.No. 18 of Note No. 24- Explanatory Notes)			
	(1) Basic		362.83	349.95
	(2) Diluted		362.83	349.95
Significant Accounting Policies		1		
Explanatory Notes		24		
Note: The Notes referred to above form an integral part of the Financial Statements.				

For and on behalf of the Board

Sd/-
Harish Kumar Sharma
Company Secretary

Sd/-
Anil Kumar Kaushik
Director Finance

Sd/-
Dr. M Ravi Kanth
Chairman & Managing Director

As per our separate report of even date attached

For Dhawan & Co.
Chartered Accountants
(Firm Registration No. 002864 N)

Place : New Delhi
Dated : 30.07.2014

Sd/-
Prakash N. Mathur
Partner
(Membership No. 086292)

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Preparation of Financial Statements**

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

- (a) Income is recognised in accordance with Accounting Standard AS-9 on "Revenue Recognition" issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.
- (b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger's fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

- (a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.
- (b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under "Current Liabilities" and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation**(i) Tangible Assets**

- (a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.
- (b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

Note 1: (Contd.)

- (c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.
- (d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.
- (e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.
- (f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:
 - (i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.
 - (ii) Mobile phones purchased upto 31.3.2012 are depreciated @ of 45% p.a. on straight line method and after 2 years balance value of 10% is recovered as per the existing accounting policy. On mobile phones purchased from 1.4.2012 onwards, 90% of the cost which is reimbursed to employees upfront, shall be directly charged to revenue in the year of purchase. The modified policy is applicable on mobile phone purchased after 1.4.2012 onwards.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, "Intangible Assets" are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

- (a) Foreign exchange transactions are recorded at the rates (RBI reference rate) prevailing on the dates of the respective transactions.
- (b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate (RBI reference rate) as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.
- (c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Statement of Profit & Loss.
- (d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate (RBI reference rate)

Note 1: (Contd.)

at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

- (a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees' Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Statement of Profit & Loss. The Corporation's obligation towards gratuity, provident fund and post retirement medical benefits to employees are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.
- (b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 / 30 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

- (a) Tax expense comprises of current and deferred. Current income tax and wealth tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.
- (b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.
- (c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if:
 - (a) the Company has a present obligation as a result of past event.
 - (b) a probable outflow of resources is expected to settle the obligation and
 - (c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- (ii) Contingent liability is disclosed in the case of:
 - (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - (b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.
- (iii) Contingent assets are neither recognised nor disclosed.

NOTE 2 : SHARE CAPITAL

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Authorised 25,000,000 equity shares of ₹ 1,000/- each (previous year 25,000,000 equity shares of ₹ 1,000/- each)	2,500.00	2,500.00
B	Issued, Subscribed and Paid up 20,019,000 equity shares of ₹ 1,000/- each fully paid-up in cash (previous year 20,019,000 equity shares of ₹ 1,000/- each fully paid-up in cash)	2,001.90	2,001.90
		2,001.90	2,001.90
(The entire Share Capital is held/owned by the Government of India and its nominees)			

Reconciliation of the number of shares outstanding is set out below:

S.No.	PARTICULARS	As at 31 st March, 2014 Number of Shares	As at 31 st March, 2013 Number of Shares
a	Equity Shares at the beginning of the year	20,019,000	20,019,000
b	Add: Shares issued for cash at par	-	-
c	Equity Shares at the end of the year	20,019,000	20,019,000



Night Shelter at Bhimpur, Bhubaneswar, Odisha

Note 3: RESERVES AND SURPLUS

(₹ in crore)

S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Capital (KfW) Reserve		
	Balance from previous year	58.81	58.80
	Add: Additions during the year	-	0.01
	Balance as at the end of the year	58.81	58.81
B	Securities Premium on Bonds		
	Balance from previous year	-	-
	Add: Additions during the year	0.04	-
	Balance as at the end of the year	0.04	-
	Additions in Securities Premium Account for the financial year 2013-14 represent the premium received on issue of Tax Free Bonds through private placement.		
C	Debenture/Bond Redemption Reserve		
	Balance from previous year	481.54	192.27
	Add: Transferred from Surplus in Statement of Profit & Loss	378.17	289.27
	Balance as at the end of the year	859.71	481.54
	Prior to the issuance of circular no. 04/2013 dated 11.02.2013, issued by the Ministry of Corporate Affairs (MCA), the company had to create a Debenture/Bonds - Redemption Reserve (DRR / BRR) equivalent to 50% of the value of bonds issued (based on repayment tenure of respective bonds) through public issue, before the commencement of redemption of respective bonds as per the then prevalent SEBI Debt Regulations and section 117 C of the Companies Act, 1956. The creation of DRR / BRR was revised to 25% after issuance of the above circular.		
	The company, accordingly, has created proportionate Debenture / Bond Redemption Reserve on Bonds issued upto the financial year 2012-13, equivalent to 50% on yearly basis, before commencement of redemption of respective bonds; and equivalent to 25% on bonds issued during the financial year 2013-14.		
D	General Reserve		
	Balance from previous year	1,014.06	1,013.96
	Add: Transferred from Surplus in Statement of Profit & Loss	0.15	0.10
	Balance as at the end of the year	1,014.21	1,014.06
E	Special Reserve		
	(a) Created (u/s 36(1) (viii) of the Income Tax Act, 1961 upto Financial Year 1996-97)		
	Balance from previous year	181.75	181.75
	(b) Created and Maintained (u/s 36(1) (viii) of the Income Tax Act, 1961 from Financial Year 1997-98 onwards)		
	Balance from previous year	2,622.05	2,352.05
	Add: Transferred from Surplus in Statement of Profit & Loss	250.00	270.00
	Balance as at the end of the year	3,053.80	2,803.80
F	Welfare Reserve		
	(This is to be used for the Welfare of employees of the company as per approved guideline)		
	Balance from previous year	66.56	58.16
	Add: Transferred from Statement of Profit & Loss	-	2.87
	Add: Transferred from Surplus in Statement of Profit & Loss	-	5.53
	Balance as at the end of the year	66.56	66.56
G	Corporate Social Responsibility (CSR) Reserve		
	Add: Transferred from Surplus in Statement of Profit & Loss	19.52	19.87
	Less: Transferred to Statement of Profit & Loss	19.52	0.35
	Balance as at the end of the year (Refer S.No. 23(a) of Note 24 - Explanatory Notes)	-	19.52
H	Sustainable Development Reserve		
	Add: Transferred from Surplus in Statement of Profit & Loss	0.77	0.77
	Less: Transferred to Statement of Profit & Loss	0.77	-
	Balance as at the end of the year (Refer S.No. 23 (a) of Note 24 - Explanatory Notes)	-	0.77

NOTE 3 (Contd.)

(₹ in crore)

S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
I	Surplus Account		
i	Balance from previous year	67.00	130.00
ii	Add: Balance from statement of Profit & Loss	726.34	700.56
iii	Add: Transferred from Corporate Social Responsibility (CSR) Reserve	19.52	0.35
iv	Add: Transferred from Sustainable Development Reserve	0.77	-
v	Less: Transferred to Welfare Reserve	-	2.87
vi	Total amount available for appropriation	813.63	828.04
vii	Less: Proposed Final Dividend (Refer S.No. 15 of Note 24 - Explanatory Notes)	100.01	150.00
viii	Less: Dividend Tax	17.00	25.50
ix	Less: Special Reserve	250.00	270.00
x	Less: Debenture/Bond Redemption Reserve	378.17	289.27
xi	Less: General Reserve	0.15	0.10
xii	Less: Welfare Reserve	-	5.53
xiii	Less: Corporate Social Responsibility (CSR) Reserve	-	19.87
xiv	Less: Sustainable Development Reserve	-	0.77
xv	Balance as at the end of the year	68.30	67.00
	Total Reserves and Surplus	5,121.43	4,512.06

NOTE 4: NON CURRENT - LONG TERM BORROWINGS

(₹ in crore)

S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
(A)	SECURED LOANS		
I	Special Priority Sector Bonds		
	SPS Bond series B & C (Bank of India)		
	Date of Allotment 10.06.1998	52.25	57.50
	[Refer Details of Long-term Borrowing - (A) i]		
	Sub-Total I	52.25	57.50
	The repayment dates for SPS bonds series B and C is semi annual: for series B from 10.12.2008 to 10.06.2015 and for series C from 10.12.2015 to 10.06.2022.		
	Bonds are secured by lien over Certificate of Deposits for US \$ 11.50 million (Previous year US \$ 12.50 million) placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the maturity schedule of the underlying ADB loans.		
II	TAX FREE BONDS		
	Date of Allotment Date of redemption		
	8.71% Tax free bonds 2013 (Tranche - III) Series - 3A	24.03.2014 24.03.2034	8.76 -
	8.96% Tax free bonds 2013 (Tranche - III) Series - 3B	24.03.2014 24.03.2034	41.54 -
	8.76% Tax free bonds 2013 (Tranche - II) Series - 3A	13.01.2014 13.01.2034	286.54 -
	9.01% Tax free bonds 2013 (Tranche - II) Series - 3B	13.01.2014 13.01.2034	671.16 -
	8.49% Tax free bonds 2013 (Tranche - I) Series - 3A	25.10.2013 25.10.2033	35.51 -
	8.74% Tax free bonds 2013 (Tranche - I) Series - 3B	25.10.2013 25.10.2033	88.85 -
	8.73% Tax free bonds 2013 (Tranche - III) Series - 2A	24.03.2014 24.03.2029	28.47 -
	8.98% Tax free bonds 2013 (Tranche - III) Series - 2B	24.03.2014 24.03.2029	128.42 -
	8.58% Tax free bonds 2013 (Tranche - II) Series - 2A	13.01.2014 13.01.2029	127.39 -
	8.83% Tax free bonds 2013 (Tranche - II) Series - 2B	13.01.2014 13.01.2029	123.75 -
	8.51% Tax free bonds 2013 (Tranche - I) Series - 2A	25.10.2013 25.10.2028	799.27 -
	8.76% Tax free bonds 2013 (Tranche - I) Series - 2B	25.10.2013 25.10.2028	815.00 -
	8.56% Tax free bonds 2013 (Tranche - I) Series - 1	02.09.2013 02.09.2028	190.80 -
	7.19% Tax free bonds 2012 (Tranche - II) Series - 2	28.03.2013 28.03.2028	109.39 109.39
	7.51% Tax free bonds 2012 (Tranche - I) Series - 2	16.02.2013 16.02.2028	1,274.24 1,274.24
	8.20% Tax free bonds 2011 (Tranche - I) Series - 2	05.03.2012 05.03.2027	2,518.30 2,518.30
	8.16% Tax free bonds 2011 (C - II)	22.12.2011 22.12.2026	47.67 47.67
	7.83% Tax free bonds 2011 (B - II)	11.11.2011 11.11.2026	66.51 66.51
	7.75% Tax free bonds 2011 (A - II)	21.10.2011 21.10.2026	10.81 10.81
	8.29% Tax free bonds 2013 (Tranche - III) Series - 1A	24.03.2014 24.03.2024	18.37 -
	8.54% Tax free bonds 2013 (Tranche - III) Series - 1B	24.03.2014 24.03.2024	47.36 -
	8.51% Tax free bonds 2013 (Tranche - II) Series - 1A	13.01.2014 13.01.2024	504.93 -
	8.76% Tax free bonds 2013 (Tranche - II) Series - 1B	13.01.2014 13.01.2024	439.63 -
	8.14% Tax free bonds 2013 (Tranche - I) Series - 1A	25.10.2013 25.10.2023	269.58 -
	8.39% Tax free bonds 2013 (Tranche - I) Series - 1B	25.10.2013 25.10.2023	361.79 -
	7.03% Tax free bonds 2012 (Tranche - II) Series - 1	28.03.2013 28.03.2023	97.62 97.62
	7.34% Tax free bonds 2012 (Tranche - I) Series - 1	16.02.2013 16.02.2023	920.10 920.10
	8.10% Tax free bonds 2011 (Tranche - I) Series - 1	05.03.2012 05.03.2022	2,166.42 2,166.42
	8.09% Tax free bonds 2011 (C - I)	22.12.2011 22.12.2021	47.86 47.86
	7.62% Tax free bonds 2011 (B - I)	11.11.2011 11.11.2021	137.66 137.66
	7.51% Tax free bonds 2011 (A - I)	21.10.2011 21.10.2021	4.77 4.77
	Total II	12,388.47	7,401.35
	Refer S.No. 5 of Note 24 - Explanatory Notes		
	The bonds are secured by a floating first <i>pari-passu</i> charge on the present & future receivables of the company to the extent of amount mobilised under the issue. However, the company reserves the right to create first <i>pari-passu</i> charge on the present and future receivable for its present and future financial requirements.		

NOTE 4 (Contd.)

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
III	LOANS FROM BANKS		
	Bank of India	78.30	86.27
	[Refer Details of Long-term Borrowing - (A) ii]		
	Sub-Total III	78.30	86.27
	Secured by lien over Certificate of Deposits for US \$ 17.25 million (Previous year US \$ 18.75 million) placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the maturity schedule of the underlying ADB loans. Repayable from 10.12.2002 to 10.06.2022.		
IV	LOANS FROM FINANCIAL INSTITUTIONS		
	National Housing Bank	1,281.73	579.96
	[Refer Details of Long-term Borrowing - (A) iii]		
	Sub-Total IV	1,281.73	579.96
	Secured by Bank guarantee for an amount of ₹ 437.50 crore (previous year ₹ 187.50 crore) [being 25% of loan amount of ₹ 1,750 crore (previous year ₹ 750 crore) sanctioned/distributed by NHB] and negative lien on all properties, assets, receivables etc. of HUDCO both present and future, except those on which the first exclusive charge is created in favour of the trustees to the secured tax free bonds of ₹ 5,000 crore mobilised during 2011-12, ₹ 2,401.3526 crore mobilised during 2012-13 and ₹ 4,987.12 crore mobilised during 2013-14, repayable upto 01.10.2020.		
	Total Secured Loans (I+II+III+IV)	13,800.75	8,125.08
(B)	UNSECURED LOANS		
I	BONDS		
	HUDCO Bonds - Non Cumulative redeemable at par		
		Date of Allotment	Date of redemption
	8.14% Taxable (A) 2013	30.05.2013	30.05.2018
	8.92% Taxable (A) 2012 @	02.11.2012	02.11.2017
	8.65% Taxable (2-A) 2006-07 \$	29.11.2006	29.11.2016
	8.75% Taxable (2-B) 2006-07 @	29.11.2006	29.11.2016
	9.05% Taxable (2-C) 2006-07	29.11.2006	29.11.2016
	9.75% Taxable (B) 2011	18.11.2011	18.11.2016
	9.40% Taxable (A) 2011	22.09.2011	22.09.2016
	8.60% Taxable (1-A) 2006-07 \$	29.08.2006	29.08.2016
	8.85% Taxable (1-B) 2006-07 @	29.08.2006	29.08.2016
	9.10% Taxable (1-C) 2006-07 @@	29.08.2007	29.08.2017
	(Put option exercised on 29.08.2013)		
	9.30% Taxable (1-D) 2006-07	29.08.2006	29.08.2016
	8.05% Taxable (XXXIX-A) @	29.03.2006	29.03.2016
	8.12% Taxable (XXXIX-B) @ @	29.03.2006	29.03.2016
	8.35% Taxable (XXXIX-C)	29.03.2006	29.03.2016
	7.30% Taxable (XXXVII-A) @	20.01.2006	20.01.2016
	7.50% Taxable (XXXVII-B) @ @	20.01.2006	20.01.2016



Shri NL Manjoka, DCP and acting CMD, HUDCO and Shri AK Kaushik, DF, HUDCO distributing certificates to the participants



Shri NL Manjoka, DCP and acting CMD, HUDCO and Shri AK Kaushik, DF, HUDCO distributing certificates to the participants

NOTE 4 (Contd.)

