



AUDITOR'S

REPORT

FOR

THE YEAR

2007-2008

हाउसिंग एण्ड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड, (भारत सरकार का उपक्रम), हडको भवन, भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली - 110 003
दूरभाष : 24648160 फ़ैक्स : 011 - 24625308

Housing & Urban Development Corporation Ltd., (A Govt. of India Enterprise), HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi - 110 003
Tel : 24648160 Fax : 011 - 24625308

आई.एस.ओ 9001 : 2000 प्रमाणित कम्पनी

AN ISO 9001 : 2000 CERTIFIED COMPANY

अध्यक्ष एवं निदेशकगण
हाउसिंग एण्ड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड

सं. सचिव/वी मीटिंग/2008
6 सितम्बर, 2008

सूचना

विषय: निदेशक मंडल की 444^{वीं} बैठक

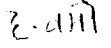
महोदय/महोदया,

हाउसिंग एण्ड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड के निदेशक मंडल की 444^{वीं} बैठक निम्नलिखित कार्यक्रमानुसार होगी:-

दिन एवं दिनांक : बुधवार, 17 सितम्बर, 2008
समय : अपराह्न 5.30 बजे
स्थान : हडको भवन, भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली-110 003

कार्यसूची वाद में भेज दी जाएगी।

भवदीय,



एच वर्मा
कंपनी सचिव

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. श्री के एल डीगड़ा
अध्यक्ष एवं प्रबंध निदेशक, हडको,
हडको भवन, भारत पर्यावास केन्द्र,
लोधी रोड, नई दिल्ली.</p> | <p>2. श्री एम के सिंह
निदेशक, हडको एवं संयुक्त सचिव (आवास)
आवास और शहरी गरीबी उपशमन मंत्रालय,
निर्माण भवन, नई दिल्ली.</p> |
| <p>3. डॉ. आर के वत्स
निदेशक, हडको एवं संयुक्त सचिव
एवं वित्तीय सलाहकार, शहरी विकास तथा
आवास और शहरी गरीबी उपशमन मंत्रालय,
निर्माण भवन, नई दिल्ली.</p> | <p>4. श्री राजपाल सिंह सोलंकी
निदेशक, हडको,
जी-7, अशोक प्लाजा बिल्डिंग,
12ए/14, डब्ल्यूईए, करोल बाग,
नई दिल्ली - 110 005.</p> |
| <p>5. श्री दिनेश महाजन
निदेशक, हडको,
"उपशमन" प्रथम तल, मेन बज्जार,
पटानकोट - 145 001 (पंजाब).</p> | <p>6. श्रीमती निर्मला सामंत प्रभावकर
निदेशक, हडको,
13, मुजता निवास, एस वी रोड,
वांजा (पश्चिम), मुम्बई - 400 050</p> |
| <p>7. श्री टी प्रभाकरन
निदेशक (वित्त), हडको, हडको भवन,
भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली.</p> | <p>8. श्री एम के त्रिपाठी
निदेशक (कार्पोरेट प्रतियोगिता), हडको, हडको भवन,
भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली.</p> |

प्रतिलिपि सूचनार्थ:-

- | | |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <p>1. अवर सचिव (आवास),
आवास और शहरी गरीबी उपशमन मंत्रालय,
निर्माण भवन, नई दिल्ली.</p> | <p>2. सचिव के निजी सचिव
शहरी संजकार एवं गरीबी उपशमन मंत्रालय,
निर्माण भवन, नई दिल्ली.</p> |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|



हडको मुजताप बाजार दर पर वैयक्तिक आवास ऋण उपलब्ध कराता है।

HUDCO Offers Lowest Cost Individual Housing Loans

हाउसिंग एण्ड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड, (भारत सरकार का उपक्रम), हडको भवन, भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली - 110 003

दूरभाष : 24648160 फैक्स : 011 - 24625308

Housing & Urban Development Corporation Ltd., (A Govt. of India Enterprise), HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi - 110 003
Tel. : 24648160 Fax : 011 - 24625308

आई.एस.ओ 9001 : 2000 प्रमाणित कम्पनी

AN ISO 9001 : 2000 CERTIFIED COMPANY

The Chairman & Directors
Housing and Urban Development
Corporation Limited

No. CoSec/B.Meeting/2008
September 6, 2008

NOTICE

Sub: 444th meeting of the Board of Directors

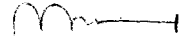
Sir/Madam,

The 444th meeting of the Board of Directors of Housing and Urban Development Corporation Limited will be held as per the following schedule: -

Day & Date : Wednesday, the 17th September, 2008
Time : 5.30 p.m.
Place : HUDCO Bhawan, India Habitat Centre, Lodhi Road,
New Delhi - 110003.

The agenda will follow.

Yours faithfully,



H. Verma
Company Secretary

- Shri KL Dhingra**
Chairman & Managing Director,
HUDCO Bhawan, India Habitat Centre, Lodhi Road,
New Delhi-110003
- Shri SK Singh**
Director HUDCO and JS (Housing), Ministry of
Housing and Urban Poverty Alleviation, Nirman
Bhawan, New Delhi -110001
- Dr. RK Vats**
Director HUDCO and JS&FA, Ministry of Urban
Development & Housing and Urban Poverty
Alleviation, Nirman Bhawan, New Delhi -110001
- Shri Rajpal Singh Solanki**
Director HUDCO, G-7, Ashok Plaza Building, 12A/14,
W.E.A, Karol Bagh, New Delhi-110005
- Shri Dinesh Mahajan**
Director HUDCO, Nasheman, 1st floor, Main Bazaar,
Pathankot -145001, (Punjab).
- Smt. Nirmala Samant Prabhavaikar**
Director HUDCO, 13 Sujata Niwas, SV Road
Bandra (West), Mumbai - 400 050.
- Shri T Prabakaran**
Director Finance,
HUDCO Bhawan, India Habitat Centre, Lodhi Road,
New Delhi-110003
- Shri SK Tripathi**
Director (Corporate Planning),
HUDCO Bhawan, India Habitat Centre, Lodhi Road,
New Delhi-110003

Copy for information to:

- Under Secretary (H),**
Ministry of Housing and Urban Poverty Alleviation,
Nirman Bhawan, New Delhi -110001
- PS to Secretary**
Ministry of Housing and Urban Poverty Alleviation,
Nirman Bhawan, New Delhi



भारत सरकार का उपक्रम
HUDCO Offers Lowest Cost Individual Housing Loans

AUDITORS' REPORT

To the Members of HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Housing & Urban Development Corporation Limited**, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) *The Company has not complied with the assets classification and provisioning requirement as per the Housing Finance Companies (NHB) Directions, 2001. The amount of short provisioning has not been ascertained. [refer Note 5(c) of Schedule-T]*
 - ii) *The Company has made an additional provision on loans amounting to Rs.315 Crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.315 Crores. [refer Note 5(d) of Schedule-T]*
 - iii) *The Company has not given effect to the opinion given by the Expert Advisory Committee of the Institute of Chartered Accountants of India on treatment of Deferred Tax Liability (DTL) amounting to Rs.120.97 Crores created on the special reserve under Section 36(1)(viii) of the Income Tax Act, 1961 for the period 2001-02 to 2003-04 on 31st March 2005. The committee is of the view that DTL created out of the reserves in respect of the aforesaid years should be treated as "Prior Period Item" by charging the same to the Profit and Loss Account & crediting to General Reserve. As a result, the profit for the year is higher by Rs.120.97 Crores. [refer Note 12 of Schedule-T]*



- iv) Attention is further invited to the following :
- a) Non-reconciliation of outstanding balances in banking sector loans. [refer Note 3(b) of Schedule-T]
 - b) The balances shown under loans, advances and other debits/credits have not been confirmed are subject to reconciliation and consequential adjustments, if any. [refer Note 5(a) & 5(b) of Schedule-T]
 - c) Non-implementation of Default Resolution Package by Cochin International Airport Ltd (CIAL). [refer Note 5(f) of Schedule -T]
 - d) 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 Note 7(a) of Schedule-T]
 - e) The Company is not able to comply with National Housing Bank's norms: i) credit concentration norms in respect of lending to some State Governments / State Governments Agencies and ii) creation of a floating charge in terms of Paragraph 14A of the Housing Finance Company (NHB) Directions, 2001. [refer Note 10(a) & 10(b) of Schedule-T]

5. We further report that:

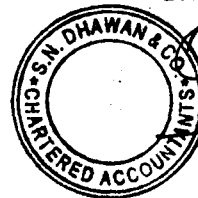
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account 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 accrual basis. [refer Significant Accounting Policy 2 (b) of Schedule-S].
- e) The requirements of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a Government Company, in terms of Notification No.G.S.R.829 (E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.



We further report that, without considering the observations made in paragraphs 4(i) the effect of which has not been ascertained and 4(iv)(a) to 4(iv)(e) the effect of which could not be determined, had the observations made by us in paragraphs 4(ii) & 4(iii) above been considered, the Profit for the year would have been Rs.567.76 Crores (as against the reported figure of Rs.373.73 Crores), Reserves & Surplus would have been Rs.2382.82 Crores (as against the reported figure of Rs.2188.79 Crores). Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S.N.Dhawan & Co.
Chartered Accountants



Suresh Seth
Suresh Seth
Partner
(M.No.-10577)

Place: New Delhi
Date: 25th August, 2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2008

- 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) As informed to us, the Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (a) to (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 were inadequate and needs to be 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 its size and nature of its business, it requires to be further strengthened. In our opinion, the



coverage of Internal Audit should be enlarged and submission of replies/compliances needs to be expedited.

- 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 the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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 2008 for a period of more than six months from the date 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 (Rs. in Lacs)
Income Tax Act, 1961	Income Tax	1999-2000	Additional Commissioner of Income Tax	1.71
Income Tax Act, 1961	Income Tax	2000-2001	Additional Commissioner of Income Tax	1.27
Income Tax Act, 1961	Income Tax	2003-2004	Deputy Commissioner of Income Tax	52.49

- x) The Company has no accumulated losses as at 31st March, 2008 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) We are of the opinion that the Company has maintained adequate documents and records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 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 not raised any money through public issue during the year.



- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

For S. N. Dhawan & Co.
Chartered Accountants



Suresh Seth
Suresh Seth

Partner

(M.No.10577)

Place: New Delhi
Date: 25th August, 2008



**AUDITOR'S
REPORT
FOR
THE YEAR
2007-2008**

AUDITORS' REPORT

To the Members of HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Housing & Urban Development Corporation Limited**, as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) *The Company has not complied with the assets classification and provisioning requirement as per the Housing Finance Companies (NHB) Directions, 2001. The amount of short provisioning has not been ascertained. [refer Note 5(c) of Schedule-T]*
 - ii) *The Company has made an additional provision on loans amounting to Rs.315 Crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.315 Crores. [refer Note 5(d) of Schedule-T]*
 - iii) *The Company has not given effect to the opinion given by the Expert Advisory Committee of the Institute of Chartered Accountants of India on treatment of Deferred Tax Liability (DTL) amounting to Rs.120.97 Crores created on the special reserve under Section 36(1)(viii) of the Income Tax Act, 1961 for the period 2001-02 to 2003-04 on 31st March 2005. The committee is of the view that DTL created out of the reserves in respect of the aforesaid years should be treated as "Prior Period Item" by charging the same to the Profit and Loss Account & crediting to General Reserve. As a result, the profit for the year is higher by Rs.120.97 Crores. [refer Note 12 of Schedule-T]*



- iv) Attention is further invited to the following :
- a) Non-reconciliation of outstanding balances in banking sector loans. [refer Note 3(b) of Schedule-T]
 - b) The balances shown under loans, advances and other debits/credits have not been confirmed are subject to reconciliation and consequential adjustments, if any. [refer Note 5(a) & 5(b) of Schedule-T]
 - c) Non-implementation of Default Resolution Package by Cochin International Airport Ltd (CIAL). [refer Note 5(f) of Schedule -T]
 - d) 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 Note 7(a) of Schedule-T]
 - e) The Company is not able to comply with National Housing Bank's norms:
 - i) credit concentration norms in respect of lending to some State Governments / State Governments Agencies and ii) creation of a floating charge in terms of Paragraph 14A of the Housing Finance Company (NHB) Directions, 2001. [refer Note 10(a) & 10(b) of Schedule-T]

5. We further report that:

- a) 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;
- b) 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;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Profit & Loss Account 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 accrual basis. [refer Significant Accounting Policy 2 (b) of Schedule-S].
- e) The requirements of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a Government Company, in terms of Notification No.G.S.R.829 (E) dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.



We further report that, without considering the observations made in paragraphs 4(i) the effect of which has not been ascertained and 4(iv)(a) to 4(iv)(e) the effect of which could not be determined, had the observations made by us in paragraphs 4(ii) & 4(iii) above been considered, the Profit for the year would have been Rs.567.76 Crores (as against the reported figure of Rs.373.73 Crores), Reserves & Surplus would have been Rs.2382.82 Crores (as against the reported figure of Rs.2188.79 Crores). Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S.N.Dhawan & Co.
Chartered Accountants



Suresh Seth
Suresh Seth
Partner
(M.No.-10577)

Place: New Delhi
Date: 25th August, 2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2008

- 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) As informed to us, the Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii) (a) to (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 were inadequate and needs to be 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 its size and nature of its business, it requires to be further strengthened. In our opinion, the



coverage of Internal Audit should be enlarged and submission of replies/compliances needs to be expedited.

- 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 the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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 2008 for a period of more than six months from the date 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 (Rs. in Lacs)
Income Tax Act, 1961	Income Tax	1999-2000	Additional Commissioner of Income Tax	1.71
Income Tax Act, 1961	Income Tax	2000-2001	Additional Commissioner of Income Tax	1.27
Income Tax Act, 1961	Income Tax	2003-2004	Deputy Commissioner of Income Tax	52.49

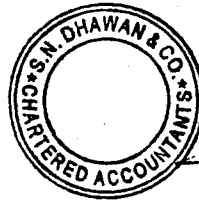
- x) The Company has no accumulated losses as at 31st March, 2008 and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.



- 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) We are of the opinion that the Company has maintained adequate documents and records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 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 not raised any money through public issue during the year.



- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.



For S. N. Dhawan & Co.
Chartered Accountants

Suresh Seth

Suresh Seth
Partner

(M.No.10577)

Place: New Delhi
Date: 25th August, 2008



ANNUAL
ACCOUNTS
FOR
THE YEAR
2007-2008

HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2008


	SCHEDULE	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	20,019,000	20,019,000
Reserves and Surplus	B	21,887,861	19,115,929
Loan Funds			
Secured Loans	C	2,083,529	2,170,374
Unsecured Loans	D	186,946,309	201,655,651
Deferred Tax Liabilities (Net)		1,633,271	2,059,130
		<u>232,569,970</u>	<u>245,020,084</u>
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block		1,337,780	1,322,157
Less: Depreciation		661,161	621,759
Net Block		<u>676,619</u>	<u>700,398</u>
Capital Work in Progress		87,178	69,449
	E	<u>763,797</u>	<u>769,847</u>
Investments	F	<u>20,625,580</u>	<u>24,504,975</u>
Loans	G	210,729,388	210,652,997
Current Assets, Other Loans and Advances			
Sundry Debtors	H	87,628	10,115
Cash & Bank Balances	I	7,466,958	16,072,447
Other Current Assets	J	2,872,391	3,338,075
Other Loans & Advances	K	4,915,610	3,907,943
		<u>15,342,587</u>	<u>23,328,580</u>
Less:			
Current Liabilities & Provisions			
Current Liabilities	L	11,281,908	12,775,268
Provisions	M	3,889,576	1,813,702
		<u>15,171,484</u>	<u>14,588,970</u>
Net Current Assets		<u>171,103</u>	<u>8,739,610</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Financial Charges on Bonds, Public Deposits and Term Loans		280,102	352,655
		<u>280,102</u>	<u>352,655</u>
		<u>232,569,970</u>	<u>245,020,084</u>
Significant Accounting Policies	S		
Notes to Accounts	T		

Note : The Schedules referred to above form an integral part of the Balance Sheet.

For and on behalf of the Board

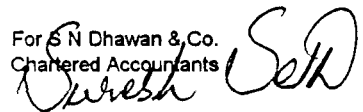

Harender Verma
Company Secretary


T. Prabakaran
Director Finance


K.L. Dhingra
Chairman & Managing
Director

As per our separate report of even date attached

For S N Dhawan & Co.
Chartered Accountants


Suresh Seth
Partner
Membership No. 10577

Place : New Delhi
Dated : 25.08.2008



HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2008

INCOME	SCHEDULE	Year ended 31st March, 2008 (Rs. in thousand)	Year ended 31st March, 2007 (Rs. in thousand)
Income from Loans, Investments, Deposits & Others	N	27,246,726	26,082,184
Other Income		42,767	20,453
Provision on Investment written back		-	-
Total		<u>27,289,493</u>	<u>26,102,637</u>
EXPENDITURE			
Interest and financial charges	O	17,256,118	17,937,819
Penal Interest/Prepayment charges waived off		1,190,533	1,628,247
Payment to and provision for employees	P	356,749	516,734
Administrative and other expenses	Q	210,263	227,386
Depreciation		52,938	47,422
Provision on loans, debtors/recoverables and other loans & advances		2,136,790	1,050,554
Provision on investment		2,195	25,090
Total		<u>21,705,566</u>	<u>21,433,252</u>
Profit before tax		5,583,907	4,669,385
Prior period adjustments (net)	R	(2,098)	(16,672)
Provision for taxation			
- Current Tax / Wealth Tax		(2,173,000)	(1,200,000)
- Deferred Tax - Current year		335,414	(342,811)
- Fringe Benefit Tax		(3,500)	(9,000)
Adjustment of tax for earlier years (Net)		2,396	(17,151)
Profit after tax		<u>3,737,319</u>	<u>3,083,751</u>
Add: Transferred from Special Reserve		-	218,733
Add: Transferred from Bonds Redemption Reserve		1,221,211	3,855
Add: Transferred from Welfare Reserve		23,465	42,443
		<u>4,981,995</u>	<u>3,348,782</u>
Add: Balance brought forward from previous year		1,254,726	921,211
Profit available for appropriation		<u>6,236,721</u>	<u>4,269,993</u>
APPROPRIATION			
Interim Dividend		263,450	-
Proposed Final Dividend		<u>417,596</u>	206,796
		681,046	-
Dividend Tax		115,744	35,145
Transferred to Special Reserve		1,350,000	2,050,000
General Reserve		2,480,899	700,000
Transferred to Welfare Reserve		54,306	23,326
Balance carried to Balance Sheet		<u>1,254,726</u>	<u>1,254,726</u>
		<u>6,236,721</u>	<u>4,269,993</u>
Earning per Share (Face value Rs. 1000)		136.69	154.04
Basic / Diluted (Rs.)			
Significant Accounting Policies	S		
Notes to Accounts	T		

Note : The Schedules referred to above form an integral part of the Profit & Loss Account.

For and on behalf of the Board


Harender Verma
Company Secretary


T Prabakaran
Director Finance

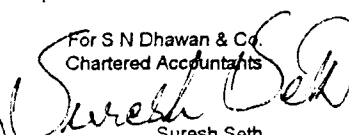

K L Dhingra
Chairman & Managing
Director

As per our separate report of even date attached

Place : New Delhi
Dated : 25.08.2008



For S N Dhawan & Co.
Chartered Accountants


Suresh Seth
Partner

Membership No. 10577

Schedules A to T
Annexed to and forming part of the Accounts

SCHEDULE A
SHARE CAPITAL

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Authorised 25,000,000 equity shares of Rs.1000/- each (previous year 25,000,000 equity shares of Rs.1000/- each)	<u>25,000,000</u>	<u>25,000,000</u>
Issued, Subscribed and Paid up 20,019,000 equity shares of Rs.1000/- each fully paid up (previous year 20,019,000 equity shares of Rs.1000/- each fully paid up)	<u>20,019,000</u> <u>20,019,000</u>	<u>20,019,000</u> <u>20,019,000</u>



**SCHEDULE B
RESERVES AND SURPLUS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Capital (KfW) Reserve		
Balance from previous year	451,063	433,231
Add : Transferred during the year	7,050	17,832
	<u>458,113</u>	<u>451,063</u>
Special Reserve		
(a) Created (u/s 36(1)(viii) of the Income Tax Act, 1961 upto Financial Year 1996-97)		
Balance from previous year	1,817,490	1,817,490
(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	13,300,548	11,469,281
Less: Transferred to Profit and Loss Account	-	218,733
Add: Transferred from Profit and Loss Appropriation Account	1,650,000	2,050,000
	<u>14,950,548</u>	<u>13,300,548</u>
	<u>16,768,038</u>	<u>15,118,038</u>
Bonds Redemption Reserve		
Balance from previous year	1,221,211	1,225,066
Less: Transferred to Profit and Loss Account	1,221,211	3,855
	<u>-</u>	<u>1,221,211</u>
General Reserve		
Balance from previous year	700,000	-
Less: Utilised for leave encashment on account of AS - 15 *	11,702	-
Less: Utilised for post retirement medical benefit on account of AS - 15 *	138,031	-
Less: Utilised for Gratuity on account of AS - 15 *	25,914	-
Add: Transferred from Profit and Loss Appropriation Account	2,480,899	700,000
	<u>3,005,252</u>	<u>700,000</u>
Welfare Reserve		
Balance from previous year	370,891	390,008
Less: Transferred to Profit and Loss Account	23,465	42,443
Add: Transferred from Profit and Loss Appropriation Account	54,306	23,326
	<u>401,732</u>	<u>370,891</u>
Transfer from P & L Account		
Surplus		
Balance from previous year	1,254,726	921,211
Less: Transferred to Profit & Loss Account	1,254,726	921,211
	<u>-</u>	<u>-</u>
Surplus, balance in Profit and Loss Account	1,254,726	1,254,726
	<u>1,254,726</u>	<u>1,254,726</u>
	<u>21,887,861</u>	<u>19,115,929</u>

* Net of Deferred Tax of Rs. 9.04 crore.



