



hudco

40th

Annual General Meeting

09.07.2010

5.00 p.m.

**Housing & Urban Development Corporation Limited
HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi-110003.**

NOTICE



hudco

हडको 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 कंपनी

AN ISO 9001 : 2000 CERTIFIED COMPANY

NOTICE

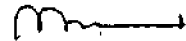
Notice is hereby given that the Fortieth Annual General Meeting of the Housing and Urban Development Corporation Limited will be held on Friday, the 9th July 2010, at 5.00 p.m. at the Registered Office of the Company at HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi -110003 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended as on that date together with the Report(s) of Directors' and Auditors' and comments of the Comptroller and Auditor General of India thereon.
2. To declare the dividend.
3. To pass the following resolution for fixing the remuneration of Statutory Auditors: -

"RESOLVED THAT pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors, be and are hereby authorised for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2010-11."

By Order of the Board of Directors



H Verma
Company Secretary

Place: New Delhi
Dated: 30.06.2010

- 1 All the Shareholders of Housing and Urban Development Corporation Ltd.
- 2 The Chairman & Managing Director and the Directors of Housing and Urban Development Corporation Ltd.
- 3 The Statutory Auditors' of the Company.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

हडको न्यूनतम ब्याज दर पर वैयक्तिक आवास ऋण उपलब्ध कराता है।

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HUDCO Offers Lowest Cost Individual Housing Loans

2. A copy of the Memorandum and Articles of Association shall be open for inspection at the Registered Office of the Company during the business hours.
3. Pursuant to the Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and, in terms of Section 224(8) (aa) of the Companies Act, 1956, their remuneration shall be fixed by the Company in general meeting or in such manner as the Company in general meeting may determine. The members of the Company in the 39th Annual General Meeting held on 24.08.2009 authorised the Board of Directors for fixation of annual audit fee payable to the Statutory Auditors for the financial year 2009-10. M/s Agiwal and Associates, Chartered Accountants were appointed as Statutory Auditors for the financial year 2009-10 by the C&AG of India. The Board of Directors in their meeting held on 15.10.2009 approved the audit fee payable to the Statutory Auditors as Rs. 4,50,000/- plus service tax as applicable for the financial year 2009-10. Further, since the Statutory Auditors of the Company for the financial year 2010-11 are yet to be appointed by the C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of the Statutory Auditors, as may be deemed fit by the Board, for the financial year 2010-11.

DIRECTORS' REPORT



40TH DIRECTORS' REPORT

To The Esteemed Members

Housing and Urban Development Corporation Ltd.

Your Directors take pleasure in presenting the Fortieth Annual Report on the business, operations and achievements of Housing and Urban Development Corporation Limited (HUDCO), together with Audited Accounts for the financial year ended March 31st, 2010.

HUDCO – FACILITATING SUSTAINABLE DEVELOPMENT OF HOUSING AND URBAN INFRASTRUCTURE IN THE NATION

Our country continues to march forward, registering a high economic growth rate consistently. There is a clear understanding and recognition of the fact that sustaining such a growth pace would require an increased investment in the basic requirements of human settlements. Housing and infrastructure form basic essentials for organised and sustainable development of human settlements, and thereby the economy.

With the estimates of requirement for housing far exceeding the level of net annual addition, there is an urgent necessity to address this basic need in a more aggressive manner. A far more serious concern is the extent of weaker sections and low-income population who are affected in view of the lack of access to housing. Estimates indicate that almost the entire deficit pertains to Economically Weaker sections and Low Income groups. With an increase in the level of urbanisation and the rapid growth of slums and informal settlements in urban areas, this problem is expected to only intensify further. On the one hand, the cities are emerging as engines of economic growth, and on the other, their sustainability is under severe strain in view of the pressure on the limited available services. Cities need to be promoted as inclusive entities. It will be necessary to vision the urban development process to make the cities fully democratic, economically productive, socially just, environmentally sustainable and culturally vibrant.

In this context, the innovative programme of JNNURM is able to make a substantial impact in not only improving the infrastructure in the urban areas, but also enabling putting in place a fast track reform programme covering varied aspects of city development including governance. The Rajiv Awas Yojana looks in to the city development in a comprehensive manner addressing the shelter and related infrastructure requirements of the 'have-nots' and integrate them into the city's economy for sustainable growth and governance.

In line with the emerging requirements, HUDCO has been extending a focused emphasis on addressing the shelter requirements of weaker sections of the population at large. Your Company's support for over 14 million housing units throughout the country, has predominantly addressed the needs of the weaker sections of the society, with as much as 94% of the units, having benefited the economically weaker section and the low-income groups. Your Company being a pioneer techno-financial institution introduced the affordability criterion, to enable the housing solutions offered to the EWS and LIG families, acceptable and feasible. HUDCO has also demonstrated that shelter solutions within reasonable cost ceilings are actually possible, through appropriate innovations in planning, designing, technological options and financial engineering.