				(₹ in crore)	
S.No.	PARTICULARS			As at 31 st March, 2014	As at 31 st March, 2013
		Date of Allotment	Date of redemption		
	7.80% Taxable (XXXVII-C)	20.01.2006	20.01.2016	590.00	590.00
	10.00% Taxable (XXV-C)	28.06.2002	28.06.2014	-	210.00
	Total Bonds			3,308.20	2,826.90
	\$ Put and call option at the end of 3rd year from the date of allotment, else redeemable at par on due date. @ Put and call option at the end of 5th year from the date of allotment, else redeemable at par on due date. @@ Put and call option at the end of 7th year from the date of allotment, else redeemable at par on due date.				
II	LOANS FROM VARIOUS BANKS (Repayable within 10 years from the date of drawal) Covered by irrevocable power of attorney in favour of lenders / trustee. Term Loans from Banks (PLR / Base Rate) [Refer Details of Long-term Borrowing - (B) I]			361.08	961.12
	Total Bank Loans			361.08	961.12
III	LOANS FROM GOVERNMENT OF INDIA UNDER: [Refer Details of Long-term Borrowing - (B) II] Line of credit from Kreditanstalt für Wiederaufbau (KfW)			0.17	23.62
	Total Government of India Loans			0.17	23.62
IV	Public Deposits @ 6% p.a. to 12.5% p.a. [Refer Details of Long-term Borrowing - (B) III] Repayable over a period of two to seven years			810.90	951.14
	Total Public Deposits			810.90	951.14
V	Interest Bearing Cash Securities [Refer Details of Long-term Borrowing - (B) IV]			8.53	-
	Total Interest Bearing Cash Securities			8.53	-
VI	LOANS IN FOREIGN CURRENCY : [Refer Details of Long-term Borrowing - (B) V]				
(i)	Loans from Japan Bank for International Cooperation (JBIC) *				
(a)	Swapped in two tranche with Yes Bank #			74.26	50.81
(b)	Unswapped Portion of JBIC			125.86	172.42
	Sub-Total (i)			200.12	223.23
	* Guaranteed by Central Government as to the repayment of principal and interest. # Principal only swap (PoS) amounting to JPY 1268.778 million executed with YES Bank Ltd. on 18.01.2013 (effective from 22.01.2013) for a period upto 20.01.2016, at spot rate of ₹ 0.60065 and PoS premium of 6.6125% p.a. payable semi-annually. Further, Principal only Swap (PoS) of JPY 845.852 million executed with Yes Bank on 15.05.2013 (effective from 17.05.2013) for a period upto 20.01.2018, at spot rate of ₹ 0.5776 and PoS premium of 4.40% payable semi annually.				
(ii)	Loans from Asian Development Bank (ADB)				
(a)	6 months LIBOR for US \$ +0.40% p.a.			270.10	281.18
	Sub-Total (ii)			270.10	281.18
	Guaranteed by Central Government as to the repayment of principal and interest. Hudco has received a loan of US \$ 100 million from ADB out of which US \$ 50 million (received during the years 1997-98 and 1998-99) has been placed as deposit as per arrangement with Bank of India, Cayman Islands Branch, USA. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loans. The balance US \$ 50 million (received during the year 1999-2000) has been swapped with EXIM Bank and under the arrangement EXIM Bank has subscribed to 12.75% Special Priority Sector Bonds (II) (rate of interest for the next 7 years reset to 12.50% w.e.f. 15.12.2006) for ₹ 217 crore which are co-terminus with the loan maturity schedule of the underlying ADB loans. Repayment of the above ADB Loan and redemption of the corresponding deposit / swap has started w.e.f. 15.12.2002 as per the amortisation schedule(s).				
(iii)	Loans from US Capital Market (Guaranteed by USAID & Counter Guaranteed by Canara Bank @ 0.5% of the outstanding Loan)				
(a)	6 months LIBOR for US \$ + 0.18% p.a.(USAID-1)			31.61	33.79
	Under the swap arrangement with EXIM Bank, HUDCO has remitted US \$ 10 million to EXIM Bank against which EXIM Bank has subscribed to 12.75% HUDCO Special Infrastructure Bonds (II) (rate of interest for the next 7 years reset to 12.50% w.e.f. 23.09.2006) amounting to ₹ 43.60 crore which are co-terminus with the loan maturity schedule of the underlying USAID guaranteed loan.				
(b)	6 months LIBOR for US \$ + 0.035% p.a. (USAID-2)				
(b) (i)	Swapped with ICICI Bank *			24.45	28.90
(b) (ii)	Swapped with State Bank of India **			22.25	22.25
(b) (iii)	Unswapped Portion			30.05	27.19
	Sub-Total (iii)			108.36	112.13
	* Currency and Interest Rate Swap for US \$ 10 million executed with ICICI Bank Ltd. on 26.10.2010 (for 7 years upto 28.10.2017) in respect of USAID-2 loan at spot rate of ₹ 44.46 and swap premium of 6.18% payable semi-annually. ** Currency and Interest Rate Swap for US \$ 5 million executed with State Bank of India on 19.07.2011 (for 7 years upto 19.07.2018) in respect of USAID-2 loan at spot rate of ₹ 44.50 and swap premium of 6.2025% payable semi-annually.				
	Total Foreign Currency Loans			578.58	616.54
	Total Unsecured Loans			5,067.46	5,379.32
	Total Long Term Borrowings			18,868.21	13,504.40

NOTE 4 (Contd.)

Details of Long-term Borrowing

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No.	Date of drawal /Institution	Rate on drawal	No of Bonds to be redeemed	Amount of Bonds to be redeemed	Rate of Interest as on 31.3.2014	Frequency of repayment	Redemption Details
(A) Secured Loans							
i	Special Priority Sector Bonds						
	SPS Bonds Series C (Bank of India)	12.00%	84	4.20	@ 1 year G.Sec. + 350bps p.a. Currently the ROI is 10.88% p.a.	Semi-Annual	10th June, 2022
	SPS Bonds Series C (Bank of India)	12.00%	84	4.20		Semi-Annual	10th December, 2021
	SPS Bonds Series C (Bank of India)	12.00%	80	4.00		Semi-Annual	10th June, 2021
	SPS Bonds Series C (Bank of India)	12.00%	80	4.00		Semi-Annual	10th December, 2020
	SPS Bonds Series C (Bank of India)	12.00%	74	3.70		Semi-Annual	10th June, 2020
	SPS Bonds Series C (Bank of India)	12.00%	74	3.70		Semi-Annual	10th December, 2019
	SPS Bonds Series C (Bank of India)	12.00%	71	3.55		Semi-Annual	10th June, 2019
	SPS Bonds Series C (Bank of India)	12.00%	71	3.55		Semi-Annual	10th December, 2018
	SPS Bonds Series C (Bank of India)	12.00%	66	3.30		Semi-Annual	10th June, 2018
	SPS Bonds Series C (Bank of India)	12.00%	66	3.30		Semi-Annual	10th December, 2017
	SPS Bonds Series C (Bank of India)	12.00%	60	3.00		Semi-Annual	10th June, 2017
	SPS Bonds Series C (Bank of India)	12.00%	60	3.00		Semi-Annual	10th December, 2016
	SPS Bonds Series C (Bank of India)	12.00%	60	3.00		Semi-Annual	10th June, 2016
	SPS Bonds Series C (Bank of India)	12.00%	60	3.00		Semi-Annual	10th December, 2015
	SPS Bonds Series B (Bank of India)	12.00%	55	2.75		Semi-Annual	10th June, 2015
	Total Special Priority Sector Bonds			52.25			
S.No.	Date of drawal /Institution	Rate on drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2014	Frequency of repayment	Redemption Details
ii	Bank of India				@ 1 years G-Sec + 350bps p.a. Currently the ROI is 10.88% p.a.	Semi-Annual	10 Jun. and 10 Dec.
	- 15.02.1999	12.50%	150.00	78.30			
iii	National Housing Bank						
	- 12.12.2011	6.25%	250.00	136.00	6.25%	Quarterly	1st- Apr.,Jul.,Oct. & Jan.
	- 25.04.2012	6.25%	250.00	155.00	6.25%	Quarterly	1st- Apr.,Jul.,Oct. & Jan.
	- 30.10.2012	6.75%	250.00	175.92	6.75%	Quarterly	1st- Apr.,Jul.,Oct. & Jan.
	- 09.04.2013	6.75%	500.00	388.89	6.75%	Quarterly	1st- Apr.,Jul.,Oct. & Jan.
	- 17.12.2013	8.00%	500.00	425.92	8.00%	Quarterly	1st- Apr.,Jul.,Oct. & Jan.
	Total National Housing Bank			1,281.73			
(B) Unsecured Loans							
I Loans from various Banks							
i	Canara Bank						
	- 18.03.2011	9.50%	100.00	11.78	10.25%	Quarterly	18th- Jun.,Sep.,Dec. & Mar
	- 15.04.2011	9.50%	20.00	5.56	10.25%	Quarterly	15th- Apr., Jul.,Oct. & Jan.
	- 21.04.2011	9.50%	25.00	6.94	10.25%	Quarterly	21st- Apr., Jul.,Oct. & Jan.
	- 20.07.2011	10.25%	525.00	175.00	10.25%	Quarterly	20th- Apr.,Jul.,Oct. & Jan.
	Total Canara Bank			199.28			
ii	State Bank of Patiala						
	- 29.03.2012	10.50%	300.00	120.00	10.25%	Semi-Annual	29th Sept. & 29th March
iii	Syndicate Bank						
	- 22.07.2011	10.25%	100.00	30.00	10.25%	Quarterly	22th- Apr.,Jul.,Oct. & Jan.
	- 29.07.2011	10.25%	114.00	11.80	10.25%	Quarterly	29th- Apr.,Jul.,Oct. & Jan.
	Total Syndicate Bank			41.80			
	Total Bank Loans			361.08			
II LOANS FROM GOVERNMENT OF INDIA UNDER:							
	Line of credit from KfW						
	- 11.11.1993			0.17	5.75%	Bullet basis	11.11.2015
	Total KfW			0.17			
III Public Deposits							
	Apr., 2015 - Mar. 2016			572.67		Repayable over a period of two to seven years	
	Apr., 2016 - Mar. 2017			218.34			
	Apr., 2017 - Mar. 2018			11.77			
	Apr., 2018 - Mar. 2019			7.91			
	Apr., 2019 - Mar. 2020			0.13			
	Apr., 2020 - Mar. 2021			0.08			
	Total Public Deposits			810.90			
IV Interest bearing Cash Securities							
a	Lotus Hospitals & Research Centre Limited						
	- 08.06.2013	8.25%	5.00	5.00	8.25%	Bullet basis	07.06.2020
	- 01.07.2013	8.25%	3.26	3.26	8.25%	Bullet basis	30.06.2020
				8.26			
b	Purasawalkam High Road						
	- 05.04.2013	8.50%	0.27	0.27	8.50%	Bullet basis	04.04.2020
				0.27			
	Total Interest bearing Cash Securities			8.53			

NOTE 4 (Contd.)

Details of Long-term Borrowing

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No.	Date of drawal/Institution	Currency of drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2014	Frequency of repayment	Redemption Details
V	LOANS IN FOREIGN CURRENCY :	Foreign Currency	Amount in Million				
i	Loans from JBIC						
	- 28.03.1997	JPY	1,157.16				
	- 27.03.1998	JPY	406.00				
	- 31.03.1999	JPY	944.65				
	- 22.06.1999	JPY	1,159.92				
	- 16.11.1999	JPY	241.34				
	- 17.03.2000	JPY	3,613.47				
	- 06.10.2000	JPY	67.60				
	- 10.11.2000	JPY	176.27				
	- 15.12.2000	JPY	295.15				
	- 27.02.2001	JPY	351.39				
	- 30.03.2001	JPY	257.05				
	Unswapped JBIC outstanding Loan out of above	JPY	2,139.31	125.86	2.10% p.a. (fixed)	Semi-Annual	Repayable from 20.07.2018 to 20.07.2023
	Swapped JPY outstanding Loan out of above						
	with Yes Bank (Tranche-I)	JPY	422.92	25.40	2.10% p.a. (fixed), in addition Principal only Swap premium @ 6.6125% p.a.	Semi-Annual	Repayable from 20.07.2015 to 20.01.2016
	with Yes Bank (Tranche-II)	JPY	845.85	48.86	2.10% p.a. (fixed), in addition Principal only Swap premium @ 4.40% p.a.		Repayable from 20.07.2016 to 20.01.2018
	Total JBIC			200.12			
ii	Loan from Asian Development Bank						
	- 31.12.1997	US \$	20.00				
	- 13.11.1998	US \$	30.00				
	Swapped US \$ outstanding Loan out of above with Bank of India	US \$	26.10	156.86	@ 6M LIBOR for US\$ + 0.40% p.a. Currently the ROI is 0.7441% p.a.	Semi-Annual	Repayable from 15.06.2015 to 15.06.2022
	- 06.12.1999	US \$	50.00				
	Swapped US \$ outstanding Loan out of above with Exim Bank	US \$	26.10	113.24	12.50% p.a.	Semi-Annual	
	Total Asian Development Bank			270.10			
iii	Loan from US Capital Market						
(a)	USAID-1						
	- 24.09.1999	US \$	10.00				
	Swapped US \$ outstanding Loan out of above with Exim Bank	US \$	7.25	31.61	12.50% p.a.	Semi-Annual	Repayable from 23.09.2015 to 23.09.2029
(b)	USAID-2						
	- 28.09.2000	US \$	20.00				
	Swapped US \$ outstanding Loan out of above						
	with ICICI Bank	US \$	5.50	24.45	Swap premium @ 6.18% p.a.	Semi-Annual	Repayable from 15.09.2015 to 15.09.2030
	with State Bank of India	US \$	5.00	22.25	Swap premium @ 6.2025% p.a.		
	Unswapped US \$ outstanding Loan out of above	US \$	5.00	30.05	@ 6M LIBOR for US\$ + 0.035% p.a. Currently the ROI is 0.3668% p.a.	Semi-Annual	
	Total USAID			108.36			
	Total Foreign Currency Loans			578.58			

NOTE 5 : DEFERRED TAX LIABILITIES

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Deferred Tax Liabilities		
i	Depreciation	4.67	4.41
ii	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	1,037.99	953.01
	Sub Total (A)	1,042.66	957.42
B	Deferred Tax Assets		
i	Provision on investment	1.15	1.15
ii	Provision for Debtors	4.11	3.68
iii	Provision on Loans	487.35	484.68
iv	Provision on Jabalpur Earthquake	1.69	1.70
v	Provision for staff loans	0.03	0.03
vi	Provision on advances	0.09	0.05
vii	Provision for leave encashment	7.69	11.28
viii	Provision for retirement benefit	32.74	30.39
ix	Provision for Welfare Expenses	0.18	0.19
x	Provision for LTC	3.08	3.96
xi	Provision for PF Contribution	-	1.40
xii	Disallowance of interest under section 43B of Income Tax Act, 1961	3.28	2.52
xiii	Provision on Corporate Social Responsibilities (CSR)	6.22	-
		547.61	541.03
C	Net Deferred Tax Liabilities (A) - (B)	495.05	416.39

NOTE 6: OTHER LONG TERM LIABILITIES

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Others		
i	Security and other deposits	7.20	6.02
B	Interest accrued but not due		
i	Unsecured Loans	105.39	98.13
	Total	112.59	104.15