**SCHEDULE C
SECURED LOANS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Loan from Bank		
Bank of India *	1,250,529 #	1,302,374
	<u>1,250,529</u>	<u>1,302,374</u>
Special Priority Sector Bonds ##		
SPS Bond Series A, B & C (Bank of India) **	833,000	868,000
	<u>833,000</u>	<u>868,000</u>
	<u>2,083,529</u>	<u>2,170,374</u>

* Secured by lien over Certificate of Deposit for US \$ 25.010 million placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan.

** Bonds secured by lien over Certificate of Deposit for US \$ 16.674 million placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan.

Repayable from 01.04.2008 to 10.06.2022.

The repayment dates for SPS bonds series A, B & C is semi annual: for Series A from 10.12.2002 to 10.06.2008, for series B from 10.12.2008 to 10.06.2015 and for series C from 10.12.2015 to 10.06.2022.



**SCHEDULE D
UNSECURED LOANS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
DEBENTURES * ###		
Subscribed by Banks, Companies & Trusts		
11.50% Repayable on 15.06.2008	275,000	275,000
11.50% Repayable on 12.10.2008	300,000	300,000
11.50% Repayable on 20.12.2008	180,000	180,000
11.50% Repayable on 26.05.2009	400,000	400,000
11.50% Repayable on 31.08.2009	410,000	410,000
11.50% Repayable on 26.06.2010	300,000	300,000
11.50% Repayable on 05.10.2010	400,000	400,000
11.50% Repayable on 25.09.2011	350,000	350,000
12.00% Repayable on 07.01.2012	420,000	420,000
12.30% Repayable on 27.03.2008	-	830,000
13.00% Repayable on 21.09.2007	-	350,000
13.00% Repayable on 25.11.2007	-	300,000
	<u>3,035,000</u>	<u>4,515,000</u>
BONDS ###		
Hudco Bonds Series		
Non-cumulative		
13.00% Taxable (IX-B) Paid on 15.09.2007	-	1,312,000
13.75% Taxable (XI-B) Repayable on 10.08.2008	350,000	350,000
13.75% Taxable (XI-D) Repayable on 01.09.2008	520,000	520,000
10.25% Tax free (XII-B) Repayable on 08.01.2009	350,000	350,000
12.50% Taxable (XIII-C) Repayable on 26.03.2009	200,000	200,000
12.50% Taxable (XIV-B) Repayable on 08.09.2009	570,000	570,000
8.25% Tax free (XV-B) Repayable on 29.03.2010	500,000	500,000
11.25% Taxable (XVI-B) Repayable on 31.03.2010	353,000	353,000
8.25% Tax free (XVII-A) Repayable on 19.09.2010	615,000	615,000
8.25% Tax free (XVII-B) Repayable on 28.09.2010	300,000	300,000
8.25% Tax free (XVII-C) Repayable on 15.03.2011	85,000	85,000
11.85% Taxable (XVIII-B) Paid on 19.09.2007	-	349,500
12.40% Taxable (XVIII-C) Repayable on 19.09.2010	110,000	110,000
11.85% Taxable (XVIII-E) Paid on 28.09.2007	-	35,000
12.40% Taxable (XVIII-F) Repayable on 28.09.2010	247,800	247,800
12.00% Taxable (XIX-C) Paid on 19.01.2011 @	-	1,869,800
10.65% Taxable (XX-B) Repayable on 20.07.2008	268,000	268,000
11.15% Taxable (XX-C) Repayable on 20.07.2011	4,440,600	4,440,600
9.00% Tax free (XXI-B) Repayable on 30.01.2012	400,000	400,000
9.75% Taxable (XXII-C) Repayable on 28.03.2012	30,000	30,000
9.60% Taxable (XXIII-B) Repayable on 27.03.2009	87,000	87,000
10.00% Taxable (XXIII-C) Repayable on 27.03.2012	3,125,500	3,125,500
9.60% Taxable (XXIV-B) Repayable on 28.03.2009	583,500	583,500
10.00% Taxable (XXIV-C) Repayable on 28.03.2012	731,000	731,000
9.00% Taxable (XXV-A) Paid on 28.06.2007	-	250,000
9.75% Taxable (XXV-B) Repayable on 28.06.2012	1,650,000	1,650,000
10.00% Taxable (XXV-C) Repayable on 28.06.2014	2,100,000	2,100,000
7.60% Taxable (XXVI) Repayable on 20.01.2013 @	2,179,000	2,500,000
6.45% Taxable (XXVII) Payable on 04.03.2013 (put option exercised on 04.03.2008)	-	35,000
7.10% Taxable (XXVIII) Repayable on 06.03.2013 @@	320,000	320,000
7.40% Taxable (XXIX-A) Repayable on 06.03.2013 @	314,000	474,000
7.60% Taxable (XXIX-B) Repayable on 06.03.2013 @@	384,000	384,000
7.80% Taxable (XXIX-C) Repayable on 06.03.2013	624,000	624,000
6.15% Tax free (XXX) Repayable on 08.03.2013 @	300,000	300,000
7.10% Taxable (XXXI-A) Repayable on 31.03.2013 @	15,000	15,000
7.30% Taxable (XXXI-B) Repayable on 31.03.2013 @@	10,000	10,000
7.50% Taxable (XXXI-C) Repayable on 31.03.2013	454,000	454,000
7.10% Taxable (XXXI-D) Repayable on 31.03.2013 @@	70,000	70,000
7.30% Taxable (XXXI-E) Repayable on 31.03.2013	25,000	25,000
6.10% Tax free (XXXII-A) Repayable on 31.03.2013 @	10,000	30,000
6.50% Tax free (XXXII-B) Repayable on 31.03.2013	35,000	35,000



6.70% Taxable (XXXIII-A) Repayable on 29.08.2013 @	6,886,000	6,886,000
6.80% Taxable (XXXIII-B) Repayable on 29.08.2013 @@	1,380,000	1,380,000
6.90% Taxable (XXXIII-C) Repayable on 29.08.2013	1,943,000	1,943,000
5.15% Tax free (XXXIV) Repayable on 31.03.2014	500,000	500,000
7.00% Taxable (XXXVI-A) Repayable on 29.03.2012 \$\$	622,000	772,000
7.20% Taxable (XXXVI-B) Repayable on 29.03.2012 @	45,000	45,000
7.30% Taxable (XXXVI-C) Repayable on 29.03.2012	985,000	985,000
7.30% Taxable (XXXVII-A) Repayable on 20.01.2016 @	346,000	346,000
7.50% Taxable (XXXVII-B) Repayable on 20.01.2016 @@	168,000	168,000
7.80% Taxable (XXXVII-C) Repayable on 20.01.2016	5,900,000	5,900,000
8.05% Taxable (XXXIX-A) Repayable on 29.03.2016 @	176,000	176,000
8.12% Taxable (XXXIX-B) Repayable on 29.03.2016 @@	19,000	19,000
8.35% Taxable (XXXIX-C) Repayable on 29.03.2016	1,604,000	1,604,000
8.60% Taxable (1-A) 2006-07 Repayable on 29.08.2016 \$\$	382,000	382,000
8.85% Taxable (1-B) 2006-07 Repayable on 29.08.2016 @	145,000	145,000
9.10% Taxable (1-C) 2006-07 Repayable on 29.08.2016 @@	87,000	87,000
9.30% Taxable (1-D) 2006-07 Repayable on 29.08.2016	1,288,000	1,288,000
8.65% Taxable (2-A) 2006-07 Repayable on 29.11.2016 \$\$	2,030,000	2,030,000
8.75% Taxable (2-B) 2006-07 Repayable on 29.11.2016 @	270,000	270,000
9.05% Taxable (2-C) 2006-07 Repayable on 29.11.2016	3,698,000	3,698,000
9.00% Taxable 2002 (SD-III) Paid on 28.06.2007	-	500,000
7.40% Taxable 2003 (SD-I) Repayable on 05.03.2013 @	1,000,000	1,000,000
7.90% Taxable 2003 (SD-II) Repayable on 31.03.2013	4,700,000	4,700,000
7.70% Taxable 2003 (SD-III) Repayable on 27.03.2013 @@	1,459,000	1,459,000
7.90% Taxable 2003 (SD-IV) Repayable on 28.03.2013	500,000	500,000
7.35 % Taxable 2003 (SD-V) Repayable on 31.07.2013	3,500,000	3,500,000
7.95 % Taxable 2006 (SD-I) Repayable on 20.07.2011	5,000,000	5,000,000
8.30 % Taxable 2006 (SD-II) Repayable on 28.04.2013	5,000,000	5,000,000
	<u>71,989,400</u>	<u>76,991,700</u>

HUDCO Gujarat Punarnirman Special Taxfree Bonds

8.75% Tax free Bond Series (I-B) Repayable on 06.03.2009	161,000	161,000
9.25% Tax free Bond Series (I-C) Repayable on 06.03.2012	1,309,500	1,309,500
8.40% Tax free Bond Series (II-B) Repayable on 28.03.2009	56,500	56,500
9.00% Tax free Bond Series (II-C) Repayable on 28.03.2012	1,486,500	1,486,500
5.80% Tax free Bond Series (III-A) Repayable on 08.03.2010 (put option exercised on 08.03.2008)	-	50,000
5.90% Tax free Bond Series (III-B) Repayable on 08.03.2013 @@	75,000	75,000
6.40% Tax free Bond Series (IV-A) Repayable on 08.03.2013 @	500,000	550,000
6.80% Tax free Bond Series (IV-B) Repayable on 08.03.2013	160,000	160,000
	<u>3,748,500</u>	<u>3,848,500</u>

Infrastructure Bonds

(Repayable on expiry of 10th year
from the date of allotment on 24.04.1997)
15.00% p.a. (Paid on 24.04.2007)

-	2,442,423
-	<u>2,442,423</u>



Bonds (Short term)

HUDCO STML Bonds
8.20% Bonds series-II (2006-07)
(Paid on 28.09.2007)

-	5,000,000
<u>-</u>	<u>5,000,000</u>

Bonds - Subordinated Debt under Tier - II Capital # AA

Redeemable Bonds of Rs. 1,00,00,000 each
Repayable at par on 27.03.2012

5,000,000	5,000,000
<u>5,000,000</u>	<u>5,000,000</u>
<u>80,737,900</u>	<u>93,282,623</u>

LOANS FROM GOVERNMENT OF INDIA UNDER :**Line of credit from KfW**

(Repayable after 22 years from the date of drawal)

5.75% (net) p.a.

529,645	529,645
<u>529,645</u>	<u>529,645</u>

LOAN FROM FINANCIAL INSTITUTIONS :**General Insurance Corporation of India & its four subsidiaries #**

(Repayable within 16th year from the date of drawal)

6.25% p.a. (net)

2,050,120	2,870,066
<u>2,050,120</u>	<u>2,870,066</u>

Life Insurance Corporation of India #

(Repayable from 2nd to 16th year from the date of drawal)

6.25% p.a.

4,466,667	6,133,333
<u>4,466,667</u>	<u>6,133,333</u>
<u>6,516,787</u>	<u>9,003,399</u>

LOAN FROM VARIOUS BANKS**Against Banking Sector Fund # @@@**

(Repayable within 16 years from the date of drawal)

4.00% p.a.

6.83% p.a.

6.90% p.a.

7.00% p.a.

7.37% p.a.

7.46% p.a.

7.50% p.a.

7.60% p.a.

8.00% p.a.

8.50% p.a.

8.55% p.a.

8.75% p.a.

8.90% p.a.

9.25% p.a.

9.50% p.a.

9.75% p.a.

Term Loan From Banks (PLR)

47,250	80,250
3,506,243	4,781,243
3,750	18,750
2,065,364	1,880,720
253,750	401,750
75,419	118,419
714,288	4,857,144
-	1,000,000
-	950,000
5,083,133	6,916,600
2,000,000	3,000,000
6,750,000	-
500,000	500,000
3,600,000	4,500,000
750,000	-
1,500,000	-
46,098,992	35,441,044
<u>72,948,189</u>	<u>64,445,920</u>

Against Banking Sector Fund (Short Term)

(Repayable within one year)

6.95% p.a.

7.75% p.a.

-	3,000,000
-	275,000
-	3,275,000
<u>72,948,189</u>	<u>67,720,920</u>

PUBLIC DEPOSITS

15,885,793	18,815,176
<u>15,885,793</u>	<u>18,815,176</u>



INTEREST BEARING CASH SECURITIES

35,223	35,951
<u>35,223</u>	<u>35,951</u>

LOANS IN FOREIGN CURRENCY

Loan from JBIC *

(Repayable from January 2006 to July 2023)

- Swapped in two tranches with SBI ##	1,909,505	1,988,920
- Swapped in one tranche with ICICI Bank ####	<u>531,546</u>	-
	2,441,051	-
- Unswapped portion of JBIC	-	646,068
	<u>2,441,051</u>	<u>2,634,988</u>

Loan from Asian Development Bank *

6 months LIBOR for US \$ + 0.40% p.a.**

3,475,121	3,776,349
<u>3,475,121</u>	<u>3,776,349</u>

Loan from US Capital Market

(Guaranteed by USAID & Counter Guaranteed by Canara Bank)

(Repayable from March 2010 to September 2029)

6 months LIBOR for US \$ + 0.18% p.a. (USAID-1) ***

436,000 436,000

(Repayable from March 2011 to September 2030)

6 months LIBOR for US \$ + 0.035% p.a. (USAID-2) \$

905,600	905,600
<u>1,341,600</u>	<u>1,341,600</u>
<u>7,257,772</u>	<u>7,752,937</u>
<u>186,946,309</u>	<u>201,655,651</u>

- * Guaranteed by Central Government as to the repayment of principal & 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 loan. 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 Rs. 217 crore which are co-terminus with the loan maturity schedule of the underlying ADB loan. 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).
- *** 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 Rs. 43.60 crore which are co-terminus with the loan maturity schedule of the underlying USAID guaranteed loan.
- # Covered by irrevocable power of attorney in favour of lenders / trustee. Loans from Banking Sector are covered by irrevocable Power of Attorney to the extent of Rs. 504.92 crore.
- ## Swapped with SBI in two tranches of JPY 1530 million (for 10 years upto 18.09.2008) and JPY 3792.90 million (for 10 years upto 16.10.2010) against Rupee funds of Rs. 48 crore @ 12.95% p.a. and Rs. 162.80 crore @ PLR + 0.65% p.a. respectively.
- ### Debentures and bonds are redeemable at par.
- #### Principal only swap amounting to JPY 1746.13 million entered into with ICICI Bank Ltd. on 25.04.2007 (6½ years (approx.) upto 20.01.2013) against Rupee fund of Rs. 61.54 crore at PoS premium of 7.65% p.a.
- \$ Hudco has raised loan of US \$ 20 million from the US Capital Market, which has been swapped with ICICI Bank Ltd. in two tranches of US \$ 10 million each against fixed Rupee amounts of Rs. 45.28 crore each. The first swap is a principal-only swap @ 0.37% p.a., while the second swap is a full currency swap @ 4.72% p.a. for periods upto 12.11.2008 & 15.09.2008 respectively.
- \$\$ Put and call option at the end of 3rd year from the date of allotment.
- © Put and call option at the end of 5th year from the date of allotment.
- ©© Put and call option at the end of 7th year from the date of allotment.
- ©©© Includes Rs. 387.29 crore (US \$ 88.84 million) as loans from banks against FCNR Deposits.
- ^ Put option at the end of 7th year.
- ^^ Converted to Tier II Capital on 30.03.2004 from 10.15% Taxable 2002 (SD – II) bonds repayable on 27.03.2012.
- ^^^ Repayable from 01.04.2008 to 15.06.2022.



SCHEDULE E FIXED ASSETS												
(Rs. in thousand)												
ITEMS	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as at 1.4.2007	Addition during the year	Adjustments		Total Cost as at 31.03.2008	As at 1.4.2007	For the year	Adjustments		Total as at 31.03.2008	As at 31.03.2008	As at 31.3.2007
			Addition	Deduction				Addition	Deduction			
Land (Freehold)	8,490	-	-	-	8,490	-	-	-	-	-	8,490	8,490
Land (Leasehold) * ##	94,143	-	-	-	94,143	16,595	1,121	-	-	17,716	76,427	77,548
Building ** ##	663,674	-	-	-	663,674	227,394	21,814	-	-	249,208	414,466	436,280
Flat ##	210,166	-	-	-	210,166	90,581	5,980	-	-	96,561	113,605	119,585
Airconditioner & Cooler	15,651	336	-	68	15,919	10,050	807	-	55	10,802	5,117	5,601
Office Equipments #	234,013	27,304	-	14,110	247,207	195,269	18,861	-	13,435	200,695	46,512	38,744
Furniture & Fixtures	40,919	744	-	41	41,622	29,642	2,123	-	40	31,725	9,897	11,277
Vehicle	16,503	-	-	-	16,503	13,409	819	-	-	14,228	2,275	3,094
Library Books	7,687	384	-	3	8,068	7,687	384	-	3	8,068	-	-
Miscellaneous Assets	33,323	1,080	-	23	34,380	33,323	1,080	-	23	34,380	-	-
	1,324,569	29,848	-	14,245	1,340,172	623,950	52,989	-	13,556	663,383	676,789	700,619
Less : Grants												
Building	13	-	-	-	13	9	-	-	-	9	4	4
Air Conditioner	301	-	-	-	301	290	2	-	-	292	9	11
Office Equipment	2,013	-	-	20	1,993	1,807	49	-	20	1,836	157	206
Furniture & Fixtures	10	-	-	-	10	10	-	-	-	10	-	-
Library Books	2	-	-	-	2	2	-	-	-	2	-	-
Miscellaneous Assets	73	-	-	-	73	73	-	-	-	73	-	-
	2,412	-	-	20	2,392	2,191	51	-	20	2,222	170	221
Capital Work-In-Progress	1,322,157	29,848	-	14,225	1,337,780	621,759	52,938	-	13,536	661,161	676,619	700,398
As At 31.03.2008	1,391,606	50,522	-	2,945	1,424,958	621,759	52,938	-	13,536	661,161	763,797	769,847
As At 31.03.2007	1,208,773	197,452	-	14,619	1,391,606	588,332	47,422	-	13,995	621,759	769,847	-

* Includes land of Rs 0.09 crore on perpetual lease (Previous year Rs 0.09 crore) hence no depreciation has been provided.

** Includes leasehold building gross block of Rs. 65.28 crore (Previous year Rs. 65.28 crore), total depreciation of Rs. 24.17 crore (Previous year Rs. 22.00 crore) and net block of Rs. 41.11 crore (Previous year Rs. 43.28 crore) as on 31.03.2008.

Includes Intangibles assets gross block of Rs. 1.62 crore (Previous year Rs. 1.60 crore), amortisation during the year Rs. 0.01 crore (Previous year Rs. 0.09 crore) total amortisation of Rs. 1.61 crore (Previous year Rs. 1.59 crore) and net block of Rs. 0.02 crore (Previous year Rs. 0.01 crore) as on 31.03.2008.

The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of Rs. 47.91 crore (previous year Rs. 47.91 crore) are yet to be executed.



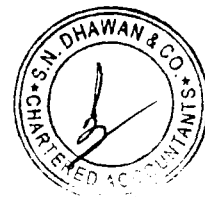
**SCHEDULE F
INVESTMENTS**

			As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)	
Equity Shares (Long Term) (Trade Investment)	49,719			49,719	
Less: Provision	30,000		19,719	30,094	
Equity Shares (Long Term) - Joint Venture	24,030			23,900	
Less: Provision	2,289				
Bonds			21,741		
			20,584,120	24,461,450	
			20,625,580	24,504,975	
Aggregate of quoted Investments:					
Cost			26,000	26,000	
Market value			45,344	37,475	
Aggregate of unquoted Investments					
Cost			20,631,869	24,509,069	
Quoted Investments					
Equity Shares					
	Number	Face Value (Rs.)	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)	
Indbank Housing Ltd.	2,500,000	10	25,000	25,000	
Bhagyanagar Wood Plast Ltd.	100,000	10	1,000	1,000	
Total Quoted			26,000	26,000	
Unquoted Investments					
(A) Equity Shares					
	Number	Face Value (Rs.)	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)	
TN Urban Finance Infrastructure Dev. Corpn. Ltd.	20,000	100	2,000	2,000	
Cent Bank Home Finance Ltd. *	170,000	100	17,000	17,000	
Intra Consolid (India) Ltd.	100,000	10	1,000	1,000	
Nagarjuna Ceramics Ltd. *	100,000	10	1,000	1,000	
Marmite Polycast Ltd.	100,000	10	1,000	1,000	
Periwal Bricks Ltd.	100,000	10	1,000	1,000	
Trans Fibre Pipes (I) Ltd.	71,900	10	719	719	
			23,719	23,719	
(B) Equity Shares - Joint Venture					
Pragati Social Infrastructure & Development Ltd.	130,000	10	1,300	1,300	
MCM Infrastructure Private Ltd.	260,000	10	2,600	2,600	
Shristi Urban Infrastructure Development Ltd. #	2,000,000	10	20,000	20,000	
Signa Infrastructure India Ltd.	13,000	10	130	-	
			24,030	23,900	
(C) Bonds					
	Rate of Interest (%)	Number	Face Value (Rs.)	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Karnataka Ren. Energy Development Ltd. **	14.00	3,880	100,000	384,120	576,180
TAPI Irrigation Development Corporation **	11.00	17,500	100,000	-	1,750,000
Gujarat Electricity Board	11.50	25,000	100,000	2,500,000	2,500,000
West Bengal Infrastructure Dev. Finance Corpn. Ltd.	11.85	25,000	100,000	2,500,000	2,500,000
West Bengal Infrastructure Dev. Finance Corpn. Ltd.	8.00	50,000	100,000	5,000,000	5,000,000
West Bengal Infrastructure Dev. Finance Corpn. Ltd.	8.00	2,000	1,000,000	2,000,000	2,000,000
Vidarabha Irrigation Development Corporation **	11.00	10,000	100,000	-	1,000,000
Godawari Marathwada Irrigation Deve. Corpn. **	11.00	5,000	100,000	-	500,000
EDC Ltd.	10.50	3,000	100,000	-	300,000
HP Infrastructure Development Board	11.30	20,000	100,000	2,000,000	2,000,000
J & K Power Development Corporation Ltd.	11.10	15,000	100,000	1,500,000	1,500,000
A P Power Finance Corporation Ltd.	8.15	2,700	1,000,000	2,700,000	2,700,000
Maharashtra Jeewan Pradhikaran	8.00	2,000	1,000,000	2,000,000	2,000,000
Maharashtra Jeewan Pradhikaran	11.50			-	135,270
				20,584,120	24,461,450
Total Unquoted				20,631,869	24,509,069

* Share Certificates sent for correction but not received back.