NOTE 7: LONG TERM PROVISIONS

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Provision for employees benefit		
(i)	Leave encashment	20.63	29.65
(ii)	Post retirement medical benefit	93.74	81.69
(iii)	Welfare expenses	0.47	0.49
(iv)	Leave travel concession	4.51	-
(v)	Provident Fund (funded)	-	4.12
	(Refer S.No. 6 of Note 24 - Explanatory Notes)		
B	Others		
(i)	Contingent Provisions for Standard Assets as per NHB norms	108.33	103.28
	Total	227.68	219.23

NOTE 8: SHORT TERM BORROWINGS

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Secured Loan from Bank (Short Term)		
	Loan against Fixed Deposits (Repayable within one year)	-	48.54
B	Unsecured Loan		
	Term loan from CBCT Bank Co. Ltd. (@ 9.25% p.a., repayable on 24.09.2014 by way of bullet repayment)	20.00	-
	Total	20.00	48.54

NOTE 9: TRADE PAYABLE

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Expenses Payable		
	(Refer S.No. 11 of Note 24 - Explanatory Notes)	13.76	18.78
	Total	13.76	18.78

NOTE 10: OTHER CURRENT LIABILITIES

(₹ in crore)			
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
(A)	CURRENT MATURITIES OF LONG TERM DEBT		
I	SECURED LOANS		
i	Special Priority Sector Bonds series B & C (Bank of India)	5.25	5.00
ii	Loan from Bank (Bank of India)	7.97	7.50
iii	National Housing Bank	195.89	84.78
	Sub Total Secured Loans	209.11	97.28
II	UNSECURED LOANS		
i	BONDS- HUDCO Bonds Non Cumulative redeemable at par		
	10.00% Taxable (XXV-C) Repayable on 28.06.2014	210.00	-
	5.15% Tax free (XXXIV) paid on 31.03.2014	-	50.00
	6.70% Taxable (XXXIII-A) paid on 29.08.2013 @	-	315.10
	6.80% Taxable (XXXIII-B) paid on 29.08.2013 @@	-	127.00
	6.90% Taxable (XXXIII-C) paid on 29.08.2013	-	194.30
	7.35% Taxable 2003 (SD-V) paid on 28.07.2013	-	350.00
	8.30% Taxable 2006 (SD-II) paid on 28.04.2013	-	500.00
	Total Bonds	210.00	1,536.40
	@ Put and call option at the end of 5th year from the date of allotment, else redeemable at par on due date. @@ Put and call option at the end of 7th year from the date of allotment, else redeemable at par on due date.		
ii	LOANS FROM VARIOUS BANKS		
	Term Loan from Banks (PLR / Base Rate) [Details of Current Maturity of long term debt- (A) I]	550.05	1,227.32
	Total Bank Loans	550.05	1,227.32
iii	LOANS FROM GOVERNMENT OF INDIA UNDER :		
	Line of credit from Kreditanstalt für Wiederaufbau (KfW) [Refer Details of Current Maturity of long-term debt - (A) II]	23.45	29.34
	Total Government of India Loans	23.45	29.34
iv	Public Deposits @ 6% p.a. to 12.5% p.a. Repayable with in one year [Details of Current Maturity of long term debt- (A) III]	403.69	288.31
	Total Public Deposits	403.69	288.31
v	LOANS IN FOREIGN CURRENCY : [Details of Current Maturity of long term debt- (A) IV]		
(a)	Loan from JBIC - Swapped with Yes Bank	25.40	25.40
	Sub Total [v(a)]	25.40	25.40
(b)	Loan from Asian Development Bank 6 months LIBOR for US \$ +0.40% p.a.	27.50	24.44
	Sub Total [v(b)]	27.50	24.44
(c)	Loan from US Capital Market (Guaranteed by USAID & Counter Guaranteed by Canara Bank @ 0.5% of the outstanding Loan)		
(i)	6 months LIBOR for US \$ + 0.18% p.a.(USAID-1)	2.18	2.18
(ii)	6 months LIBOR for US \$ + 0.035% p.a. (USAID-2)		
	- Swapped with ICICI Bank	4.45	4.45
	Sub Total [v(c)]	6.63	6.63
	Total Foreign Currency Loans	59.53	56.47
	Sub Total Unsecured Loans	1,246.72	3,137.84
	Total Current maturities of LongTerm Debt	1,455.83	3,235.12
(B)	Interest accrued but not due		
(i)	Secured Loans	69.46	2.75
(ii)	Unsecured Loans	424.93	319.74
(iii)	Others	0.01	0.01
	Sub Total B (i+ii+iii)	494.40	322.50
(C)	Bank book overdraft in current account [see footnote (B) 1]	960.71	2,079.45
(D)	Sundry Creditors *	0.65	0.29
	[Refer S.No. 11 of Note No 24 - Explanatory Notes]		
(E)	Security, Earnest money and other deposits	1.86	1.74
(F)	Amount received in advance	6.39	6.18
(G)	Unclaimed Liability towards: [see footnote (B) 2]		
	i) Bonds	9.90	24.24
	ii) Public Deposits	3.27	3.56
	iii) Interest accrued and due on Debenture	0.02	0.02
	iv) Interest accrued and due on Bonds	4.29	6.50
	v) Interest accrued and due on Public Deposits	0.63	0.93
		18.11	
(H)	KfW R & D account	48.04	48.22
(I)	KfW Interest account	9.87	9.87
(J)	Amount received from KfW [see footnote (B) 3 and (B) 4] Less: KfW Releases	98.70 4.61	98.74 4.63
	Sub Total (J)	94.09	
(K)	Grant / Subsidy received from different Ministries/Agencies [see footnote (B) 4]	9.41	8.77
(L)	Amt payable to Ministry - AGP and BCP	1.01	0.97
(M)	Amount Payable to Staff	16.80	16.52
(N)	Other Liabilities **	59.31	35.91
	Sub Total (B+C+D+E+F+G+H+I+J+K+L+M+N)	1,720.65	2,659.78
	Total (A+ B+C+D+E+F+G+H+I+J+K+L+M+N)	3,176.48	5,894.90
* Includes ₹ 0.31 crore (Previous year ₹ 0.12 crore) on account of Andrews Ganj Project [Refer S.No. 2(b) of Note No 24 - Explanatory Notes]. ** Includes ₹ 0.03 crore (Previous year ₹ 0.04 crore) on account of Andrews Ganj Project [Refer S.No. 2(b) of Note No 24 - Explanatory Notes].			

NOTE 10 (Contd.)

Details of Current Maturity of long term debt

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No.	Date of drawal / Institution			Amount	Rate of Interest as on 31.03.2014	Redemption Details
(A)	Unsecured Loans					
I	Banking Loans					
i	Bank of Baroda					
	-18.06.2011			6.66	10.25%	18.06.2014
	-16.06.2011			17.66	10.25%	16.06.2014
	-30.06.2011			27.66	10.25%	30.06.2014
	-06.07.2011			57.33	10.25%	06.07.2014
	-20.07.2011			57.34	10.25%	20.07.2014
	Total Bank of Baroda			166.65		
ii	Canara Bank					
	-18.03.2011			11.78	10.25%	18.06.2014, 18.09.2014, 18.12.2014, & 18.03.2015
	-15.04.2011			4.44	10.25%	15.04.2014, 15.07.2014, 15.10.2014, & 15.01.2015
	-21.04.2011			5.55	10.25%	21.04.2014, 21.07.2014, 21.10.2014, & 21.01.2015
	-20.07.2011			116.67	10.25%	20.04.2014, 20.07.2014, 20.10.2014 & 20.01.2015
	Total Canara Bank			138.44		
iii	State Bank of Bikaner & Jaipur					
	-20.10.2009			66.67	10.15%	24.04.2014, 24.07.2014, 24.10.2014 & 24.01.2015
iv	State Bank of Patiala					
	-29.03.2012			60.00	10.25%	29.09.2014 & 29.03.2015
v	State Bank of Travancore					
	-19.03.2010			14.29	10.25%	19.06.2014, 19.09.2014, 19.12.2014 & 19.03.2015
	-31.07.2009			4.50	10.25%	31.07.2014
	-12.08.2009			5.50	10.25%	31.07.2014
	Total State Bank of Travancore			24.29		
vi	Syndicate Bank					
	-22.07.2011			20.00	10.25%	22.04.2014, 22.07.2014, 22.10.2014 & 22.01.2015
	-29.07.2011			8.00	10.25%	29.04.2014, 29.07.2014, 29.10.2014 & 29.01.2015
	Total Syndicate Bank			28.00		
vii	Union Bank of India					
	-18.07.2011			66.00	10.25%	20.04.2014 & 20.07.2014
	Total Union Bank of India			66.00		
	Total Banking Loans			550.05		
II	LOAN FROM GOVERNMENT OF INDIA UNDER :					
	Line of credit from Kreditanstalt für Wiederaufbau (KfW)					
	-07.01.1993			23.45	5.75%	07.01.2015
	Total KfW Loan			23.45		
III	Public Deposits					
	April, 2014			18.14		Repayable within one year
	May, 2014			5.41		
	June, 2014			29.99		
	July, 2014			13.95		
	August, 2014			44.86		
	September, 2014			66.38		
	October, 2014 to March, 2015			224.96		
	Total Public Deposits			403.69		
IV	Loans in Foreign Currency:					
i	Loan from JBIC					
	Swapped with YES Bank	JPY	422.93	25.40	2.10% p.a. (fixed), in addition Principle only Swap premium @ 6.6125% p.a	20.07.2014 and 20.01.2015
ii	Loan from Asian Development Bank					
	Swapped with Bank of India	US \$	2.66	15.97	@ 6M LIBOR for US \$ + 0.40% p.a. currently the ROI is 0.7441% p.a.	15.06.2014 and 15.12.2014
	Swapped with Exim Bank	US \$	2.66	11.53	12.50% p.a.	
	Total IV (ii)			27.50		
iii	Loan from US Capital Market					
	USAID-1					
	Swapped with Exim Bank	US \$	0.50	2.18	12.50% p.a.	23.09.2014 and 23.03.2015
	USAID-2					
	Swapped with ICICI Bank	US \$	1.00	4.45	Swap premium @ 6.18% p.a	15.09.2014 and 15.03.2015
	Total IV (iii)			6.63		
	Total Foreign Currency Loans			59.53		

Covered by irrevocable power of attorney in favour of lenders / trustee.

NOTE 10 (Contd.)

(B) Footnotes:		(₹ in crore)	
1	Name of the Banks	As at 31 st March, 2014	As at 31 st March, 2013
	Indian Bank	77.01	99.99
	State Bank of India	500.00	-
	Vijaya Bank	383.70	360.00
	Punjab National Bank	-	427.60
	Bank of Baroda	-	310.32
	State Bank of Mysore	-	100.00
	Allahabad Bank	-	100.00
	State Bank of Hyderabad	-	500.00
	Syndicate Bank	-	62.00
	United Bank of India	-	119.46
	Corporation Bank	-	0.05
	Union Bank of India	-	0.03
	Total	960.71	2,079.45
2	Liability towards Investors Education and Protection Fund (IEPF) under Section 205C of the Companies Act, 1956 will be determined on the respective due dates. Debentures / Bonds / PDS aggregating to ₹ 18.11 crore towards principal and interest (Previous Year ₹ 35.25 crore) were due and unclaimed as on 31.3.2014. During the year an amount of ₹ 1.19 crore including ₹ 1.13 crore which was sub-judice till financial year 2012-13 after finalisation of the case, has been transferred to IEPF after completion of statutory period of seven years (previous year ₹ 0.11 crore).		
3	Includes Principal overdue & interest overdue as on 31.03.2014 amounting to ₹ 4.61 crore (previous year ₹ 4.63 crore) and ₹ 9.06 crore (previous year ₹ 7.50 crore) respectively.		
4	Includes ₹ 9.41 crore (Previous year ₹ 8.78 crore) (Net of refunds) as on 31.03.2014 received on account of various Grants/ Subsidies. Cumulative Grants/ Subsidies received as on 31.03.2014 is ₹ 1457.37 crore (Previous year ₹ 1458 crore), out of which ₹ 1447.96 crore (Previous year ₹ 1449.22 crore) has been released (Net of refunds). The Utilisation Certificates to the extent of ₹ 1306.85 crore has been received and for balance amount of Utilisation Certificates are being followed up.		

NOTE 11: SHORT TERM PROVISIONS

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Provision for employees benefit		
(i)	Leave encashment	1.98	3.53
(ii)	Post retirement medical benefit	2.58	7.73
(iii)	Welfare expenses	0.06	0.07
(iv)	Leave travel concession	4.56	11.64
	(Refer S.No. 6 of Note 24 - Explanatory Notes)		
B	Others		
(i)	Provision for Income Tax	292.50	297.00
(ii)	Less: Advance Income Tax (Including TDS)	278.73	286.24
(iii)	Net Provision for Income Tax	13.77	
(iv)	Wealth tax	0.25	0.20
(v)	Proposed Final Dividend	100.01	150.00
(vi)	Dividend Tax	17.00	25.50
C	Contingent Provisions for Standard Assets as per NHB norms	17.92	19.37
D	Corporate Social Responsibilities (CSR) & Sustainable Development (SD)		
	Opening Balance	-	-
	Add: Adjustment during the year	20.29	-
(i)	Add: Provision for the year	10.51	-
(ii)	Less: Expenditure Incurred during the year	12.50	-
	(Refer S.No. 23 (a) of Note 24 - Explanatory Notes)	18.30	-
	Total	176.43	228.80

NOTE 12: FIXED ASSETS

ONLY TERTIARY ASSETS

S. No.	ITEMS	GROSS BLOCK				Total Cost as at 31 st March, 2014	As at 1 st April, 2013	DEPRECIATION / AMORTISATION				NET BLOCK	
		Cost as at 1 st April, 2013	Addition during the year	Adjustments				For the year	Adjustments		Total as at 31 st March, 2014	As at 31 st March, 2014	As at 31 st March, 2013
				Addition	Deduction				Addition	Deduction			
A	TANGIBLE												
	i Land (Freehold)	4.61	-	-	-	4.61	-	-	-	-	-	4.61	4.61
	ii Land (Leasehold) * #	8.24	-	-	0.01	8.23	1.44	0.09	-	-	1.53	6.70	6.80
	iii Building (Freehold)	9.71	-	-	-	9.71	5.21	0.23	-	-	5.44	4.27	4.50
	iv Building (Leasehold) #	78.86	-	-	0.04	78.82	38.35	2.02	-	0.01	40.36	38.46	40.51
	v Flat (Freehold) #	10.36	-	-	-	10.36	5.57	0.24	-	-	5.81	4.55	4.79
	vi Flat (Leasehold) #	10.61	-	-	-	10.61	6.65	0.20	-	-	6.85	3.76	3.96
	vii Air conditioner and Cooler	2.03	0.23	-	0.08	2.18	1.26	0.12	-	0.07	1.31	0.87	0.77
	viii Office Equipments	20.90	0.92	0.06	0.66	21.22	17.26	1.03	0.06	0.62	17.73	3.49	3.64
	ix Furniture and Fixtures	4.69	0.22	0.01	0.09	4.83	3.95	0.15	0.01	0.08	4.03	0.80	0.74
	x Vehicle	2.04	-	-	0.11	1.93	1.30	0.19	-	0.10	1.39	0.54	0.74
	xi Library Books	0.93	0.02	-	-	0.95	0.93	0.02	-	-	0.95	-	-
	xii Miscellaneous Assets	3.79	0.03	-	0.02	3.80	3.79	0.03	-	0.02	3.80	-	-
	Total A	156.77	1.42	0.07	1.01	157.25	85.71	4.32	0.07	0.90	89.20	68.05	71.06
B	INTANGIBLE												
	i Software	1.63	0.05	-	-	1.68	1.63	-	-	-	1.63	0.05	-
	Total A+B	158.40	1.47	0.07	1.01	158.93	87.34	4.32	0.07	0.90	90.83	68.10	71.06
C	Less : Grants												
	i Air Conditioner	-	-	-	-	-	-	-	-	-	-	-	-
	ii Office Equipment	0.09	-	-	0.01	0.08	0.09	-	-	0.01	0.08	-	-
	iii Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-
	iv Library Books	-	-	-	-	-	-	-	-	-	-	-	-
	v Miscellaneous Assets	0.01	-	-	-	0.01	0.01	-	-	-	0.01	-	-
	Total C	0.10	-	-	0.01	0.09	0.10	-	-	0.01	0.09	-	-
	Total A+B-C	158.30	1.47	0.07	1.00	158.84	87.24	4.32	0.07	0.89	90.74	68.10	71.06
D	Capital Work-In-Progress	17.65	9.03	-	-	26.68	-	-	-	-	-	26.68	17.65
	As at 31 st March, 2014	175.95	10.50	0.07	1.00	185.52	87.24	4.32	0.07	0.89	90.74	94.78	88.71
	As at 31 st March, 2013	173.66	8.90	11.34	17.95	175.95	88.42	4.96	6.11	12.25	87.24	88.71	-

₹ in crore

* Includes land of ₹ 0.33 crore on perpetual lease (Previous year ₹ 0.33 crore) hence no depreciation has been provided.