** Held with J & K Bank Depository Services who are showing a balance of Rs. 135.80 crore of Karnataka Renewable Energy Development Ltd., Rs. 175 crore of TAPI Irrigation Development Corporation, Rs. 100 crore of Vidarabha Irrigation Development Corporation and Rs. 50 crore of Godawari Marathwada Irrigation Development Corporation as a Face Value against Rs. 38.80 crore of Karnataka Renewable Energy Development Ltd. and rest is Rs. Nil, appearing in HUDCO's books. The difference is because of redemption of bonds the intimation of which was not given by investee to Depository Services.

10 Share Certificates in the name of our one employee have been sent to transfer in the name of HUDCO.



**SCHEDULE G
LOANS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Loans		
Opening Balance	219,402,430	220,501,348
Add : Advanced during the year	37,540,289	34,524,051
Less: Repayment received during the year	35,456,255	35,622,967
	<u>221,486,464</u>	<u>219,402,430</u>
Less : K/W Releases	431,762	440,248
	<u>221,054,702</u>	<u>218,962,182</u>
Less : Excess amount (Pending adjustment)	999	1,129
	<u>221,053,703</u>	<u>218,961,053</u>
Less : Provision on loans	10,826,657	8,687,977
	<u>210,227,046</u>	<u>210,273,076</u>
Add : Interest accrued and due on above	502,342	379,921
	<u>210,729,388</u>	<u>210,652,997</u>
Loans & advances considered good in respect of which the company is fully secured by mortgage.	63,140,563	51,427,951
Loans & advances considered good in respect of which the company holds guarantees from Government / Banks.	91,876,051	99,732,948
Loans & advances to Central & State Government departments considered good for which the company holds no security (The Government guarantee is considered implicit).	62,439,770	65,022,051
Loans & advances considered good for which the company holds no security other than the debtor's personal security	3,598,318	2,779,232
	<u>221,054,702</u>	<u>218,962,182</u>



**SCHEDULE H
SUNDRY DEBTORS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Unsecured		
Debts outstanding for a period exceeding six mont		
- Considered good	74,409	4,672
- Considered doubtful	<u>10,297</u>	10,297
Other Debts	84,706	
- Considered good	13,219	5,443
Less : Provision for doubtful debts	<u>10,297</u>	<u>10,297</u>
	<u><u>87,628</u></u>	<u><u>10,115</u></u>



**SCHEDULE I
CASH & BANK BALANCES**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Cash and Revenue stamps in hand	621	535
Imprest	-	71
Demand Drafts in hand	-	35
Stamps in hand (Including franking machine balance)	29	56
Remittance in transit(Inter office)	1,571	15,193
Deposit Account		
- Scheduled Banks - Indian Branches *	1,854,250	12,913,124
- Scheduled Banks - Foreign Branches **	1,666,121	1,892,349
	<u>3,520,371</u>	
Current Account		
- Scheduled Banks - Indian Branches *	3,942,168	1,251,084
Balance with Reserve Bank of India	2,198	-
	<u>7,466,958</u>	<u>16,072,447</u>

* Includes Rs. 63.70 crore (Previous year Rs.60 crore) in the Deposit account/Flexible Deposit and Rs. 0.10 crore (Previous year Rs. 0.81 crore) No-lien account of Andrews Ganj Project.

** Under lien with Bank of India, Cayman Islands Branch, USA.



**SCHEDULE J
OTHER CURRENT ASSETS**

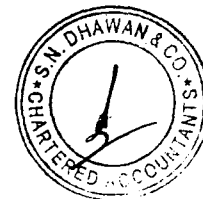
	<u>As at 31st March, 2008 (Rs. in thousand)</u>	<u>As at 31st March, 2007 (Rs. in thousand)</u>
Interest accrued on:		
Bonds	911,079	1,046,586
Fixed Deposit with Scheduled Bank- Indian Branches *	18,610	36,806
Deposit with Scheduled Bank - Foreign Branches	25,994	32,759
Loans	<u>1,062,058</u>	<u>785,420</u>
	<u>2,017,741</u>	<u>1,901,571</u>
Work-in-Progress		
Opening balance	1,292,382	1,168,606
Add: Work done during the year		
- Andrews Ganj project (AGP)		
- Consultancy fees	-	544
- Civil work	11,383	123,196
- Other expenses	<u>36</u>	<u>36</u>
	<u>1,303,801</u>	
Less: Work Completed (AGP)	<u>593,273</u>	
	<u>710,528</u>	
Closing Work In Progress	<u>710,528</u>	<u>1,292,382</u>
Work Completed	144,122	316,611
Less: Adjustment during the year	<u>-</u>	<u>172,489</u>
	<u>144,122</u>	<u>144,122</u>
Others		
- Amount receivable from Government of India under Jabalpur Earthquake Scheme	50,032	50,032
Less Provision	<u>50,032</u>	<u>50,032</u>
	<u>-</u>	<u>-</u>
	<u>2,872,391</u>	<u>3,338,075</u>

* Includes Rs. 1.69 crore (Previous year Rs. 1.57 crore) on Fixed Deposit/Flexible Deposit held under No-lien account of Andrews Ganj Project.



**SCHEDULE K
OTHER LOANS AND ADVANCES**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Staff loans	327,430	340,090
Add : Interest accrued on above	107,293	100,977
	<u>434,723</u>	
Less: Provision	946	7
	<u>433,777</u>	<u>441,060</u>
Loan against Hudco Public Deposit	86,634	1,656
Add : Interest accrued on above	6,819	104
	<u>93,453</u>	<u>1,760</u>
Others		
Advances for works *	282,853	296,270
Advances recoverable in cash or in kind or for value to be received or pending adjustments:		
Employees	1,700	2,042
Prepaid Expenses	4,354	5,310
Other deposits	2,144	2,242
Advance against capital purchases	36,413	24,376
Advance Income Tax / Fringe Benefit Tax (Including TDS)	1,720,059	1,062,672
Income Tax Payments subject to litigation	1,973,432	1,608,243
Interest Tax Payments subject to litigation	87,489	137,312
Others	284,576	334,125
	<u>4,110,167</u>	
Less : Provision	4,640	7,469
	<u>4,105,527</u>	<u>3,907,943</u>
	<u>4,915,610</u>	<u>4,915,610</u>
* Includes Rs.27.80 crore (Previous year Rs.28.70 crore) on account of Andrews Ganj Project.		
Loans & advances considered good in respect of which the company is fully secured by mortgage.	453,888	367,219
Loans & advances considered good in respect of which the company holds guarantees from Government / Banks.	-	-
Loans & advances to Central & State Government departments considered good for which the company holds no security (The Government guarantee is considered implicit).	225,855	227,365
Loans & advances considered good for which the company hold no security other than the debtor's personal security	4,235,867	3,313,359
	<u>4,915,610</u>	<u>3,907,943</u>
Due by Directors of the company	130	-
Due by other officers of the company	-	46
Maximum amount due at any time during the year by Directors of the company	130	881
Maximum amount due at any time during the year by officers of the company	93	50

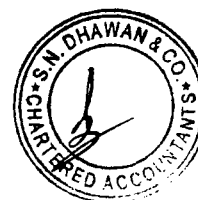


**SCHEDULE L
CURRENT LIABILITIES**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
Sundry creditors		
Sundry Creditors (Refer Note No.13)	7,231	8,503
Security, Earnest money and other deposits	63,365	56,744
Amount received in advance	51,188	60,973
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 will be determined on the respective due dates		
i) Unpaid Debentures	-	-
ii) Unpaid Bonds	290,238	47,779
iii) Unpaid Public Deposits	48,347	317,550
	338,585	
iv) Interest accrued & due on above	99,600	368,563
KfW R & D account	451,244	449,485
KfW Interest account	85,768	83,400
Amount received from KfW **	1,119,406	1,126,456
Less : KfW Releases	431,762	440,248
	687,644	
Grant received from different Ministries/Agencies **	29,043	28,816
Subsidy received from different Ministries/Agencies **	572,508	80,313
Amount received/receivable against sale of project *	577,878	1,170,246
Amount payable to Ministry - AGP	1,298,466	1,242,612
Bank book overdraft in current account	18	405,070
Bank book overdraft with Reserve Bank of India	-	123,322
Premium for forward sale contract accrued but not due	190	285
Other Liabilities	654,207	623,084
Interest accrued but not due		
- Secured Loans	31,649	29,686
- Unsecured Loans	6,333,273	6,992,578
- Others	51	51
	11,281,908	12,775,268

* Includes Rs. 57.79 crore (Previous year Rs. 117.02 crore) being surplus generated in respect of Andrews Ganj Project under execution on behalf of Government of India.

** Includes Rs. 60.38 crore (previous year Rs. 11.14 crore) (net of refunds) as on 31.03.2008 received on account of various Grants / Subsidy. Cumulative Grants / Subsidies received as on 31.03.2008 is Rs.1478.56 crore (previous year Rs. 1380.49 crore) out of which Rs. 1418.18 crore (previous year Rs. 1369.35 crore) has been released. The Utilisation Certificates to the extent of Rs.1190.84 crore has been received and for balance amount of Utilisation Certificates are being followed up.



**SCHEDULE M
PROVISIONS**

	As at 31st March, 2008 (Rs. in thousand)	As at 31st March, 2007 (Rs. in thousand)
For Income tax	2,171,800	1,197,000
For Wealth tax	1,200	3,000
For Fringe benefit tax	8,500	9,000
For Leave encashment	117,204	80,579
For Post-retirement medical benefit	522,818	266,182
For Gratuity	86,933	-
For Welfare expenses	3,679	-
For Leave travel concession	98,574	-
For Pay revision	82,078	16,000
For Interim Dividend	263,450	-
For Proposed Final Dividend	417,596	206,796
For Dividend Tax	115,744	35,145
	<u>3,889,576</u>	<u>1,813,702</u>



SCHEDULE N
INCOME FROM LOANS, INVESTMENTS, DEPOSITS & OTHERS

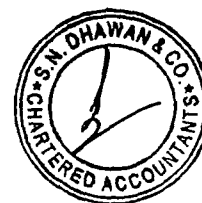
	Year ended 31st March, 2008 (Rs. in thousand)	Year ended 31st March, 2007 (Rs. in thousand)
Interest on Loans	23,177,783	21,357,468
Interest on Bonds *	2,275,663	2,428,342
Other Income on loans *	438,349	418,834
Other income on Bonds	1,940	1,940
Dividend on long term investments	172	120
Interest on Staff Advances	11,502	12,192
Interest on Loans against Public Deposits	7,395	164
Interest on Fixed Deposits		
- Scheduled Banks - Indian Branches	622,315	1,206,737
- Scheduled Banks - Foreign Branches	<u>98,201</u>	114,053
	720,516	
Overhead charges on construction project	348	2,481
Profit on sale of completed project	-	324,584
Consultancy *	142,381	90,916
Management Development Programme *	5,288	7,003
Rental Income *	79,197	40,082
Profit on sales of fixed assets (Net)	305	-
Gain on Foreign Currency fluctuation (Net)	385,887	77,288
	<u>27,246,726</u>	<u>26,082,184</u>

* Tax Deducted at Source Rs. 47,72,24,182/- (Previous year Rs. 46,25,56,613/-).