The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of ₹ 35.11 crore (previous year ₹ 35.37 crore) are yet to be executed.

NOTE 13: NON CURRENT INVESTMENTS

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Equity Shares (Long Term) (Trade Investment) 34.87		14.97
	Less : Provision [Refer S.No. 19 (3) of Note 24 - Explanatory Notes] 3.00		3.00
		31.87	
B	Equity Shares (Long Term) - Joint Venture 2.40		2.40
	Less : Provision [Refer S.No. 19 (3) of Note 24 - Explanatory Notes] 0.39		0.39
		2.01	
C	Infrastructure Debt Fund (Long Term)	50.00	-
D	Bonds	670.00	670.00
	Total (A+B+C+D)	753.88	683.98

Additional disclosures required in respect of the investments

I	Aggregate of quoted investments:		
(i)	Cost	52.60	2.60
(ii)	Market Value *	52.13	1.86
II	Aggregate of unquoted investments:		
(i)	Cost	704.67	684.77

					(₹ in crore)	
S.No.	PARTICULARS	Number Shares/Units/Bonds	Face Value (₹)	As at 31 st March, 2014	As at 31 st March, 2013	
A	Quoted Investments					
(1)	Equity Shares					
i	Indbank Housing Limited	2,500,000	10	2.50	2.50	
ii	Sri KPR Industries Limited	100,000	10	0.10	0.10	
	Sub-Total A(1)			2.60	2.60	
(2)	Infrastructure Debt Fund					
i	IIFCL Assets Management Company Limited	500.00	1,000,000	50.00	-	
	Sub-Total A(2)			50.00	-	
	Total Quoted Investments A (1 + 2)			52.60	2.60	
B	Unquoted Investments					
(1)	Equity Share					
i	TN Urban Finance Infrastructure Dev. Corporation. Ltd.	20,000	100	0.20	0.20	
ii	Cent Bank Home Finance Ltd.	170,000	100	1.70	1.70	
iii	Intra Consolid (India) Limited	100,000	10	0.10	0.10	
iv	Nagarjuna Ceramics Ltd. **	100,000	10	0.10	0.10	
v	Marmite Polycast Ltd.	100,000	10	0.10	0.10	
vi	Periwal Bricks Ltd.	100,000	10	0.10	0.10	
vii	Trans Fibre Pipes (I) Ltd.	71,900	10	0.07	0.07	
viii	Cochin International Airport Ltd.	10,000,000	10	10.00	10.00	
ix	Delhi Mumbai Industrial Corridor Development Corpn. Ltd.	19,900,000	10	19.90	-	
	Sub-Total B(1)			32.27	12.37	
(2)	Equity Share - Joint Venture					
i	Pragati Social Infrastructure Development Ltd.	130,000	10	0.13	0.13	
ii	MCM Infrastructure Pvt. Ltd.	260,000	10	0.26	0.26	
iii	Shristi Urban Infrastructure Development Ltd.	2,000,000	10	2.00	2.00	
iv	Signa Infrastructure India Ltd.	13,000	10	0.01	0.01	
	[Refer S.No. 21(C) & 22 of Note 24 - Explanatory Notes]					
	Sub-Total B(2)			2.40	2.40	
(3)	Bonds					
i	8.00% West Bengal Inf. Dev. Finance Corp. Ltd. ***	2,000	1,000,000	200.00	200.00	
ii	8.15% A P Power Finance Corporation Ltd. ***	2,700	1,000,000	270.00	270.00	
iii	8.00% Maharashtra Jeewan Pradhikaran ***	2,000	1,000,000	200.00	200.00	
	Sub-Total B(3)			670.00	670.00	
	Total Unquoted Investments B (1 + 2 + 3)			704.67	684.77	
	Total (A + B)			757.27	687.37	

* Market value of shares of Indbank Housing Ltd. @ ₹ 5.99 per share amounting to ₹ 1.50 crore (previous year @ ₹ 7.01 per share amounting to ₹ 1.76 crore), shares of Sri KPR Industries @ ₹ 18.55 per share amounting to ₹ 0.18 crore (previous year @ ₹ 10.25 per share amounting to ₹ 0.10 crore) and Units of IIFCL Assets Management Company Limited @ ₹ 1008996.0328 per Unit amounting to ₹ 50.45 crore (previous year ₹ Nil).

** Share Certificates sent for correction but not received back.

*** Floating charge has been created on Statutory Liquid Assets by way of trust deed with M/s IL & FS Trust Company Ltd. in terms of Sub-section (1) & (2) of Section 29B of National Housing Bank Act, 1987.

NOTE 14: LONG TERM LOANS AND ADVANCES

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Loans		
i	Opening Balance	21,239.51	19,329.59
ii	Add : Advanced during the year	6,937.15	5,673.82
iii	Less : Repayment received during the year	3,943.89	3,763.90
	Sub Total A (i+ii-iii)	24,232.77	21,239.51
	Add : Interest accrued and due on above	260.50	152.01
	Less : Provisim on loans (Labour S.No. 3 & 17 of Note- Explanatory Notes)		
	Sub Total A((i+ii+iii)-iv)	23,972.27	21,087.50
B	Staff Loans * 36.60		35.79
C	Add : Interest accrued on above * 13.81		12.23
	Sub Total (B+C)	50.41	
	* Includes secured by way of mortgage of ₹ 38.12 crore (Previous year ₹ 39.93 crore).		
D	Loan (Secured against Hudco Public Deposit)	-	0.20
E	Advances		
i	Advance against capital purchases	9.10	5.87
ii	Deposit for Services	0.19	0.19
iii	Prepaid Expenses	1.99	-
	Sub Total E(i+ii+iii)	11.28	6.06
	Sub Total (B+C+D+E)	61.69	54.28
	Total (A+B+C+D+E)	24,033.96	21,141.78



Solid Waste Management at Ahmedabad

NOTE 15: CURRENT ASSETS - TRADE RECEIVABLES

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Unsecured		
I	Outstanding for a period exceeding six months from the due date		
(i)	Considered good 7.71		4.42
(ii)	Considered doubtful 12.09		10.78
	Sub Total (i+ii) 19.80		15.20
(iii)	Less: Provision for doubtful debts (Refer S.No. 14 of Note 24 - Explanatory Notes) 12.09		10.78
	Sub Total (i+ii-iii)	7.71	4.42
II	Others		
(i)	Considered good	2.36	6.18
	Total (I+II)	10.07	10.60

Footnote:

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
1	Secured, considered good	-	-
	Unsecured, considered good	10.07	10.60
	Doubtful	-	-
2	Trade Receivable stated above include debts due by		
	Director	Nil	Nil
	Other Officers of the Company	Nil	Nil
	Firm in which Director is a partner	Nil	Nil
	Private Company in which director is a member	Nil	Nil

NOTE 16: CASH AND BANK BALANCES

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Cash and Cash Equivalents		
(i)	Balances in Current Accounts With:		
a	Reserve Bank of India 0.02		0.03
b	Schedules Banks * 71.71		436.29
		71.73	
(ii)	Cash and Revenue Stamps in hand	0.01	-
(iii)	Remittance in transit (Inter Office)	-	3.53
	Sub-Total (A)	71.74	439.85
B	Others Balances		
(i)	Bank Deposits (More than 12 months)	-	-
(ii)	Bank Deposits (More than 3 months & upto 12 months) *	27.32	86.92
(iii)	Bank Deposits **	172.83	170.00
		200.15	256.92
	Total (A+B)	271.89	696.77
*	Balances with Scheduled Banks includes: Earmarked balances with Bank		
(i)	Human Settlement Management Institute (HSMI)	=	₹ 2.93 crore (previous year ₹ 3.60 crore)
(ii)	Rajiv Rinn Yojana	=	₹ 25.00 crore (previous year ₹ Nil)
(iii)	No-Lien account of Andrews Ganj Project	=	₹ 0.08 crore (previous year ₹ 0.08 crore)
(iv)	Heritage Project - Retail Finance	=	₹ 1.27 crore (previous year ₹ 1.17 crore)
(v)	Interest Subsidy for Housing Urban Poor (ISHUP)	=	₹ 0.10 crore (previous year ₹ 2.32 crore)
(vi)	City Specific Capacity Building	=	₹ 0.90 crore (previous year ₹ 1.30 crore)
(vii)	Unclaimed Bonds	=	₹ 0.66 crore (previous year ₹ Nil)
**	Under lien with Bank of India, Cayman Islands branch, USA.	=	₹ 172.83 crore (previous year ₹ 170 crore)

NOTE 17: OTHER CURRENT ASSETS

		(₹ in crore)	
S.No.	PARTICULARS	As at 31 st March, 2014	As at 31 st March, 2013
A	Loans		
i	Opening Balance	4,701.64	4,458.10
ii	Add : Advanced during the year	496.29	409.81
iii	Less : Repayment received during the year	84.27	166.27
	Sub Total (i+ii-iii)	5,113.66	4,701.64
iv	Less : KFW Release	4.61	4.63
	Sub Total (i+ii-iii-iv)	5,109.05	4,697.01
v	Less : Excess amount (Pending adjustment)	0.10	0.30
	Sub Total (i+ii-iii-iv-v)	5,108.95	4,696.71
vi	Less : Provision on Loans (Refer S.No. 3 & 19 of Note 24 - Explanatory Notes)	1,047.06	1,151.30
	Sub Total (i+ii-iii-iv-v-vi)	4,061.89	3,545.41
viii	Add : Interest accrued and due on above	107.03	63.74
	Sub Total A (i+ii-iii-iv-v-vi+viii)	4,168.92	3,609.15
B(i)	Staff Loans *	8.89	10.36
B(ii)	Add : Interest accrued on Staff Loan *	0.29	1.04
	Sub Total [B(i)+B(ii)]	9.18	
B(iii)	Less : Provision on Staff Loans (Refer S.No. 14 of Note 24 - Explanatory Notes)	0.09	0.09
	Sub Total B [B(i)+B(ii)- B(iii)]	9.09	11.31
* Includes secured by way of mortgage of ₹ 6.31 crore (Previous year ₹ 5.92 crore).			
C(i)	Loan (Secured against Hudco Public Deposit)	0.55	-
C(ii)	Add: Interest accrued on above	0.06	
	Sub Total C[C(i)+C(ii)]	0.61	-
D	Advances		
i	Deposit for Services	9.02	6.01
ii	Prepaid Expenses	0.79	0.62
iii	Loans and Advances to related party	-	-
iv	Other loans and Advances		
a	Advances for works **	14.32	14.40
b	Recoverable from Andrews Ganj Project (AGP) (Refer S.No. 2 (b) of Note 24 - Explanatory Notes)	200.60	165.01
c	Advances to Employees	0.21	0.18
d	Income Tax Payments under litigation	314.32	238.79
e	Interest Tax Payments under litigation	6.59	6.59
f	Service Tax Payments under litigation	2.50	2.49
	Sub Total D iv(d+e+f)	323.41	
g	Others ***	41.04	38.05
h	Less : Provision (Refer S.No. 14 of Note 24 - Explanatory Notes)	0.27	0.25
	Sub Total D iv(g-h)	40.77	
	Sub Total D (I + ii+ iii+iv)	589.12	471.89
	Sub Total (B+C+D)	598.82	483.20
** Includes ₹ 14.21 crore (Previous year ₹ 14.21 crore) on account of Andrews Ganj Project (Refer S.No. 2 (b) of Note 24 - Explanatory Notes).			
*** Includes ₹ 37.46 crore (Previous year ₹ 35.31 crore) on account of Andrews Ganj Project (Refer S.No. 2 (b) of Note 24 - Explanatory Notes).			
E	Interest accrued but not due on :		
i	Bonds	37.17	37.17
ii	Fixed Deposit with Scheduled Bank - Indian Branches	0.14	0.65
iii	Deposit with Scheduled Bank - Foreign Branches	0.42	0.49
iv	Loans	212.74	166.56
	Sub Total E (i+ii+iii+iv)	250.47	204.87
F	Work-in-Progress		
i	Andrews Ganj Project (Refer S.No. 2 (b) of Note 24 - Explanatory Notes)	19.34	19.34
ii	BSUP Project	11.40	10.75
	Sub Total(i+ii)	30.74	
iii	Less : Work Completed (AGP)	-	-
	Sub Total(i+ii-iii)	30.74	30.09
iv	Closing work in progress	30.74	30.09
	Sub Total F	30.74	30.09
G	Others		
i	Amount receivable from Government of India under Jabalpur Earthquake Scheme	4.98	5.00
ii	Less: Provision (Refer S.No. 14 of Note 24 - Explanatory Notes)	4.98	5.00
	Sub Total G (i-ii)	-	-
	Sub Total (E+F+G)	281.21	234.96
	Total	5,048.95	4,327.31

NOTE 18: REVENUE FROM OPERATIONS

		(₹ in crore)	
S.No.	PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A	Interest Income		
i	Interest on Loans	2,842.49	2,698.36
ii	Less: Penal Interest waived off	20.35	25.49
	Sub Total (i-ii)	2,822.14	
iii	Interest on Bonds	54.01	107.32
v	Interest on Loan against Public Deposits	0.05	0.02
vi	Interest on Fixed Deposits		
vii	Scheduled Bank - Indian Branches	40.40	46.91
viii	Scheduled Bank - Foreign Branches	1.63	2.07
	Sub Total (vi+vii)	42.03	
B	Other Operations Income		
i	Other Income on Loans	20.66	26.08
C	Other Financial Service		
i	Consultancy, Trusteeship and Consortium	6.14	9.28
	Total (A+B+C)	2,945.03	2,864.55

NOTE 19: OTHER INCOME

		(₹ in crore)	
S.No.	PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A	Dividend Income		
(i)	Dividend on long term equity shares	1.98	0.27
B	Net gain / loss on sale of investments		
(i)	Profit on sale of fixed assets (Net)	0.03	0.02
C	Others		
(i)	Net gain in Foreign Currency Translation and Transaction	-	15.20
(ii)	Interest on Staff Advances	1.88	1.80
(iii)	Rental Income	18.05	16.12
(iv)	Interest on Income tax Refund	0.54	0.25
(v)	Excess Provision of Interest on Short Income Tax written back	0.49	-
(vi)	Overhead Charges on Construction Project	0.23	0.13
(vii)	Interest on Construction Project (Refer S.No. 2 (b) of Note 24 - Explanatory Notes)	22.53	20.57
(viii)	Management Development Programme	0.89	1.49
(ix)	Miscellaneous Income	2.20	2.84
	Total (A+B+C)	48.82	58.69

NOTE 20: FINANCE COST

		(₹ in crore)	
S.No.	PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
(A)	INTEREST EXPENDITURE		
(i)	Interest on secured loans	829.89	523.33
(ii)	Interest on unsecured loans		
(a)	Indian Currency	788.00	986.00
(b)	Foreign Currency		
	- Unswapped	5.19	6.22
	- Swapped	31.65	29.06
(iii)	Interest on Income tax	2.50	1.50
	Sub-Total (A)	1,657.23	1,546.11
(B)	OTHER BORROWING COST		
(i)	Government Guarantee Fee	3.88	4.35
(ii)	Other Expenses on loans	35.42	17.46
	Sub-Total (B)	39.30	21.81
(C)	Net loss in Foreign currency Translation and Transaction		
	Sub-Total (C)	5.18	-
	Total (A) + (B) + (C)	1,701.71	1,567.92

NOTE 21: EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

S.No.	PARTICULARS	Year Ended 31 st March, 2014		Year Ended 31 st March, 2013	
		Directors *	Total	Directors *	Total
A	Salaries, Allowances & Other Amenities **	0.63	98.96	0.18	117.04
B	Group Saving Linked Insurance Premium	-	0.03	-	0.03
C	Gratuity **	-	1.37	-	1.28
D	Insurance **	-	0.09	-	0.09
E	Welfare	-	1.34	-	1.63
F	Staff Development/Training	0.03	0.32	0.03	0.71
G	Provident Fund / Pension Fund	0.03	2.55	-	1.39
H	Administrative Charges-Provident Fund	-	0.11	-	0.09
I	Contribution to Benevolent Fund	-	0.07	-	0.04
	Total	0.69	104.84	0.21	122.30

* Included in total.