SCHEDULE O
INTEREST & FINANCIAL CHARGES

	Year ended 31st March, 2008 (Rs. in thousand)	Year ended 31st March, 2007 (Rs. in thousand)
Interest on Secured loans	235,960	221,150
Interest on Unsecured loans		
- Indian Currency	16,105,507	16,719,840
- Foreign Currency		
- Unswapped	34,517	27,840
- Swapped	702,947	749,293
Government Guarantee Fee	47,164	51,240
Premium on Forward Sale Contract	8,710	15,159
Deferred Revenue Expenditure Written Off - Financial Charges	89,417	116,726
Other Expenses on loans	31,896	36,771
	<u>17,256,118</u>	<u>17,937,819</u>



**SCHEDULE P
PAYMENT TO AND PROVISION FOR EMPLOYEES**

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Directors *	Total	Directors *	Total
	(Rs. in thousand)		(Rs. in thousand)	
Salaries, Allowances & Other Amenities **	2,527	760,572	1,123	473,548
Group saving linked insurance premium	1	252	1	250
Gratuity **	-	54,749	-	6,463
Insurance **	-	546	-	402
Welfare	-	8,242	-	5,278
Staff development / Training	2	1,365	47	3,534
Contribution to provident fund	126	23,305	164	19,745
Administrative charges	3	457	2	411
Contribution to pension fund	9	6,791	6	6,724
Contribution to benevolent fund	1	470	1	379
	2,669	856,749	1,344	516,734

* Included in total.

** Includes provision/payment for directors.



SCHEDULE Q
ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	Directors * (Rs. in thousand)	Total	Directors * (Rs. in thousand)	Total
ADMINISTRATIVE EXPENSES				
Office rent	-	8,640	-	8,368
Repair & maintenance to Building	-	24,352	-	25,259
Repair & maintenance of other assets	-	11,109	-	9,432
Repair & maintenance of Vehicle	-	3,818	-	4,773
Loss on sale of fixed assets	-	-	-	17
Insurance	-	990	-	1,438
Rates & Taxes	-	12,390	-	11,488
Grant in aid / R & D expenditure	-	8,379	-	6,977
Travelling	2,550	27,811	3,931	28,524
Legal & professional fee	-	9,369	-	10,413
Payment to auditors :				
- Audit fees				
- Current year	-	450	-	300
- Previous year	-	150	-	-
- Tax Audit Fees				
- Current year	-	225	-	150
- Previous year	-	75	-	-
- Other matters	-	725	-	368
- Reimbursement of expenses	-	322	-	49
Electricity	-	11,145	-	11,732
Printing & Stationery	-	5,013	-	5,271
Postage, Telegram, Telephone & Telex	-	13,207	-	13,562
Advertisement, Publicity & Sponsorship	-	9,356	-	15,536
Exhibition & Conference (Net) **	-	448	-	1,092
Subscription & Membership	31	1,890	45	2,218
Miscellaneous #	250	42,279	520	48,997
	2,831	192,143	4,496	205,964
OTHER EXPENSES				
Expenses on Consultancy	-	7,669	-	4,795
Expenses on Management Development Programme	-	3,062	-	6,969
Expenses on Research Studies	-	-	-	1,055
Expenses on Completed Project	-	7,279	-	7,228
Waiver of Instalments	-	30	-	115
Early Redemption Expenses	-	80	-	1,260
	-	18,120	-	21,422
	2,831	210,263	4,496	227,386

* Included in total.

** Tax Deducted at Source Rs. Nil (Previous year Rs. 1,91,165/-).

Includes Rs. 1,03,500/- (Previous year Rs. 54,500/-) on account of sitting fee paid to Directors.



**SCHEDULE R
PRIOR PERIOD ADJUSTMENTS**

	Year ended 31st March, 2008 (Rs. in thousand)	Year ended 31st March, 2007 (Rs. in thousand)
INCOME		
Salary allowances & other benefits	-	1
Insurance	586	-
Publicity	102	-
Consultancy fee	4,979	-
Miscellaneous receipt	255	1,453
	<u>5,922</u>	<u>1,454</u>
EXPENDITURE		
Salary allowances & other benefits	125	52
Office rent	9	-
Repairs & Maintenance	4,438	414
Rates & Taxes	101	8,395
Legal Charges	2,506	-
Interest on loan	128	9,025
Interest on borrowings	570	-
Expenses on bonds & other borrowings	104	-
Other Expenses	839	240
	<u>8,820</u>	<u>18,126</u>
Excess of Income over Expenditure / (Expenditure over Income)	(2,898)	(16,672)



SCHEDULE- S**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 accounting standards issued by the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and the Housing Finance Companies (NHB) Directions, 2001 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. Deferred Revenue Expenditure

The ancillary cost of raising the borrowings namely brokerage charges, arranger's fees, stamp duty, etc. are deferred to be amortized in equal annual instalments over the period of borrowing effective from the year of respective borrowing including moratorium period. In the case of public issue of bonds, the amount of brokerage charges/commission is treated as deferred expenditure to be amortized in annual instalments over the maximum maturity period of bonds from the year of allotment.

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.
- (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.
- (e) Payments made for Land/ Buildings/ Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.
- (f) 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.
- (g) 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) On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.



(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 prevailing on the dates of the respective transactions.
- (b) Assets and liabilities denominated in foreign currencies are restated at the exchange 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 Profit and Loss Account.
- (d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate 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 Profit & Loss Account. The Corporation's obligation towards gratuity to employees and post retirement medical benefits are actuarially determined and provided for as per AS-15 (Revised).
- (b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, Gift on completion of 20 years of Service & retirement gift are actuarially determined and provided for as per AS-15 (Revised).



10. Taxation

- (a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax, wealth tax and fringe benefit 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 the past event, 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.



SCHEDULE- T

NOTES FORMING PART OF THE ACCOUNTS

1) Contingent Liabilities not provided for #:

		(Rs. in crore)	
		2007-2008	2006-2007
A	Claims of Contractors not acknowledged as debts	20.64	18.55
	Counter claims of the Company	0.75	0.92
B	Brokerage claim for PDS	-	0.95
C	Demands from MCD towards property tax being contested by the Company	2.21	2.21
D	Demand of maintenance charges & reserve fund in respect of office premises.	0.22	0.21
E	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India.	30.87	30.09
F	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs. 202.24 crore (previous year Rs. 172.00 crore).	216.51	179.89
G	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	309.16	293.10
H	Estimated amount of commitments remaining to be executed on capital account	7.97	8.55
I	Liability in respect on un-reconciled balances of Banking Sector Loans {Refer Note 4 (b)}	0.18	0.60
	The Company is also liable in respect of some pending legal cases and other matters	Amount unascertainable	Amount unascertainable

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. keeping in view that, amounts whenever ascertained / finalised shall be met out of AGP project surplus funds and as such there is no liability of the Company. {Refer Note 7}

- 2) Debentures / Bonds aggregating to Rs. 36.66 crore towards interest and principal (Previous Year Rs. 10.69 crore) were due and unclaimed as on 31st March 2008. An amount of Rs. 0.22 crore (excluding sub-judice amount of Rs. 1.13 crore), which is unclaimed for a period of seven years from the due date of interest payment has since been deposited in "Investor Education and Protection Fund".
- 3) (a) As against the total FCNR (B) / FCTL loan of Rs. 1,003.77 crore (USD 249.88 million) outstanding as on 31.3.2008 (Previous Year Rs. 387.29 crore / USD 88.84 million), forward contracts have been taken for Rs. 59.90 crore (USD 13.74 million) and (Previous Year Rs. 59.90 crore / USD 13.74 million).



- (b) In respect of banking sector loans (Schedule- C & D – Secured & Unsecured loans) amounting to Rs. 7,419.87 crore (Previous Year Rs. 6,902.33 crore), confirmation of balances has been obtained from all the 38 banks (Previous Year 38 banks). Out of this, outstanding balance of Rs. 866.47 crore (Previous Year Rs. 424.27 crore) of 5 Banks (Previous Year 6 banks) have difference (due to debit by banks) of Rs. 0.18 crore (Previous Year Rs. 0.60 crore) and the amount is under reconciliation. Outstanding balance of Rs. 2,348.52 crore (Previous Year Rs. 2,530.56 crore) of 9 banks (Previous Year 10 banks) have difference (due to credit by banks) of Rs. 0.03 crore (Previous Year Rs. 0.43 crore) and the amount is under reconciliation. Till the matter is resolved the amount of Rs. 0.18 crore has been shown as Contingent Liability.
- 4) The secured and unsecured loans in Schedule-C and D include a sum of Rs. 3,750.34 crore (previous year Rs. 4,391.73 crore) towards repayments due within next 12 months (April 2008 to March 2009).
- 5) (a) Letters seeking confirmation of outstanding balances at each quarter end have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. However, revised confirmation letters of outstanding balances at the year end have been issued to the borrowers after implementing the revised method of interest calculation on number of day's basis as on 31.3.2008. The revised confirmation is awaited / underway.
- (b) In some Loan Accounts, the appropriation of receipts till the financial year 2002-2003 was done based on the details provided by the agencies as against the then accounting practices. Necessary adjustments have been made on reconciliation except in respect of City Industrial Development Corporation and Tamil Nadu Housing Board where reconciliation is underway.
- (c) The Company has been following the practice of determining the Non Performing Assets (NPAs) taking the number of instalments due at the end of each year. This practice is consistently being followed over the last many years. The National Housing Bank (NHB), in their recent inspection report has stated about the requirement of maintaining the original date of default for purpose of determining the age of NPAs and consequential provisioning. To get the clarification in this regard, a reference has been made to National Housing Bank (NHB) vide letter No. HUDCO/LA/ Prudential Norms/PFC/2006-07/322/2007 dated 14.8.2008 and NHB has replied vide their letter No. NHB (ND)/DRS/Reg/4477/2008 dated 18.8.2008 that the matter is being examined and Company would be advised in this regard in due course. Pending receipt of clarification, the Company has continued to follow its existing practice of determining the age of default in line with the practice of earlier years.



- (d) During the year the Company has made an additional provision of Rs. 315 crore (previous year Rs. 175 crore) on loans which is over and above NHB Norms.
- (e) The Company has undertaken valuation of mortgaged properties in respect of doubtful assets (loans) once in every three years from the year 2004-2005, through independent Valuers. Valuation Reports of properties covering 100% (previous year 99.26%) of the value have been received. In 4 cases, (previous year 4 cases), an additional provision of Rs. 2.76 crore (previous year Rs. 2.38 crore) has been made to cover the shortfall.
- (f) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs.10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15th September, 2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi as OA No.10 of 2006. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money.

An application was also made to CIAL and Government of Kerala under the Right to Information Act-2005, for getting information relating to increase in share capital which was denied by agency. Accordingly, a complaint is also filed before State Information Commission against CIAL.

A contempt petition was also filed in February, 2007 against CIAL and others for increasing the authorized share capital of CIAL and thereby violating the DRT's injunction order dated 27.4.2006. The contempt petition filed by HUDCO against the Managing Director and others for violating the said interim order dated 27.4.2006 was dismissed. HUDCO has filed an appeal against the order of DRT in Debt Recovery Appellate Tribunal (DRAT). The matter is being followed up with State Government and CIAL for issue of equity shares pending which the



total outstanding as on 31.3.2008 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intregnum period. The loan has been classified as NPA and necessary provision has been made as per NHB norms. The cases are adjourned for filing of relevant documents and replies by the concerned parties.

- 6) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :
- (a) Equitable Mortgage of the property and / or
 - (b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

- 7) (a) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs (MOUA). As per perpetual lease deed, the Company is liable to make available net resources from the development and disposal of properties of the project to the Ministry and accordingly the Company was paying interest on net resources generated on the project upto 3.11.2004 and thereafter a separate no lien account has been opened under the name of HUDCO AGP Surplus 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. MOUD has intimated that the Company cannot pass on the financial liability to the Government on account of disputes. However, the Company has represented that as per perpetual lease deed, the Company is liable to make available "net resources generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes have to be debited to this project and as such there is no liability of the Company.
- (b) An amount of Rs. 17.98 crore was initially deposited with Municipal Corporation of Delhi (MCD) on account of property tax of Andrews Ganj Project for the period upto 4th July, 1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore alongwith interest amounting to Rs. 15.83 crore is recoverable from MCD upto 31.3.2008, out of which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after



4th July, 1997. In case of any demand from MCD after 4th July, 1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on land owned by the Government of India.

- (c) 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 instalments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first instalment 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) erstwhile (M/s. Leela Hotel and Convention Center) now known as Hotel Leela Venture Ltd. subject to the final outcome of the decision of Hon'ble Additional District Judge on the suit filed by MSSEL. At present, the matter is sub-judice before Tis Hazari Court, Delhi. The possession of the hotel site and car parking space, which was handed over to LHL, has been taken back by the Company because of cancellation as per allotment terms due to non-payment of 3rd and final instalment by LHL. On 12.7.99, 50 percent of the amount deposited, by M/s. LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited alongwith interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

Leela Hotels Ltd. pursuant to the Supreme Court above orders moved an application, I.A No.83 of 2008 before High Court of Delhi for



Execution of Award as modified by Supreme Court of India and claimed a total balance amount of Rs. 163.76 crore from HUDCO. HUDCO has also filed application No. 178 / 2008 and paid a sum of Rs. 48.09 crore as per its calculation vide Cheque dated 9.5.2008 directly to Leela Hotels Ltd. as permitted by Hon'ble Court.

LHL has filed reply to HUDCO's application on 22.5.2008 and HUDCO would be filing reply to LHL's application shortly. The matter is now listed for final arguments on 10.9.2008.

- (d) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first instalment 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.
- (e) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 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 Rs. 0.85 crore 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 Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee.
- (f) 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 Rs. 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 @ of 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. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in



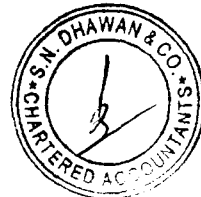
24 monthly instalments starting from September, 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L & D O as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non payment of Ground Rent and interest thereof by APIL from October, 2003 onwards. APIL has filed the reply. At present the case is pending before the Hon'ble High Court of Delhi for arguments and for filing of reply to the additional reply of APIL by HUDCO.

- 8) The pay revision of Public Sector executives and non executives was due w.e.f. 1.1.2007 and 1.8.2007 respectively. An adhoc cumulative provision of Rs. 8.21 crore (previous year Rs. 1.60 crore) has been made for pay revision on an estimated basis.
- 9) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:
 - (a) 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. The fair value of the assets of the Provident Fund including the returns of the assets thereof, as at 31.3.2008 is greater than the obligation under the defined contribution plan.
 - (b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision 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.
 - (c) On adoption of Accounting Standard -15 - Employees Benefits, the Productivity Linked Incentive is accounted for on accrual basis, consequently the profit for the year is lower by Rs. 2.31 crore.
 - (d) On adoption of Accounting Standard -15 - The Company's obligation towards leave travel concession are actuarially determined and provided for as per AS-15. Consequently the profit for the year is lower by Rs. 9.86 crore.



- 10) (a) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.
- (b) NHB during the year has issued a direction on creation of a floating charge on the statutory liquid assets maintained in terms of Sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987, by a mechanism of a "Trust Deed" in terms of Paragraph 14A of the Housing Finance Companies (NHB) Directions, 2001. The trustees have since been appointed and the trust deed is being executed shortly.
- 11) Income Tax as applicable in respect of Interest accrued on bonds / debentures 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.
- 12) In compliance to the opinion of the expert advisory committee of the Institute of Chartered Accountants of India (ICAI) in terms of Accounting Standard AS-22 the Company created Deferred Tax Liability (DTL) on Special Reserve under section 36(1)(viii) of Income Tax Act during the year 2004-2005 for the first time. Accordingly in terms of the Transitional Provisions of this AS, out of accumulated DTL of Rs. 315.21 crore for the period up to financial year 2003-2004, Rs. 267.53 crore were charged to General Reserve and Rs. 47.68 crore were charged to Profit and Loss Account in the accounts for 2004-2005. The net deferred tax provision from financial year 2004-2005 onwards is being charged to the Profit & Loss Account of that year. Further as per subsequent opinion of ICAI, out of aforesaid Rs. 267.53 crore, Rs. 136.76 crore only were to be charged to General Reserve and balance Rs. 130.77 crore were to be accounted for by crediting General Reserve and debiting Profit & Loss Account with a disclosure as a prior period item during the year of implementation i.e. 2004-2005. Out of aforesaid Rs. 130.77 crore, the net shortfall now is Rs. 120.97 crore after adjusting Rs. 9.80 crore towards excess DTL created in previous year on excess Special Reserve where Income Tax assessments are complete. One of the PSUs has represented to the expert advisory committee of ICAI against above opinion covering HUDCO's case as well.

The Institute in its letter dated 4.4.2007 issued to one of the PSUs has stated that the Accounting Standard Board examined AS 22, Accounting for Taxes on Income, in the light of the opinion of the Expert Advisory Committee. It is further stated that "the Board decided to take up the revision of the standard on the lines of the corresponding IAS, namely, IAS 12, Income taxes, as a part of its convergence with IFRS project. It was argued that since IAS 12 is based on the 'balance sheet approach' as against 'income statement approach' on which the existing AS 22 is based, the problem being encountered by the Company may not arise". In view of this, rectification as



- (e) The summarized position of various defined benefit schemes recognised in the Profit & Loss Account, Balance Sheet and the funded status are as under:

(Rs. in crore)				
	Gratuity	Leave Encashment		Post Retirement Medical Benefits
		EL	HPL	
1. Component of Employer Expenses				
a. Current Service Cost	0.88	0.60	0.25	2.92
b. Interest Cost	0.99	0.56	0.23	3.80
c. Expected return on plan assets	-0.78	0.00	0.00	0.00
d. Actuarial (Gain) / Loss	-0.03	0.17	0.27	-1.43
e. Total Expenditure/(Gain)	0.00	0.00	0.00	0.00
f. Recognised in the P&L A/c.	1.06	1.33	0.75	5.29
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2008				
a. Present value of Obligation as at 31.3.2008	13.74	8.21	3.51	52.28
b. Fair Value of plan assets as at 31.3.2008	10.03	0.00	0.00	0.00
c. Assets / (Liability) recognised in Balance Sheet	-3.71	-8.21	-3.51	-52.28
3. Change in present value of obligation as on 31.3.2008				
Present Value of obligation as at 31.3.2007	12.28	7.02	2.81	47.53
Current service cost	0.88	0.60	0.25	2.92
Interest Cost	0.99	0.56	0.23	3.80
Actuarial (Gain) / Loss	-0.01	0.17	0.27	-1.43
Benefits Paid	-0.40	-0.14	-0.05	-0.54
Present Value of obligation as at 31.3.2008	13.74	8.21	3.51	52.28
4. Change in the Fair Value of Plan Assets				
Present value of plan assets as on 31.3.2007	8.36	0.00	0.00	0.00
Actual return on Plan Assets	0.80	0.00	0.00	0.00
Actual Company Contribution	1.27	0.00	0.00	0.00
Benefits Paid	-0.40	0.00	0.00	0.00
Fair Value of Plan Assets as at 31.3.2008	10.03	0.00	0.00	0.00
5. Actuarial Assumptions				
Discount Rate (per annum)	8.00	8.00	8.00	8.00
Expected rate of returns on assets (p.a.)	9.30	0.00	0.00	0.00
Future cost increase	5.50	5.50	5.50	5.50
6. Details of the Plan Assets at cost as on 31.3.2008				
Government of India Securities, Corporate Bonds etc.	0.00			
Gratuity Fund Managed by Insurer	100%			

- ❖ The estimates of future salary increase, pay revision increase, account inflation, seniority, promotion and other relevant factors considered in actuarial valuation.
- ❖ The previous year's figures have not been given because of adoption of AS-15 for the first time.



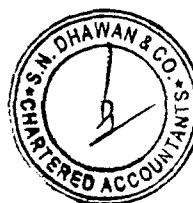
suggested by the ICAI regarding creation of DTL on Special Reserve for the period 2001-2002 to 2003-2004 by charging to Profit & Loss Account and crediting the reserves by Rs. 120.97 crore has not been carried out.