** Includes provision / payment for directors.

NOTE 22: OTHER EXPENSES

(₹ in crore)

S.No.	PARTICULARS	Year Ended 31 st March, 2014		Year Ended 31 st March, 2013	
		Directors *	Total	Directors *	Total
A	ADMINISTRATIVE				
i	Office Rent \$	-	0.63	-	0.51
ii	Repairs & Maintenance to Building	-	6.64	-	6.19
iii	Repairs & Maintenance to Other Assets	-	1.84	-	1.52
iv	Repairs & Maintenance to Vehicle	-	0.43	-	0.45
v	Insurance	-	0.12	-	0.12
vi	Rates & Taxes	-	4.77	-	3.34
vii	Travelling	0.34	4.94	0.23	5.32
viii	Legal & Professional Fees	-	3.41	-	2.96
ix	Auditors Remuneration :				
	a) Audit Fees				
	(i) Current Year	-	0.10	-	0.10
	b) Tax Audit Fees				
	(i) Current Year	-	0.05	-	0.05
	c) Other Services	-	0.22	-	0.12
	d) Reimbursement of expenses	-	0.01	-	0.06
x	Electricity	-	2.05	-	2.03
xi	Printing, Stationery & Photocopying	-	0.87	-	0.71
xii	Postage, Telegram, Telephone & Telex	-	1.33	-	1.09
xiii	Advertisement, Publicity & Sponsorship	-	4.67	-	2.27
xiv	Exhibition & Conference (Net)	-	0.30	-	0.32
xv	Subscription & Membership	-	0.24	-	0.18
xvi	Donation	-	-	-	-
xvii	Miscellaneous #	0.08	9.55	0.07	8.08
	Total A	0.42	42.17	0.30	35.42
B	OTHERS				
i	Grant in Aid/ R & D expenditure	-	0.10	-	-
ii	Expenses on Consultancy	-	0.44	-	0.34
iii	Expenses on Management Development Programme	-	1.11	-	1.61
iv	Corporate Social Responsibilities	-	10.51	-	9.80
v	Research and Development	-	3.50	-	3.15
vi	Sustainable Development	-	-	-	0.36
	Total B	-	15.66	-	15.26
	Total (A+B)	0.42	57.83	0.30	50.68

\$ Refer S.No. 16 of Note 24 - Explanatory Notes.

* Included in total.

Includes ₹ 0.07 crore (Previous year ₹ 0.05 crore) on account of Sitting fee paid to Directors.

NOTE 23: OTHER EXPENSES

		(₹ in crore)	
S.No.	PARTICULARS	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A	INCOME		
i	Salary Allowances & Other benefits	-	0.02
ii	Depreciation	0.01	-
iii	Water & Electricity	-	0.01
iv	Interest on Bonds & Other Borrowings	0.89	-
v	Corporate Social Responsibility (Refer S.No. 23 (a) of Note 24 - Explanatory Notes)	0.00	19.87
vi	Miscellaneous receipts	0.01	0.01
	Total A	0.91	19.91
B	EXPENDITURE		
i	Salary Allowances & Other benefits	0.01	-
ii	Repairs and Maintenance	0.02	0.11
iii	Insurance	-	0.01
iv	Management Consultancy	-	0.06
v	Interest on Investments	0.04	-
vi	Interest on loan	1.87	-
vii	Corporate Social Responsibility, Sustainable Development, Research & Development (Refer S.No. 23 (a & b) of Note 24 - Explanatory Notes)	20.29	-
viii	Other Expenses	0.30	0.02
	Total B	22.53	0.20
	Excess of Income over Expenditure / (Expenditure over Income)	(21.62)	19.71



BSUP Project, Kalyani Municipality, Kolkata

NOTE 24 : EXPLANATORY NOTES

- 1) Contingent Liabilities & other commitments not provided for and counter guarantees issued by company :

- (a) Contingent Liabilities:

		(₹ in crore)	
		2013-2014	2012-2013
i.	Claims of Contractors not acknowledged as debts	0.72	0.72
	Counter claims of the company	0.63	0.63
ii.	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	31.61
iii.	Disputed Income tax and Interest tax demands against which company has gone in appeal. The company has paid a cumulative amount upto 31.3.2014 of ₹ 320.91 crore (previous year ₹ 245.38 crore) under protest	619.75	481.04
iv.	Disputed Service tax demands against which company has gone in appeal. The company has paid a cumulative amount upto 31.3.2014 of ₹ 2.50 crore (previous year ₹ 2.49 crore) under protest	5.05	5.77

- (b) Capital commitments not provided for:

		(₹ in crore)	
		2013-2014	2012-2013
i.	Estimated amount of commitments remaining to be executed on capital account	14.59	26.03
ii.	Estimated amount of other commitments on account of maintenance of HUDCO Flats	-	0.62

NOTE 24 (Contd.)

(c) Counter guarantees issued by the company:

S. No.	Lender in whose favour the guarantee is extended	Guarantee documentation	Name of the counterparty	Amount of the guarantee (as on 31.03.14) (₹ in crore)	Validity Date	Amount of the guarantee (as on 31.03.13) (₹ in crore)
1.	HDFC Bank	Deed of counter guarantee dated January 22, 2013	National Stock Exchange of India Ltd.*	43.85	23.04.14 Further extended upto 23.07.14	43.85
2.	Bank of Baroda	Deed of counter guarantee dated November 2, 2012	Hindustan Aeronautics Limited**	0.06	21.04.15	0.06
3.	Axis Bank	Deed of counter guarantee dated January 1, 2013	National Stock Exchange of India Ltd. ***	47.00	06.04.14	47.00
4.	Indusind Bank	Deed of counter guarantee dated March 15, 2013	National Housing Bank ****	50.00	18.03.16	50.00
5.	Bank of Baroda	Deed of counter guarantee dated March 19, 2013	National Housing Bank. *****	137.50	18.03.16	137.50
6.	Vijaya Bank	Deed of counter guarantee dated April 5, 2013	National Housing Bank. *****	125.00	07.04.16	-
7.	Indusind Bank	Deed of counter guarantee dated September 13, 2013	BSE Ltd.*****	45.10	12.08.14	-
8.	Axis Bank	Deed of Counter guarantee dated December 12, 2013	National Housing Bank. *****	125.00	12.12.16	-
Total				573.51		278.41

* This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during FY 2011-12.

** This counter guarantee was extended against bank guarantee issued in favour of Hindustan Aeronautics Limited as performance guarantee for design and consultancy services/ contracts for construction of type A, B, C, D quarters and allied services.

*** This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during FY 2012-13.

**** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility of ₹ 250 crore availed under Rural Housing fund.

NOTE 24 (Contd.)

***** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility of ₹ 750 crore (including refinance assistance of ₹ 250 crore obtained from National Housing Bank against which Bank guarantee has been obtained from Indusind Bank) availed under Rural Housing fund.

***** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility of ₹ 500 crore availed under Rural Housing fund.

***** This counter guarantee was extended against bank guarantee issued in favour of BSE Ltd. towards 1% security deposit in respect of tax-free bonds issued during FY 2013-14

***** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility of ₹ 500 crore availed under Rural Housing fund.

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc., because in this case, HUDCO is only working as an agent. As such, liability (if any) whenever ascertained / finalised shall be passed on to Govt. of India and met out of AGP project account, being maintained separately.

(b) The company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs & Employment, MoUA&E (now Ministry of Urban Development, MoUD) in the year 1989-90. Vide minutes dated 7.9.1995, MoUA&E has agreed to pay interest @ 17% p.a. on the expenditure incurred on the Andrews Ganj Project along with 1.5% administrative charges. As per Perpetual Lease Deed dated 4.7.1997, the company is liable to make available Net Resources from the development and disposal of properties of the project to the above Ministry and accordingly the company was crediting interest on Net Resources generated on the project upto 03.11.2004 and thereafter a separate No Lien account has been opened under the name of HUDCO AGP Account into which the surplus lying to their credit had been deposited and interest accrued / earned on No Lien Account is being credited to that account. Further, company's contention that it is working as an agent and as such total ownership rights and responsibilities are of Government of India and there is no financial liability of the company has been upheld by the opinion of Shri GE Vahanvati as Solicitor General of India dated 12th April, 2005 and as Attorney General of India vide his opinion dated 19th August, 2009 wherein he has opined as under:-

“I am of the opinion that it is not open to the Ministry of Urban Development to contend that they had nothing to do with the development of Hotel Site or that HUDCO was not its agent. The protracted dispute between the two Ministries is leading to mounting interest which is being added to the amount of the decree.

NOTE 24 (Contd.)

This is a matter which therefore, has to be resolved on a mutually acceptable basis and the Ministry of Urban Development should accept its liabilities as the land owner.”

The opinion has also been duly endorsed by the then Law Secretary and Law Minister of Government of India. Keeping this in view, HUDCO has been making payments/settling claims on Ministry's behalf and accounting them through above HUDCO AGP Account. As on 31.3.2014, this account has a debit balance of ₹ 271.27 crore, which represents amounts paid by HUDCO on behalf of government for the capital and revenue expenditures on above project over and above the recoveries to this account including the cumulative interest on excess of expenditure over recoveries of ₹ 58.12 crore upto 31.3.2014 at the rate of 10.75% per annum charged in accordance with HUDCO's Board decision in 459th meeting held on 24.8.2009 on the aforesaid excess payment made by HUDCO, which is recoverable from the above Ministry. The Ministry has been informed in specific of the above facts and figures on various occasions through correspondence as also in the meetings. However, no specific denial/confirmation from the Ministry has yet been received. The company, in its aforesaid capacity of agent to the Government of India, is in possession of real estate properties (9 guest houses blocks and hotel site) which command much higher realizable market value sufficient to recover aforesaid amount of ₹ 271.27 crore. HUDCO is raising its demands from time to time to MoUD. The detail of ₹ 271.27 crore is given hereunder:

S. No.	Particulars of Items of Andrews Ganj Project	Balance as on 31.03.2014 (₹ in lac)	Amount appearing in which Note of the Balance Sheet
a	Amount Recoverable from MoUD (Current Assets) GL 784105	20,060.21	Note No.17 - D (iv)(b)
b	Closing balance WIP (Current Assets) GL 741101	1,933.72	Note No.17- F (i)
c	Amount Due Recoverable from Contractor (Current Assets) GL 782101	1,420.74	Included in the amount shown against Note No.17 - D(iv)(a)
d	Recovery Other (Current Assets) 782191	3,746.61	Included in the amount shown against Note No.17 - D(iv)(g)
	Total (a to d) A	27,161.28	
e	Amount payable to contractor (current Liabilities) GL 811101	30.59	Included in amount showing against Note -10(D)
f	TDS payable (current Liabilities) GL 819270	0.76	Included in amount showing against Note -10(D)
g	VAT/WCT payable (current Liabilities) GL 819272	0.01	Included in amount showing against Note -10(N)
h	Maintenance Fund (current Liabilities) GL 811115	2.50	Included in amount showing against Note -10(N)
i	Cess Payable (current Liabilities) GL 819277	0.04	Included in amount showing against Note -10(N)
j	Total (e to j) B	33.90	
	Surplus/ (Deficit) available as on 31.03.2014 DEFICIT (A – B)	(27,127.38)	

NOTE 24 (Contd.)

In line with the provisions of perpetual lease deed executed between HUDCO and MoUD, HUDCO is regularly requesting MoUD to takeover the Andrews Ganj Project alongwith assets & liabilities after making payment to HUDCO of the amount spent/ being spent by HUDCO on meeting the liabilities of Andrews Ganj Project with interest and overhead charges. In view of persistent request of HUDCO, several meetings (recent meetings on 01.01.2014, 19.03.2014) were held under the chairmanship of Secretary, UD wherein the possibilities were explored by MoUD to take over the project from HUDCO and handing over the same to NBCC for further implementation & payments of the due amount to HUDCO which has been spent by HUDCO on implementing the project as agent of MoUD. Action on the same is still awaited.

- (c) An amount of ₹ 17.98 crore (50% of the total property tax claimed by Municipal Corporation of Delhi (MCD) was initially deposited by HUDCO with MCD on account of property tax of Andrews Ganj Project for the period from 2.7.1990 to 4.7.1997, although there was no liability of payment of property tax on HUDCO since the property belongs to Union of India. The Hon'ble Supreme Court decided the case in favour of HUDCO as such, the entire amount along with interest is recoverable from MCD. Out of the above, an amount of ₹ 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. As per opinion of Solicitor General of India no property tax is payable by HUDCO on the land owned by Government of India. Company filed contempt petition against MCD for recovery of balance amount from MCD after taking opinion of Additional Solicitor General of India.

The matter was last listed on 31.03.2014. Both the parties argued the matter. After hearing, the Hon'ble Supreme Court disposed off the contempt petition, granting liberty to HUDCO to pursue their remedy if the same is available under Law. The court has further stated that in view of the pendency of the Supreme Court proceedings till the date of Order, while considering limitation, the same may be taken note of. Further action will be taken as per legal opinion of the advocate. Accordingly, company has filed execution petition in Hon'ble Delhi High Court on 31.05.2014 against South Delhi Municipal Corporation (SDMC) earlier Municipal Corporation of Delhi (MCD) for recovery of balance amount as per opinion of dealing advocate and as approved by CMD, being the competent authority.

Further, SDMC, vide notice dated 24.12.2012 and 2.1.2013, has also raised the demand of service charges for the period from 2.7.1990 till 4.7.1997 and also property tax for the period from 4.7.1997 till 2.1.2013 from HUDCO amounting to ₹ 84.28 crore including interest for the delayed payment @12% p.a. as per the provisions of Delhi Municipal Corporation Act, for the properties in possession by HUDCO on behalf of MoUD. The notice further stated that in case dues are not cleared then SDMC may proceed to attach the bank accounts of HUDCO. As opined by the advocate dealing in the above contempt petition in Supreme Court, HUDCO has filed writ petition against SDMC and Union of India challenging the demand of property tax and service charges amounting to ₹ 84.28 crore raised by SDMC and claimed from HUDCO on Andrews Ganj property on the ground that HUDCO is the agent of Union of India (as inferred from lease deed dated 4.7.1997).