- 13) 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.
- 14) 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.
- 15) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.
- 16) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancellable 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 Schedule-Q of the Profit & Loss Account.
- 17) The Company has constituted Audit Committee in compliance of section 292A of the Companies Act, 1956 and DPE guidelines on Corporate Governance. During the financial year 2007-2008, the constitution of the audit Committee was not in accordance with the provisions of law, on account of non-availability of sufficient number of part-time non-official directors. But after the appointment of the part-time non-official directors by the President of India in December, 2007, the Audit Committee has been reconstituted and the same is in accordance with the provisions of law.
- 18) **Details of Expenditure / Earnings in foreign currency :**

Particulars	(Rs. in crore)	
	2007-2008	2006-2007
Expenditure		
a) Traveling & Entertainment	0.07	0.17
b) Others	0.02	0.02
c) Interest on foreign loan	13.56	12.15
Earnings		
a) Interest on foreign deposit	10.30	11.29

19) **Earnings Per Share:**

Particulars	Year ended 31.3.2008	Year ended 31.3.2007
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	373.73	308.38
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	186.69	154.04



20) Deferred Tax

The deferred tax Assets / Liabilities as on 31.3.2008 comprise of the following :-

Particulars	(Rs. in crore)			
	As at 31.3.2007	Charge / Credit during the year	Adjustments during the year due to AS-15	As at 31.3.2008
Assets				
Provision for investment	1.02	0.07	0.00	1.09
Provision for debtors	0.35	0.00	0.00	0.35
Provision on loans	295.30	72.69	0.00	367.99
Provision on Jabalpur Earthquake	1.70	0.00	0.00	1.70
Provision on Staff Loans	0.00	0.03	0.00	0.03
Provision on advances	0.25	-0.10	0.00	0.15
Provision for leave encashment	2.74	0.64	0.60	3.98
Provision for retirement benefit	9.05	1.61	7.11	17.77
Provision for Welfare expenses	0.00	0.13	0.00	0.13
Provision for LTC	0.00	3.35	0.00	3.35
Provision for gratuity	0.00	1.62	1.33	2.95
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	7.38	0.63	0.00	8.01
Provision for Productivity Linked Incentive	0.00	0.79	0.00	0.79
Provision for Revision in Pay	0.55	2.25		2.80
Total Assets (A)	318.34	83.71	9.04	411.09
Liabilities				
Miscellaneous exp. yet to be written off	11.99	-2.47	0.00	9.52
Depreciation	4.85	0.33	0.00	5.18
Special Reserve u/s.36(1)(viii) of Income Tax Act	507.41	52.31	0.00	559.72
Total Liabilities (B)	524.25	50.17	0.00	574.42
Net deferred tax assets / (liabilities) (A) - (B)	-205.91	33.54	9.04	-163.33

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

(1) HOUSING FINANCE BUSINESS:

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st March 2007	2007-2008	2006-2007
Standard (considered good)	5,946.09	5,927.36	-	-		
Sub-standard Assets	46.10	1,126.08	4.61	114.30		
Doubtful Assets	1,320.60	545.54	374.59	231.91	235.00	100.00
Loss Assets	34.65	35.37	34.65	35.37		
Total	7,347.44	7,634.35	413.85	381.58	235.00	100.00

(2) NON HOUSING FINANCE BUSINESS:

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st March 2007	2007-2008	2006-2007
Standard (considered good)	13,807.38	13,272.53	55.24	13.27		
Sub-standard Assets	312.10	283.35	31.21	28.34		75.00
Doubtful Assets	632.00	699.69	260.83	264.31	80.00	
Loss Assets	6.54	6.30	6.54	6.30		
Total	14,758.02	14,261.87	353.82	312.22	80.00	75.00



Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st March 2007
Equity Shares	4.97	4.97	3.00	3.01
Equity Shares - Joint Venture	2.41	2.39	0.23	-
Bonds	2,058.41	2,446.15	-	-
Total	2,065.79	2,453.51	3.23	3.01

* The cumulative provision as on 31.3.2007 is inclusive of provision on KFW Loan and the cumulative provision as on 31.3.2008 is excluding any provision on KFW Loans.

22) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

23) **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**

Sl. No.	Directors	Status
1.	Shri Ranjit Issar (from 30.09.2006 to 14.05.2007)*	Chairman & Managing Director
2.	Dr. HS Anand, (from 14.05.2007 to 06.06.2007)	Part Time Official Director and Additional Charge of the post of Chairman & Managing Director
3.	Shri Raghbir Singh (from 5.12.2006 to 18.05.2007)	Part Time Official Director
4.	Shri KL Dhingra (from 25.09.2007)	Chairman & Managing Director
5.	Shri SK Singh (from 06.06.2007)	Part Time Official Director
6.	Dr. RK Vats (from 18.05.2007)	Part Time Official Director
7.	Shri Rajpal Singh Solanki (from 08.12.2005)	Part Time Non Official Director
8.	Shri Dinesh Mahajan (from 26.12.2007)	Part Time Non Official Director
9.	Shri Ishwar Singh (from 26.12.2007 to 14.03.2008)	Part Time Non Official Director



10.	Shri T Prabakaran (from 29.12.2004)	Whole Time Director (Director Finance)
11.	Shri SK Tripathi (from 14.11.2006)	Whole Time Director (Corporate Planning)

* Joined as Part Time Official Director on 29.09.2006

(c) Transactions with Joint Ventures :

Nature of Transactions	(Rs. in crore)				
	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.	Total
Investments					
Balance as at 31.3.2007	2.00	0.13	0.26	-	2.39
Additions during the year				0.013	0.013
Balance as at 31.3.2008	2.00	0.13	0.26	0.013	2.403

(d) Transactions with Key Management Personnel :

Nature of Transactions	(Rs.)							
	Sh. Dinesh Mahajan	Sh. Ishwar Singh	Sh. R. S. Solanki	Sh. K. L. Dhingra	Total	Dr. P.S. Rana	Sh. R. S. Solanki	Total
	2007-2008				2006-2007			
Repayment of Staff loans and Interest	0.00	0.00	0.00	10,184.00	10,184.00	7,06,500.00	0.00	706500.00
Sitting fees	32,000.00	13,000.00	58,500.00	0.00	1,03,500.00	0.00	54,500.00	54500.00

24) 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 (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.00	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.13	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.26	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	2.403			

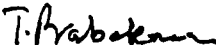
(b) Proportionate Assets & Liabilities :

Year ending	(Rs. in lakhs)							
	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007
Share of Assets	234.11	240.89	596.98	16.53	29.87	26.37	10.66	
Share of Liabilities	34.11	40.89	583.98	3.54	3.87	0.37	9.36	
Share of Income	74.66	65.42	0.48	0.06	1.13	0.78	13.00	
Share of Expenses	71.10	64.82	4.27	5.27	8.41	5.64	11.87	
HUDCO's share in contingent liability of JV Co.	NA	NA	NA	NA	NA	NA	NA	NA
Contingent liability for jointly controlled Company incurred by HUDCO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capital Commitment	Nil	Nil	Nil	Nil	Nil	Nil	24.70	



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


Harender Verma
Company Secretary

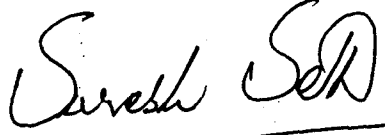

T Prabakaran
Director Finance


K L Dhingra
Chairman & Managing Director

As per our separate report of even date attached

For S N Dhawan & Co.
Chartered Accountants





Suresh Seth
Partner
Membership No. 10577

Place : New Delhi
Dated : 25.08.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

(Rs. in thousand)

Particulars	March 31, 2008	March 31, 2007
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	5,583,907	4,685,385
Add/ (Less): Adjustments for:		
Depreciation	52,938	47,422
Financial charges written off	89,417	116,726
Provision on loans & advances	2,136,790	1,050,554
Provision on investment	2,195	25,090
Provision for leave encashment	36,625	8,497
Provision for post retirement medical benefit	256,635	37,781
Provision for Gratuity	86,933	-
Provision for welfare expenditure	3,679	-
Provision for LTC	98,574	-
Provision for pay revision	66,078	16,000
Prior Period Adjustments (Net)	(2,898)	(16,672)
Profit on sale of investments	(1,940)	(1,940)
Loss/ (Profit) on sale of Fixed Assets (Net)	(305)	17
Loss/ (Gain) on Foreign Currency Fluctuation (Net)	(385,887)	(77,288)
Financial charges paid	(16,864)	(92,398)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8,005,877	5,799,174
Adjustment for		
Decrease/(Increase) in Loans	(3,553,766)	217,048
(Increase)/Decrease in Current Assets, other Loans & Advances	(573,794)	(346,759)
Increase/(Decrease) in Current Liabilities and Provisions	(2,865,616)	687,446
CASH GENERATED FROM OPERATIONS	1,012,701	6,356,909
Direct taxes paid(Net of refunds)	1,686,763	816,327
KFW Reserve	7,050	17,832
General Reserve	(175,647)	-
Deferred Tax Asset adjustments	(90,445)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	2,440,422	7,191,068
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of Investment	3,879,140	329,182
Purchase of fixed assets	(47,576)	(197,449)
Sale of Fixed assets	993	604
NET CASH FLOW FROM INVESTING ACTIVITIES	3,832,557	132,337
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	-
Proceed from borrowings (Net)	(14,410,299)	(10,710,837)
Corporate Dividend Tax Paid	(35,145)	-
Dividend Paid	(206,796)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(14,652,240)	(10,710,837)




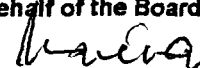
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	(8,379,261)	(3,387,432)
* CASH & CASH EQUIVALENTS - OPENING BALANCE	14,180,098	17,567,530
* CASH & CASH EQUIVALENTS - CLOSING BALANCE	5,800,837	14,180,098

* Represents Cash & Bank Balances as indicated in Schedule I
Note:

1. Cash and Cash equivalents include Cash in hand, deposits with banks and short term highly liquid investments.
2. Previous year figures have been regrouped wherever necessary.


Harender Verma
Company Secretary


T Prabakaran
Director Finance

For & on behalf of the Board

K L Dhingra
Chairman & Managing Director

As per our separate report of even date attached

Place : New Delhi
Dated : 25.08.2008



S N Dhawan & Company
Chartered Accountants


Suresh Seth
Partner

Membership No. 10577

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I REGISTRATION DETAILS**

Registration No. : 5276 State Code : 55
 Balance Sheet Date : 31st March, 2008

**II CAPITAL RAISED DURING THE YEAR
(Amount in Rs. Thousands)**

Public Issue - NIL Rights Issue - NIL
 Bonus Issue - NIL Private Placement - NIL

**III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS
(Amount in Rs. Thousands)**

Total Liabilities	247,741,454	Total Assets	247,741,454
Sources of Funds			
Paid up Capital	20,019,000	Reserves & Surplus	21,887,861
Secured Loans	2,083,529	Unsecured Loans	186,946,309
Deferred Tax Liabilities (Net)	1,633,271		
Application of Funds			
Net Fixed Assets	763,797	Investments	20,625,580
Net Current Assets	171,103	Misc. Expenditure	280,102
Loans	210,729,388		
Accumulated Losses	NIL		

**IV PERFORMANCE OF COMPANY
(Amount in Rs. Thousands)**

Turnover *	27,289,493	Total Expenditure	21,705,586
Profit Before Tax and Prior Period adjustment **	5,581,009	Profit After Tax and Prior Period adjustme	3,737,319
Earning Per Share in Rs (Face value of each share = Rs. 1000)	186.69	Dividend Rate %	3.40%

* Includes other income.

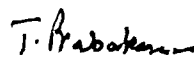
** Prior Period adjustment - (2898)

**V GENERIC NAME OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY
(as per monetary terms)**

Item Code No.	NIL
Product Description :	Long term finance for housing & urban development activities.
Item Code No.	NIL
Product Description :	Consultancy
Item Code No.	NIL
Product Description :	Development & Financing Satellite Townships.

For & on behalf of the Board


 Harender Verma
 Company Secretary


 T Prabakaran
 Director Finance


 K.L. Dhingra
 Chairman & Managing
 Director

Place : New Delhi
 Dated : 25.08.2008