NOTE 24 (Contd.)

The matter was listed on 28.1.2013 and 31.1.2013 in Delhi High Court. After hearing both parties, the Hon'ble High Court stayed the operation of the impugned demand of SDMC and directed HUDCO to deposit ₹ 7 crore with SDMC, without prejudice to the rights and contentions of both the parties within four weeks of the order dated 31.1.2013. The amount of ₹ 7 crore has since been deposited on 26.2.2013 with SDMC. Now the matter is listed on 10.10.2014 before High Court for filing of counter affidavit by Union of India and rejoinder thereafter, if any, by the petitioner. SDMC has filed its reply.

- (d) The company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments by MSSEL, the company cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site, including car parking space, was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) now known as Hotel Leela Venture Ltd. However, MSSEL started litigation regarding hotel site, which is still continuing at the appellate stage in the court of Additional District Judge, Saket, New Delhi. Now, on the initiatives of MSSEL and MoUD, the matter has been referred to Delhi Mediation and Conciliation Centre, Delhi High Court for settlement. If mediation does not succeed, the case will be referred back to the Court of Additional District Judge, Saket, New Delhi.

Further, the allotment in favour of LHL was also cancelled due to non-payment of 3rd and final installment by LHL on 12.7.1999. As per terms of allotment, 50 percent of the amount deposited by LHL was forfeited and balance amount of ₹ 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. Against this cancellation, LHL sought arbitration, wherein the Learned Arbitrator has passed an award directing the company to refund the amount forfeited along with interest to LHL. Appeals and execution appeals went to the Hon'ble Supreme Court level and finally litigation has ended in favour of Leela Hotel Limited. In accordance with the Hon'ble Delhi High Court order, HUDCO paid the balance amount of ₹ 13.79 crore as full & final payment to LHL on 06.06.2013.

- (e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi.

The matter was listed on 2.7.2012. The counsel for MSSEL submitted in Court that in the year 2011, MSSEL had submitted a proposal to Union of India / Ministry for an out of court settlement, which is stated to be under consideration. The High Court vide order dated 8.11.2012, without prejudice to respective rights and contentions of the parties in dispute, has referred the case to Delhi Mediation and Conciliation Centre on the initiative of MS Shoes and consent of Ministry of Urban Development (MoUD) during course of hearing, Deputy L&DO attended the Court proceedings in

NOTE 24 (Contd.)

person on 8.11.2012. If mediation does not succeed the case will be referred back to the High Court. The matter is listed on 07/07/2014 before mediator and before the court on 17/07/2014 for further direction.

MoUD vide its letter dated 14th May 2013 has requested HUDCO to furnish the account statement in the matter of out of court settlement with MS Shoes. Accordingly, HUDCO, vide letter dated 23rd May 2013, has furnished the statement of account and also requested for reimbursement of amount spent by HUDCO out of its own fund for meeting the liability of Andrews Ganj Project. Further, MoUD vide another letter dated 25th May 2013, has requested HUDCO for its NOC for out of court settlement by MoUD with MS Shoes. In reply of the same, in accordance with the decision taken by the HUDCO Board, HUDCO issued NOC subject to the conditions that the amount spent / being spent by HUDCO towards the liability of Andrews Ganj Project shall be reimbursed to HUDCO and the same may be mentioned in the settlement agreement between MoUD and MS Shoes. HUDCO also stated that the payment, if any, by MSSEL be routed through HUDCO.

- (f) The arbitrator has passed an award in respect of various claims by M/s. Ansal Properties and Industries Ltd. (APIL) with respect to issues related to external electrification, provision of scrubber, refund of interest etc. allotment of site in Shopping Arcade to APIL on 28.7.2005 in favour of APIL directing HUDCO to pay ₹ 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately ₹ 0.85 crore of maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which, APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of ₹ 7.99 crore in the Court, out of HUDCO AGP Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. After expiry of Bank Guarantee, APIL requested Court to accept the security of immovable properties, which was allowed by the Court. Accordingly, APIL submitted documents of immovable properties in the Court. However, documents submitted by APIL are not acceptable to company. The company moved an application in Court for restoring security of Bank Guarantee as earlier provided by APIL. Now, the case is listed on 07.07.2014 before Registrar General, High Court for hearing.

APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of ₹ 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f. from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. The Learned High Court on 10.5.2012 has set aside the arbitration award dated

NOTE 24 (Contd.)

21.7.2006 and has further held that APIL was liable to pay ground rent to HUDCO from date of possession of shopping arcade i.e. November, 1995.

Now APIL filed an appeal against the abovementioned order before Division Bench of High Court, Delhi. Division bench pronounced the order on 24.1.2013, allowing APIL appeal and upheld the Arbitrators award. HUDCO has filed SLP on 10.05.2013 before Supreme Court challenging the order dated 24.1.2013 of Division Bench, High Court. The SLP is likely to be listed in due course after summer vacations of 2014.

- 3) (a) The company has procedure for seeking confirmation of outstanding balances at each quarter end from all the borrowers except cases under litigation. Confirmation of balances covering approximately 87.37% (previous year 82%) in value of the total project loan outstanding have been received from the borrowers. However, in those cases where agencies have informed different balances, the reconciliation is under process.
- (b) The provision on loans as per NHB norms has increased by ₹ 167.85 crore (previous year ₹ 67.99 crore) during the year which stood at ₹ 1,213.81 crore (previous year ₹ 1,045.96 crore) as on 31.03.2014. The total NPA provision made by company is ₹ 1,433.81 crore as on 31.3.2014 (against ₹ 1,425.96 crore as on 31.3.2013).

The Company has been making additional provision of NPA beyond NHB norms. The above adhoc provision stood at ₹ 220 crore on 31.3.2014 (Previous Year ₹ 380 crore). The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & procedural delays in repayment from Government agencies. The company, during the year, has used a sum of ₹ 160 crore out of the excess provision of ₹ 380 crore held in the previous year as on 31.3.2013.

- 4) Loans granted by the company directly to individuals and bulk loans under HUDCO Niwas Scheme are secured fully/partly by :
 - (i) Equitable Mortgage of the property and /or
 - (ii) Undertaking to create security through execution of Tripartite Agreement between the company, borrower and the Developing Authority / Developer ;
 - (iii) Government Guarantee, First charge on the assets of the housing finance company or First Pari-Passu charge on the outstanding loans, Escrow mechanism, postdated cheques or ECS, First Pari-Passu charge on immovable property, Undertakings, Demand promissory note and Irrevocable Power of Attorney in favour of HUDCO.

In addition to (i) and (ii) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained.

- 5) Utilization of Issue proceeds - Public Issue of Tax-free bonds:

The company issued tax free bonds worth ₹ 4796.32 crore (₹ 2370.00 crore under Tranche-I allotted on 25.10.2013, ₹ 2153.39 crore under Tranche-II allotted on 13.01.2014 and ₹ 272.93 crore under Tranche-III allotted on 24.03.2014) through Public Issue.

As per the Shelf/Tranche prospectus, the funds proposed to be raised through the Issue could be utilized towards lending purposes, working capital requirements, augmenting

NOTE 24 (Contd.)

the resource base of the company and other operational requirements (including debt servicing). However, subscription monies received from FIIs, eligible NRIs (and other non-resident applicants across all categories) through the Issue were not allowed to be utilized for any lending purposes in terms of the FEMA Borrowing Regulations, and were to be utilized for the following purposes:

- (a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds/ debentures);
- (b) Statutory payments;
- (c) Establishment and administrative expenses; and
- (d) Other working capital requirements of our company.

The above FEMA Borrowing Regulations have been amended vide RBI's circular (A.P. (DIR Series) Circular no. 81) dated December 24, 2013 vide which the resident entities authorised by the Govt. of India to issue tax-free, secured, redeemable, non-convertible bonds in rupees to persons resident outside India, have been permitted to use such borrowed funds for the following purposes:

- (a) On-lending/ re-lending to the infrastructure sector; and
- (b) Keeping in fixed deposits with Indian banks pending utilization for permissible end uses.

The detail of public issue of secured Tax Free Bonds and utilisation of the issue proceeds are as under:

(₹ in crore)

		Resident	FIIs, Eligible NRIs and other non-resident Applicants across all Categories	Total
1.	Total subscription monies (Tranche-I)	2344.9610	25.0395	2370.0005
2.	Total subscription monies (Tranche-II)	2125.4822	27.9106	2153.3928
3.	Total subscription monies (Tranche-III)	267.2480	5.6757	272.9237
	Grand Total (1+2+3)	4737.6912	58.6258	4796.3170
4.	Utilized towards lending purposes, working capital requirements, augmenting the resource base of our company and other operational requirements	4737.6912	-	4737.6912
5.	Utilized towards Debt servicing, Statutory payments, Establishment and administrative expenses and Other working capital requirements of our company.	-	58.6258	58.6258
	Grand Total (4 + 5)	4737.6912	58.6258	4796.3170

NOTE 24 (Contd.)

- 6) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:
- The Company pays fixed contribution of provident fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust and the provident fund scheme additionally requires the company to guarantee the payment of interest at rates notified by the Central Government from time to time. The fair value of the assets of the provident fund as at 31.3.2014 is higher than the obligation under the defined contribution plan. Accordingly, on the basis of actuarial valuation of provident fund, the provision made in the previous year has been reversed by ₹ 4.12 crore at the end of the year as on 31.03.2014.
 - The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the payment of Gratuity Act, 1972. The scheme is funded by the company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.
 - The summarized position of various defined benefit schemes recognised in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:

(₹ in crore)

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2013-14	2012-13	EL		HPL		2013-14	2012-13
			2013-14	2012-13	2013-14**	2012-13		
1. Component of Employer Expenses								
a. Current Service Cost	1.31	1.43	2.30	1.23	0.51	0.71	3.10	2.29
b. Interest Cost	2.45	2.37	1.37	1.51	0.86	0.77	7.11	5.11
c. Past Service Cost	-	-	-	-	-	-	-	-
d. Unrecognized Past service cost	-	-	-	-	-	-	-	-
e. Expected return on plan assets	(3.51)	(3.29)	NA	NA	N.A.	N.A.	N.A.	N.A.
f. Actuarial (Gain) / Loss	2.52	4.89	2.65	2.75	(7.51)	0.59	(1.16)	12.44
g. Recognised in the Statement of Profit & Loss.	2.77	5.40	6.32	5.49	(6.14)	2.08	9.04	19.83
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2014								
a. Present value of Obligation as at 31.3.2014	34.70	32.27	18.16	22.26	4.45	10.92	96.32	89.41
b. Fair Value of plan assets as at 31.3.2014	40.23	34.51	NA	NA	N.A.	N.A.	N.A.	N.A.
c. Liability / (Assets) recognised in Balance Sheet	(5.53)*	(2.24)*	18.16	22.26	4.45	10.92	96.32	89.41
3. Change in present value of obligation as on 31.3.2014								
Present Value of obligation as at 31.3.2013	32.27	28.58	22.26	18.53	10.92	9.40	89.41	71.84
Current service cost	1.31	1.43	2.30	1.23	0.51	0.71	3.10	2.29
Interest Cost	2.45	2.37	1.37	1.51	0.86	0.78	7.11	5.11
Past Service Cost	-	-	-	-	-	-	-	-

NOTE 24 (Contd.)

(₹ in crore)

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2013-14	2012-13	EL		HPL		2013-14	2012-13
			2013-14	2012-13	2013-14**	2012-13		
Unrecognized Past service cost	-	-	-	-	-	-	-	-
Actuarial (Gain) / Loss	2.45	(1.82)	2.65	2.75	(7.51)	0.59	(1.16)	12.44
Benefits Paid	(3.78)	(1.93)	(10.42)	(1.76)	(0.33)	(0.57)	(2.14)	(2.26)
Present Value of obligation as at 31.3.2014	34.70	32.27	18.16	22.26	4.45	10.92	96.32	89.41
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2013	34.51	35.04	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected return on Plan Assets	3.51	3.29	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual company Contribution	1.25	1.18	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	(2.34)	(1.93)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actuarial Gain / (Loss)	3.30	(3.07)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Plan Assets as at 31.3.2014	40.23	34.51	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Return on plan assets	6.81	0.23	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Actuarial Assumptions								
Discount Rate (p.a.) (%)	9.10	8.05	9.10	8.05	9.10	8.05	9.10	8.05
Expected rate of returns on plan assets (p.a.) (%)	9.40	9.40	N.A.	9.40	N.A.	9.40	N.A.	N.A.
Salary increase rate (p.a.) (%)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
6. Details of the Plan Assets at cost as on 31.3.2014								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of ₹ 5.53 crore (previous year ₹ 2.24 crore) on Gratuity has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.03.2014.

** The company has discontinued the encashment of Half-Pay Leave (HPL) during the service period of employee, the provision created for the encashment of the HPL has been reworked as per revised AS -15.

- 7) (i) National Housing Bank's credit concentration norms states that a Housing Finance company's agency wise exposure should not exceed 15% of its net owned funds. Further, as per NHB's latest circular dated 21.03.13, investment of a Housing Finance company (HFC) in the shares of another HFC shall not exceed 15% of the Equity Capital of the investee company.
- (ii) NHB vide its letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 has given relaxation from credit concentration norms which is reproduced as under:

NOTE 24 (Contd.)

“The Bank, after taking into consideration the role envisaged for HUDCO by the Ministry of Urban Development, in terms of the MOU signed between HUDCO and the Ministry, decided to grant permission to HUDCO for lending upto 50% of its Net Owned Fund (NOF) to the Government Agencies (under individual borrower exposure) only for housing and housing related infrastructure and upto 100% of its NOF to the individual State Governments (under group exposure). However, the above permission will not be applicable in respect of HUDCO's lending to builders, private parties and cooperatives, in respect of whom, the extant provisions of the Directions will continue to apply.”

- (iii) Towards effective implementation of the above relaxation and for appropriate reporting, the Board of Directors of HUDCO in its meeting No.498 held on 19.3.2012 approved the categorization of projects as housing and housing related infrastructure and others.
- (iv) The company is complying with National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to State Governments / State Governments agencies, the said norms have been relaxed for HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 as stated above and these have been complied, except in 1 case viz. investment in the Equity Shares of another HFC (Indbank Housing Ltd.).

In respect of investment in the Equity Shares of another HFC viz., Indbank Housing Ltd., HUDCO had invested ₹ 2.50 crore in the Equity Shares of the Indbank Housing Ltd., whose total paid-up capital is ₹ 10 crore resulting in investment to the extent of 25% of the equity, which is higher than the present NHB norms, since investment was made around 20 years back. Further, in principle approval for merger of Indbank Housing Ltd. in Indian Bank has been accorded by HUDCO's Board in its 495th meeting held on 20.01.2012. The matter is yet to be finally concluded alongwith swap ratio of shares. Once the merger is effected, the investment will be as per NHB Norms.

8) Valuation of investment

- a) The company had invested in 25 lac equity shares, amounting to ₹ 2.50 crore, of the Indbank Housing Ltd. around 20 years back as strategic investor. As the said investment is strategic in nature, hence, there are no plans of disposing off the stake in near future. Considering the fact that Indbank Housing Ltd. has highly negative Net Worth even though market price of the share as on 31.03.2014 is ₹ 5.99 per share, Hudco continues to reflect the strategic investment of ₹ 2.50 crore in Indbank Housing Ltd. at diminished value of ₹ 1 only (since the FY 2006-07) as on 31.03.14. Moreover, merger of Indbank Housing Ltd. in Indian Bank is also under process and the swap ratio and other modalities are yet to be worked out.
- b) The company had invested in 1 lac equity shares, amounting to ₹ 0.10 crore, in the Sri K.P.R. Industries Ltd. (formerly, Bhagyanagar Wood Plast Ltd.) around 20

NOTE 24 (Contd.)

years back. Considering the fact that Sri K.P.R. Industries Ltd. had highly negative Net Worth during its past years, HUDCO had made a provision of ₹ 0.03 crore accordingly in previous years. The company has not revised the provision (written back) on account of its low volume of transactions in the Stock exchange, even though market price of the share as on 31.03.2014 is ₹ 18.55 per share.

- 9) The Board in its 517th meeting held on 07.06.2013 accorded approval to the proposal to subscribe upto ₹ 50 crore to the units of Infrastructure Debt Fund (IDF) launched by IIFCL through mutual fund in “regular dividend payout” option. HUDCO invested ₹ 50 crore on February 5th, 2014 in IDF series-1 in the “regular dividend payout” option.

Further, it came to the notice of HUDCO that IAMCL has invested HUDCO's money in the “growth fund” option and not in “regular dividend pay-out” option. The matter was taken up with IAMCL. IAMCL informed vide their letter dated 09.04.2014 and 13.05.2014 that there was some confusion and miscommunication and have regretted the inconvenience caused to HUDCO on this account. However, considering the advantages in the Growth Fund option and HUDCO being one of the pioneers in setting up country's first Govt, backed IDF, they have requested HUDCO to remain invested in the scheme at present in the growth fund option. Accordingly, the matter has been put-up to the HUDCO's Board seeking their approval for the investment in “Growth Fund” option.

- 10) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.
- 11) The company has not received information from vendors / suppliers regarding their status under the “Micro, Small and Medium Enterprises Development Act, 2006” and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.
- 12) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 “Segment Reporting” since the main business of the company is to provide finance for Housing / Infrastructure projects and all other activities of the company revolve around the main business.
- 13) Provision of Impairment loss as required under Accounting Standard AS-28 “Impairment of Assets” is complied with. In the opinion of management, there is no impairment of assets during the year.
- 14) The company makes full provision on doubtful debtors / receivables and advances which are outstanding for more than three years.
- 15) The company has proposed final dividend of ₹ 100.01 crore at the rate of ₹ 49.96 per share of ₹ 1,000 each, which is payable to Government of India, subject to approval of same by shareholders in the ensuing annual general meeting.

NOTE 24 (Contd.)

- 16) The company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as office rent under Note No. 22 of the Statement of Profit & Loss. Further, there is no financial lease as company's leasing arrangements does not transfer substantially all other risks & rewards incidental to the ownership of an asset.

17) Details of Expenditure / Earnings in foreign currency :

(₹ in crore)

Particulars	2013-2014	2012-2013
Expenditure		
a) Traveling & Entertainment	0.21	0.23
b) Others	0.01	0.00
c) Interest on foreign loan	6.89	8.69
Total Expenditure	7.11	8.92
Earnings		
a) Interest on foreign deposit	1.73	2.28

18) Earnings Per Share:

Particulars	Year ended 31.3.2014	Year ended 31.3.2013
Net Profit for the year attributable to equity shareholders (₹ in crore) (a)	726.34	700.56
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of ₹ 1000/- each (₹) (a / b)	362.83	349.95

- 19) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

NOTE 24 (Contd.)

(1) HOUSING FINANCE BUSINESS:

Loans :

(₹ in crore)

Assets Classification	Principal outstanding *		Provision As per Norms *		Additional provision	
	As at 31 st March 2014	As at 31 st March 2013	As at 31 st March 2014	As at 31 st March 2013	2013-2014	2012-2013
Standard (considered good) - Secured	7,460.15	5,882.44	37.39	38.77	40.00	20.00
Sub-standard Assets – Secured	57.74	23.57	8.66	3.54		
Doubtful Assets						
Secured	315.18	327.86	293.29	299.97		
Unsecured	11.26	14.59	11.26	14.59		
Total Doubtful Assets	326.44	342.45	304.55	314.56		
Loss Assets						
Secured	1.73	1.72	1.73	1.72		
Unsecured	28.80	28.88	28.80	28.88		
Total Loss Assets	30.53	30.60	30.53	30.60		
Total	7,874.86	6,279.06	381.13	387.47	40.00	20.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

(₹ in crore)

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2014	As at 31 st March 2013	As at 31 st March 2014	As at 31 st March 2013	2013-2014	2012-2013
Standard (considered good) - Secured	19,851.48	18,540.42	88.86	83.88	180.00	360.00
Sub-standard Assets – Secured	622.89	102.46	93.43	15.37		
Doubtful Assets						
Secured	980.23	955.64	638.03	500.30		
Unsecured	8.59	55.17	8.59	55.17		
Total Doubtful Assets	988.82	1,010.81	646.62	555.47		
Loss Assets - Unsecured	3.77	3.77	3.77	3.77		
Total	21,466.96	19,657.46	832.068	658.49	180.00	360.00
Grand Total (1) + (2)	29,341.82	25,936.52	1213.81	1,045.96	220.00	380.00

(3) Investments:

(₹ in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2014	As at 31 st March 2013	As at 31 st March 2014	As at 31 st March 2013
Equity Shares	34.87	14.97	3.00	3.00
Equity Shares - Joint Venture	2.40	2.40	0.39	0.39
Infrastructure Debt Fund	50.00	-	-	-
Bonds	670.00	670.00	-	-
Total	757.27	687.37	3.39	3.39

* The principal outstanding and cumulative provision is excluding KFW Loans

NOTE 24 (Contd.)

- 20) As per DPE letter dated 21.1.2013, the Chairman & Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of ₹ 2,000/- per month.

21) Related parties Disclosure :**(a) Joint Ventures**

- (1) Shristi Urban Infrastructure Development Ltd.
- (2) Pragati Social Infrastructure & Development Ltd.
- (3) MCM Infrastructure Pvt. Ltd.
- (4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2013-14 :

Sl. No.	Director(s)	Status
1	Shri V P Baligar	Chairman & Managing Director (Whole time Director) (from 11.4.2011)
2	Shri N L Manjoka	Director (Corporate Planning) (Whole time Director) (from 11.04.2013)
3	Shri Anil Kumar Kaushik	Director (Finance) (Whole time Director) (from 30.05.2013)

(c) Transactions with Joint Ventures:**(i) Investment in Joint Venture****(₹ in crore)**

Proportion of ownership	40%	26%			
Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.	Total
Investments					
Balance as at 31.3.2013	2.00	0.13	0.26	0.013	2.403
Additions during the year	-	-	-	-	-
Balance as at 31.3.2014	2.00	0.13	0.26	0.013	2.403

(ii) Loans to Joint Venture**(₹ in crore)**

Nature of Transactions	Shristi Urban Infrastructure Development Ltd.
Loans (Scheme No.19125) to Shristi Udaipur Hotels Pvt. Ltd., a Subsidiary Company of Shristi Urban Infra Dev. Ltd.	
Balance as at 31.3.2013	7.00
Repayments during the year	1.11
Balance as at 31.3.2014	5.89

NOTE 24 (Contd.)

(d) Transactions with Key Management Personnel:

Shri N. L. Manjoka, DCP has taken a vehicle loan of ₹ 0.03 crore (interest bearing) from the company in January 2014, in the ordinary course of business. The service of providing such loans is extended by the company to all of its employees. The balance outstanding as on 31.03.2014 is ₹ 0.04 crore (including interest accrued ₹ 0.01 crore (maximum outstanding is ₹ 0.04 crore during the year 2013-14).

(e) Managerial Remuneration :

(₹ in crore)

Particulars	Shri V P Baligar, CMD		Shri N. L. Manjoka, DCP		Shri Anil Kumar Kaushik, DF	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Salaries	0.18	0.17	0.18	-	0.16	-
Contribution to PF	-	-	0.02	-	0.02	-
Perquisites and other allowances	0.05	0.04	0.06	-	0.08	-
Total	0.23	0.23	0.26	-	0.26	-

22) Information in relation to the interest of the company in Joint Ventures as required under AS – 27.

(a) Details of Joint Ventures

Name of the company	Contribution towards equity (₹ in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	2.403			

NOTE 24 (Contd.)

(b) Proportionate Assets & Liabilities:

(₹ in lakhs)

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd. *		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	Un audited as at 31.3.2014	Audited as at 31.3.2013	Un audited as at 31.3.2014	Un audited as at 31.3.2013	Un audited as at 31.3.2014	Audited as at 31.3.2013	Un audited as at 31.3.2014	Audited as at 31.3.2013
Fixed Assets	0.48	0.65	Not available	Not available	-	-	0.04	0.05
Investments	120.00	120.00	Not available	Not available	-	-	-	-
Deferred Tax Assets	0.40	0.27	Not available	Not available	-	-	-	-
Current Assets, Loans and Advances	204.85	187.40	Not available	Not available	13.08	12.31	14.85	21.45
Statement of Profit & Loss (Debit Balance)	-	-	Not available	Not available	-	-	-	-
Share of Total Assets	329.88	312.20	Not available	Not available	13.08	12.31	14.89	21.50
Reserves & Surplus	13.22	13.10	Not available	Not available	-13.17	-13.94	9.09	9.18
Current Liabilities and Provisions	115.33	98.02	Not available	Not available	0.25	0.25	4.49	11.01
Loans Funds	1.33	1.07	Not available	Not available	-	-	-	-
Deferred Tax Liabilities	-	-	Not available	Not available	-	-	-	0.01
Share of Total Liabilities (excluding Reserves & Surplus)	116.66	99.09	Not available	Not available	0.25	0.25	4.49	11.02
Operations Income	73.97	60.60	Not available	Not available	-	-	2.71	7.81
Other Income	0.10	0.05	Not available	Not available	0.89	1.08	0.07	0.06
Total Income	74.07	60.65	Not available	Not available	0.89	1.08	2.78	7.87
Share of Expenses	73.96	60.41	Not available	Not available	0.12	0.28	2.57	7.33
HUDCO's share in contingent liability of JV Co.	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Contingent liability for jointly controlled company incurred by HUDCO	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Capital Commitment	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available

* Case filed before company Law Board, Kolkata Law Bench on 28.2.2013 against M/s. Pragati Social Infrastructure & Development Ltd. under section 397 and 398 (Prevention of Oppression and Mismanagement) of Companies Act, 1956, therefore the company has not provided unaudited / audited accounts for the year 2012-13 & 2013-14 and also not available at MCA site.

- 23) (a) The company has formulated a Corporate Social Responsibility (CSR) policy in line with the guidelines issued by Department of Public Enterprise (DPE) vide Office Memorandum (OM) F. No. 15(3)/2007-DPE(GM)-GL-99 dated 9.4.2010. The company also had Sustainable Development (SD) policy in line with the guidelines issued by the Department of Public Enterprises vide Office Memorandum No. 3(9)/2010-DPE(MoU) dated 20.9.2011.

DPE, however, vide its Office Memorandum No. F.No.15(7)/2012-DPE(GM)-GL-104 dated 12/04/2013 has issued new guidelines on CSR and Sustainability for Central Public Sector Enterprises effective from 01/04/2013, wherein, CSR and

NOTE 24 (Contd.)

Sustainable Development (SD) have been clubbed together along-with certain other changes. In view of the revised DPE guidelines, HUDCO's Board in its 519th meeting held on 31/07/2013, has approved the revised CSR and Sustainability policy. HUDCO's Board also approved allocation for CSR and Sustainability budget for the FY 2013-14, equivalent to 1.5% of the Profit after Tax (PAT) of ₹ 700.56 crore for the previous FY 2012-13. HUDCO, accordingly, in terms with the new guidelines, has made a provision of ₹ 10.51 crore, being 1.5% of the PAT of ₹ 700.56 crore for the previous FY 2012-13.

Further, as per the new guidelines, the budget allocated for each FY has to be spent within that year and endeavor should be made to spend the unutilised budget of any year within next two financial years. Thereafter the unspent amount has to be transferred to "Sustainability Fund" to be used for CSR and Sustainability activities.

Since, as per the revised guidelines, there is defined time limit for utilizing the CSR and Sustainability budget, the company has charged the CSR & SD budget to Statement of Profit and Loss during the FY 2013-14 and has created a provision for the same. The company has also reversed the opening balance of the CSR & SD Reserve amounting to ₹ 20.29 crore created by it in earlier years and has charged the same to Statement of Profit and Loss (through prior period) by creating a provision for the similar amount. The change has resulted in decrease in Profit before tax for the year by ₹ 20.29 crore.

During the FY 2013-14, HUDCO has incurred an expenditure of ₹ 8.29 crore on CSR & Sustainability out of the opening balance of CSR & SD provision of ₹ 20.29 crore. HUDCO has also incurred an expenditure of ₹ 4.21 crore on CSR & Sustainability out of the provision of ₹ 10.51 crore created for the FY 2013-14. The balance unutilised amount of ₹ 18.30 crore as on 31.03.2014 has been carried forward for being utilised in subsequent years.

As per HUDCO's approved CSR Policy, 1st installment of CSR Assistance is released on completion of documentation and the subsequent installments are released on receipt of utilization certificate and after achieving physical/financial progress in the proposal. There has been a couple of cases where even after sanction of CSR and Sustainability Fund by HUDCO, documentation formalities were not completed by the agencies and therefore the 1st installment could not be released, as envisaged. In some of the cases, the agencies concerned could not achieve required physical/ financial progress and the utilisation certificate for the CSR assistance released was not submitted by agencies, resulting in delay in releasing of further installments by HUDCO.

- (b) The company has formulated a Research & Development (R&D) policy in line with the guidelines issued by the Department of Public Enterprises vide Office Memorandum No. 3(9)/2010-DPE(MoU) dated 20.9.2011.

As per the R&D guidelines of DPE, a minimum of 0.5% of PAT of the previous year has to be allocated for R&D projects / activities. HUDCO, accordingly, in line with the guidelines, approved allocation for R&D for the FY 2013-14, equivalent to 0.5% of the profit after tax (PAT) of ₹ 700.56 crore for the previous FY 2012-13. HUDCO, accordingly, in compliance of the guidelines, has made a provision of ₹ 3.50 crore, being 0.5% of the PAT of ₹ 700.56 crore for the previous FY 2012-13.

NOTE 24 (Contd.)

The company, in line with the new CSR policy, has charged the R&D budget to Statement of Profit & Loss during the FY 2013-14 and has created a provision for the same. The company has also reversed the opening balance of R&D Reserve amounting to ₹ 0.0002 crore created by it in earlier years and has charged the same to the Statement of Profit and Loss (through prior period) by creating provision for the similar amount. The change has resulted in decrease in Profit before tax for the year by ₹ 0.0002 crore.

During the FY 2013-14, HUDCO has incurred an expenditure equivalent to the provision of ₹ 3.50 crore created on R&D budget during the FY 2013-14 and the opening balance of ₹ 0.0002 crore has been transferred to the provision of R&D budget.

24) Additional Disclosure requirement as per NHB Directions**(a) Capital to Risk Assets Ratio (CRAR)**

Particulars		31.3.2014	31.3.2013
i)	CRAR (%)	27.85	23.24
ii)	CRAR - Tier I capital (%)	27.85	23.24
iii)	CRAR - Tier II Capital (%)	-	-

(b) Exposure to Real Estate Sector

(₹ in crore)

Category		2013-14	2012-13
a)	Direct exposure		
	(i) Residential Mortgages –		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans more than ₹ 15 lakh)	32.42	27.04
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh)	156.88	189.67
	Total	189.30	216.71
	(ii) Commercial Real Estate –		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1825.38	1998.22
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	277.10	-

NOTE 24 (Contd.)

(c) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on 31.3.2014:

(₹ in crore)

	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	498.01	378.00	62.41	275.07	325.22	378.55	19.77	22.36	18.67	-	1978.06
Market Borrowings	18.14	5.40	256.02	206.49	411.73	3556.92	1878.55	408.34	5162.82	7422.28	19326.69
Assets											
Advances	90.55	637.44	177.84	899.44	1892.27	7987.87	6099.46	4267.85	4167.70	1813.74	28034.16
Investments	-	-	-	-	-	200.00	200.00	270.00	-	83.88	753.88

- 25) (a) Figures of the previous year have been regrouped/ rearranged/ recasted wherever considered necessary to make them comparable with figures for current year.
- (b) Figures in rupees have been rounded off to crore without decimals except where specifically indicated.

For and on behalf of the Board

Sd/-
Harish Kumar Sharma
Company Secretary

Sd/-
Anil Kumar Kaushik
Director Finance

Sd/-
Dr. M Ravi Kanth
Chairman & Managing Director

As per our separate report of even date attached

For Dhawan & Co.
Chartered Accountants
(Firm Registration No. 002864 N)

Sd/-
Prakash N. Mathur
Partner
(Membership No. 086292)

Place : New Delhi
Dated : 30.07.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

		(₹ in crore)	
S.No.	Particulars	31 st March, 2014	31 st March, 2013
A	CASH FLOW FROM OPERATING ACTIVITIES		
(i)	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1115.97	1042.00
	Add/ (Less): Adjustments for:		
(ii)	Depreciation	4.32	4.96
(iii)	Provision on loans & advances	1.33	2.07
(iv)	Provision for leave encashment	(10.57)	5.25
(v)	Provision for post retirement medical benefit	6.90	17.58
(vi)	Provision on Loans	167.85	68.00
(vii)	Provision for welfare expenditure	(0.03)	0.31
(viii)	Provision for LTC	(2.57)	(2.07)
(ix)	Provision for Provident Fund	(4.12)	(4.61)
(x)	Provision for Corporate Social Responsibilities (CSR)	18.30	-
(xi)	Provision on Loans (exceptional Items)	(160.00)	65.00
(xii)	Provision for Wealth Tax	0.25	0.20
(xiii)	Provision for Interest under Income Tax Act	2.50	1.50
(xiv)	Prior Period Adjustments (Net)	(21.62)	19.71
(xv)	Loss/ (Profit) on sale of Fixed Assets (Net)	(0.03)	(0.02)
(xvi)	Translation/exchange (Gain)/Loss on Foreign Currency Loan	5.18	(15.20)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1123.66	1204.68
(i)	Adjustment for Decrease/(Increase) in Loans	(3448.79)	(2211.36)
(ii)	(Increase)/Decrease in Current Assets, other Loans & Advances	(472.97)	2145.32
(iii)	Increase/(Decrease) in Current Liabilities and Provisions	(1224.75)	570.92
(iv)	CASH GENERATED FROM OPERATIONS	(4022.85)	1709.56
(v)	Direct taxes paid(Net of refunds)	359.66	278.50
(vi)	Securities Premium on Bonds	0.04	-
(vii)	KFW Reserve	-	0.01
	NET CASH FLOW FROM OPERATING ACTIVITIES	(3663.15)	1988.07
B	CASH FLOW FROM INVESTING ACTIVITIES		
(i)	Sale / (Purchase) of Investment	(69.90)	540.00
(ii)	Purchase of fixed assets	(10.45)	(8.48)
(iii)	Sale of Fixed assets	0.09	0.08
	NET CASH FLOW FROM INVESTING ACTIVITIES	(80.26)	531.60

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

		(₹ in crore)	
S.No.	Particulars	31 st March, 2014	31 st March, 2013
C	CASH FLOW FROM FINANCING ACTIVITIES		
(i)	Proceed from borrowings (Net)	3550.80	(2019.21)
(ii)	Corporate Dividend Tax Paid	(25.50)	(22.71)
(iii)	Dividend Paid	(150.00)	(140.01)
	NET CASH FLOW FROM FINANCING ACTIVITIES	3375.30	(2181.93)
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(368.11)	337.74
	* CASH & CASH EQUIVALENTS - OPENING BALANCE	439.85	102.11
	* CASH & CASH EQUIVALENTS - CLOSING BALANCE	71.74	439.85
	NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS	(368.11)	337.74

Note:

- 1 Previous year figures have been regrouped wherever necessary.

For and on behalf of the Board

Sd/-
Harish Kumar Sharma
Company Secretary

Sd/-
Anil Kumar Kaushik
Director Finance

Sd/-
Dr. M Ravi Kanth
Chairman & Managing Director

As per our separate report of even date attached

For Dhawan & Co.
Chartered Accountants
(Firm Registration No. 002864 N)

Place : New Delhi
Dated : 30.07.2014

Sd/-
Prakash N. Mathur
Partner
(Membership No. 086292)

HUDCO'S ASSISTANCE TO URBAN INFRASTRUCTURE PROJECTS AS ON 31.03.2014

Infrastructure Segments	No. of Projects		HUDCO Assistance (₹ in crore)	
	2013-2014	Cumu.	2013-2014	Cumu.
Water supply	5	463	1812.19	19669.10
Sewerage, Drainage and solid waste Management	11	121	1764.27	6651.14
Transportation/Roads	20	373	2120.72	23650.11
Area Development	0	113	0.00	1656.34
Social infrastructure	20	367	153.98	4975.38
Others including commercial	16	414	1996.69	32287.76
TOTAL	72	1851	7847.85	88889.83

REHABILITATION HOUSING FOR NATURAL CALAMITIES AS ON 31-03-2014

Natural Calamities		Loan Amount (₹ in crores)	No. of Units
A)	Earthquake & Landslide	197.44	131067
B)	Cyclone	1054.17	437934
C)	Flooding & Sea Erosion	957.74	3575734
Total		2209.35	4144735

STATEWISE CUMULATIVE INFORMATION OF PROJECTS SANCTIONED BY HUDCO AS ON 31/03/2014

S. No.	State/ UT Name	No. of Schemes Sanctioned	Project Cost	Loan Sanctioned	Loan Released	Dwelling Units		Plots
						(.....₹ in crore.....)		
1	Andhra Pradesh	2127	34262.15	14648.72	11215.43	144243	2636173	5687
2	Arunachal Pradesh	9	16.48	6.38	6.39	0	1822	0
3	Assam	189	1884.06	942.88	897.51	15536	40713	1800
4	Bihar	211	18102.85	6411.75	782.48	23032	80566	5741
5	Chhattisgarh	271	16400.15	2720.44	1465.91	314	93647	18573
6	Delhi	80	70427.78	3416.57	1267.83	0	21838	0
7	Goa	40	2853.72	2130.91	261.79	5983	1410	1526
8	Gujarat	1255	73894.73	9597.65	6396.01	55868	536209	8196
9	Haryana	378	8614.8	3095.27	1410.19	17437	252228	4987
10	Himachal Pradesh	183	2250.78	1179.09	1112.05	948	73647	1391
11	Jammu & Kashmir	118	4527.76	612.49	546.33	11123	13108	11330
12	Jharkhand	132	9717.49	3094.85	2238.62	10346	388185	2000
13	Karnataka	1450	70460.34	17559.71	11060.98	287596	2459648	39194
14	Kerala	1105	16659.63	5176.52	3174.22	99286	1166542	651
15	Madhya Pradesh	1101	19848.14	9087.08	5213.88	9436	203594	141286
16	Maharashtra	1251	56793.25	10376.77	7538.09	61448	453619	18355
17	Manipur	39	280.59	148.63	140.51	385	14207	0
18	Meghalaya	34	554.22	367.78	364.04	291	15104	0
19	Mizoram	36	175.83	101.26	101.26	5150	7104	148
20	Nagaland	269	1345.34	966.36	937.33	29	22069	332
21	Odisha	458	5871.85	3338.27	1502.42	15283	261695	7147
22	Punjab	533	6053.6	3405.03	1730.94	14864	103170	7411
23	Rajasthan	1216	18987.13	11370.01	8601.19	0	1103000	132094
24	Sikkim	39	3422.35	547.55	405.91	3854	8985	0
25	Tamil Nadu	2253	36565.15	11480.32	10177.15	324651	1190798	161749
26	Tripura	37	268.02	89.58	70.82	1909	5661	1
27	Uttar Pradesh	1295	12817.06	7389.16	6038.43	32546	617183	65928
28	Uttarakhand	108	1407.73	783.93	322.66	3506	53341	560
29	West Bengal	341	11607.66	3547.35	3327.78	3020900	195098	5346
	Union Territory							
30	A & N Islands	16	25.86	13.21	10.91	0	534	0
31	Chandigarh	78	2066.94	203.50	171.16	0	28036	8045
32	Dadar Nagar Haveli	2	0.35	0.25	0.00	45	42	0
33	Puducherry	51	1021.52	484.34	354.97	0	9699	0
	Total	16705	509185.31	134293.61	88845.19	4166009	12058675	649478

THE CUMMULATIVE PROJECT COST, SANCTIONS AND DWELLING/PLOTS ARE NET AFTER INCORPORATING REVISIONS/WITHDRAWALS AS PER THE DATA RECEIVED FROM REGIONAL OFFICES.

TOTAL SANCTIONS INCLUDING HUDCO NIWAS

LOAN AMOUNT : 139216.88 crore
 RELEASE AMOUNT : 93193.2 crore
 DWELLING UNITS : 16608311

YEARWISE DETAILS OF HUDCO'S OPERATIONS

Year	No.of Schemes	Gross loan Sanctioned	Amount Released	Repayment Received	Dwelling Units	Plots
		(.....₹ in crore.....)				
1971-72	19	34.86	5.51	0.37	22095	10883
1972-73	46	36.06	7.44	2.92	21269	3297
1973-74	53	30.63	13.15	6.37	19017	4390
1974-75	67	37.52	22.63	6.39	25165	1450
1975-76	163	54.47	35.84	11.82	36345	798
1976-77	242	72.70	40.08	15.21	53714	16738
1977-78	179	88.05	48.78	18.09	140141	5539
1978-79	227	107.98	65.86	17.82	99463	9475
1979-80	227	139.20	77.04	23.77	202841	6317
1980-81	346	161.68	89.97	36.77	268363	6107
1981-82	392	193.62	105.24	45.04	276948	14342
1982-83	516	221.33	131.78	61.83	284879	11890
1983-84	617	283.93	149.11	80.05	316349	7344
1984-85	677	352.88	199.82	87.38	318837	16601
1985-86	697	387.42	222.51	116.21	339832	15210
1986-87	581	392.02	270.15	142.26	306716	9182
1987-88	650	496.73	324.60	174.68	300938	18285
1988-89	755	651.28	438.05	201.18	380547	82701
1989-90	844	906.84	541.60	217.66	665485	32870
1990-91	1164	1385.89	735.00	272.01	832803	20211
1991-92	956	1348.09	834.00	394.82	669905	29844
1992-93	831	1110.42	858.91	417.77	399179	20821
1993-94	971	1368.45	1003.58	402.66	416274	24111
1994-95	1094	1763.24	1121.50	473.25	372803	12945
1995-96	912	1966.91	1241.80	337.09	393692	18258
1996-97	973	2470.59	1575.90	248.16	423248	43623
1997-98	795	3061.86	2263.20	392.00	553156	22457
1998-99	1146	6666.67	3200.71	559.73	1860357	23669
1999-00	659	8899.89	4372.74	825.24	1635844	22117
2000-01	360	7912.73	4829.32	746.06	3097651	8871
2001-02	341	8140.53	4661.78	550.63	736519	12477
2002-03	316	15627.21	8179.68	2078.82	873047	35471
2003-04	364	13415.31	6136.27	2974.96	969883	5842
2004-05	317	13861.62	5920.88	4779.39	1119742	15758
2005-06	224	10099.19	3766.52	3267.11	192197	2181
2006-07	287	12162.55	3452.41	3562.30	140970	5573
2007-08	306	13500.61	3754.02	3545.62	98868	4185
2008-09	192	14754.30	4020.07	3733.98	114009	1477
2009-10	147	16623.76	3098.07	5243.29	297907	1191
2010-11	134	19761.68	5104.28	4188.32	295732	2643
2011-12	130	20511.40	6905.74	4323.80	422524	181853
2012-13	140	23974.06	6079.10	3930.17	439286	57247
2013-14	134	17490.94	7437.50	4028.16	1434102	243

SENIOR EXECUTIVES



PRK Naidu
Chief Vigilance Officer



Dr. P Jayapal
Sr. EDP (SH/CI/O)



Dr. Subrahmanyam
Sr. ED (Proj.)



Rajinder Paul
EDF(RM/Risk)



K K Gupta
EDF(IA)



Rakesh Soni
ED(Law-Opr) Corp Affairs



PR Srivastava
ED (Proj)



Mrs. Manju Safaya
EDP (D&D/URP)



V Thirumavalavan
EDP (TRO)



Harbans Singh Gill
ED(Proj-Eco CP/PSU)



PK Aggarwal
EDF (GA/LA)



D Guhan
EDF (Opr.)



Rekha V Sarathy
EDF (CNRO)



AK Mohapatra
EDL (BURO)



J Prem Nawaz
ED (HRMA)



Shailendra K. Gupta
ED (Trg.)



Chanamolu N. Rao
EDP (HRO)



Rajesh Sharma
EDP (MRO)



Akhilesh Kumar
EDP (CSR/WD)



Harish Kumar Sharma
Company Secretary

HUDCO OFFICES

CORPORATE OFFICE

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Secretariat, Chota Shimla - 171 002 (HP)
Tel :(0177) 2628449

Details of Auditors and Bankers

STATUTORY AUDITORS

Dhawan & Co

Chartered Accountants,
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Shakarpur, Vikas Marg, Delhi-110092
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Reserve Bank of India

Deposit Account Deptt.,
Account Section
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New Delhi-110001
Fax No. 3355185
Ph No. 23452052

Corporation Bank

M-3 & 4, Shopping Centre,
Greater Kailash-II
New Delhi-110048
Fax No. 29212059
Ph No. 29210667/29223701

Canara Bank

74, Janpath,
New Delhi-110001
Ph No. 23387243

Vijaya Bank

D-65, Hauz Khas,
New Delhi-110016
Fax No. 26961524
Ph No. 26963242

Syndicate Bank

Khan Market Branch,
New Delhi-110003
Ph No. 24616694/24611872

State Bank of Hyderabad

India Habitat Centre, Lodhi Road,
New Delhi-110003
Ph No. 24656721

Union Bank of India

Moti Bagh Branch,
Palika Bhawan, Opp. Hyatt Regency,
Sector-13, R. K. Puram, New Delhi-110066
Fax No. 24676843
Ph No. 24676843/24100083/26872621

Punjab National Bank

ECE House,
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Connaught Place,
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Ph No. 23739131/23711324

Indusind Bank

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Ph No. (0115) 46032442

IDBI Bank Ltd.

3rd Floor Indian Red Cross Society Building, 1
Red Cross Road New Delhi -
Fax no. 23730715 Ph no. 66281108

ICICI Bank Ltd.

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Fax no. 66310410

Axis Bank Limited

Statesman House, Barakhamba Road,
New Delhi-110001
Fax No. 23311054/47396611

Yes Bank Ltd.

Plot No. 11/48, Shopping Centre Diplomatic
Enclave, Malcha Market Chanakya Puri
New Delhi 110021

Corporation Bank

M-3 & 4, Shopping Centre,
Greater Kailash-II
New Delhi-110048
Fax No. 29212059
Ph No. 29210667/29223701

HUDCO DESIGN AWARD



HUDCO BEST PRACTICES AWARD