HUDCO continues to extend a special focus in its operations, on the core urban infrastructure towards improving the quality of life of the citizens at large. HUDCO's support for infrastructure covers a diverse basket of sectors including utility infrastructure such as water supply, sanitation/sewerage, drainage, solid waste management, roads, bridges, transport nagars, parts, airports etc; Social Infrastructure covering educational facilities such as schools and colleges, health facilities covering hospitals, health centres and recreational facilities such as parks, stadia, etc; and economic and commercial infrastructure such as shopping/commercial complexes, technology parks, entertainment centres, industrial infrastructure. Ensuring sustainability and appropriate cost recovery through innovative user pay instruments has been the hallmark of your company's enabling strategies for infrastructure development.

Cross-subsidisation, differential interest rates, realistic cost ceilings, flexible repayment periods, preferential allocation of resources to the socially

disadvantaged, promotion of cost-effective building materials and technologies and appropriate designs to assist the economically weaker and disadvantaged sections, are a few innovative strategies that enable HUDCO to continue its mission of promoting sustainable housing and urban development.

In the context of the emerging challenges, your Company would continue its efforts for achieving affordable shelter for all, by actively supporting with its techno-financial capabilities, in the effective implementation of the government's initiatives and programmes in the housing and infrastructure development sector.

OPERATIONAL ACHIEVEMENTS

HUDCO has continued to exhibit growth in its operations and has had another year of significant operational achievements.

During the year, HUDCO has sanctioned 147 schemes for a total loan amount of Rs. 16624 crore as against Rs. 14754 crore in the previous year. Out of the total sanctions, Rs. 2717 crore loan amount has been for housing projects, and Rs. 13907 crore has been for various urban infrastructure schemes. The projects sanctioned cover a wide spectrum of projects forming part of housing and urban infrastructure portfolios.

During the year, a total amount of Rs. 3098.07 crore was released, of which Rs. 802.37 crore was for housing projects, while Rs. 2295.70 crore was released for urban infrastructure schemes.

HOUSING - A BASIC NECESSITY

Housing forms a basic requirement next only to food and clothing. HUDCO is committed to extend its helping hand to the development of housing sector in the country.

Loan Sanctions and Releases for Housing

During the year, a total loan amount of Rs. 2717 crore has been sanctioned for housing schemes and an amount of Rs. 802.37 crore has been released. Of this, an amount of Rs. 30.87 crore was released under HUDCO Niwas (HUDCO's individual housing loan lending window).

integrated effort at combining drainage, land development and beautification. The project is aimed at addressing the environmental and social concerns and to turn the river front into a major asset for the city.

An area development scheme for the Motor Vehicle Dept. of Nagaland with a loan assistance of Rs. 1 crore has also been approved during the year.

Water Supply

HUDCO has sanctioned 6 water supply projects, with a total loan assistance of Rs. 2652 crore during the financial year 2009-10. This covers 3 schemes in the State of Andhra Pradesh with a loan component of Rs. 1100 crore for Hyderabad, Vijayawada and two small towns namely Kadapa & Proddatur.

HUDCO has also sanctioned loan assistance as viability gap funding support for water supply projects, as part of the JNNURM Programme, in the State of Jharkhand for Ranchi water supply scheme, and in Kerala State for Kannur Water Supply scheme.

HUDCO has also accorded in principle approval for a loan assistance of Rs. 1500 crore, for Tamil Nadu Water & Sanitation Pooled Fund for taking up the combined water supply improvement of Vellore Municipal Corporation, 7 Municipalities, 5 town Panchayats and 64 wayside rural habitations.

Sewerage and Drainage/Sector

During the year, one project each for the sewerage and drainage sectors have been sanctioned to Delhi and Madhya Pradesh States, for a loan assistance of Rs. 800.00 crore and Rs. 9.75 crore respectively.

The Interceptor Sewer Projects in Delhi would enable improvement in water quality of main drains of Najafgarh, Supplementary and Shahdara drain, thereby facilitating improvement in the water quality in river Yamuna. The Interceptor Sewer, a conveyance infrastructure component, will convey wastewater from diversion structures from the un-sewered areas as well as overflows from the existing sewers and direct it to the nearest existing sewerage treatment plant. The proposal has been approved for support under JNNURM programme.

Transportation

During the year, HUDCO has sanctioned 11 road and transportation proposals in the States of Delhi, Karnataka, Meghalaya, Maharashtra, Madhya Pradesh, Rajasthan and Uttar Pradesh for a total HUDCO loan of Rs. 3505.14 crore.

Power Sector

During the year, HUDCO has sanctioned 8 projects in the power sector with a total loan amount of Rs. 2113 crore.

Emerging Sector including Industrial Infrastructure

Industrial growth is one of the major constituents of the economic growth. HUDCO has also extended loan assistance to the Industrial Sector for the eligible components such as land and land development, water supply, access/circulation roads, residential townships, street lighting, jetties, bus terminals/stops, community centres, etc.

During the year, HUDCO has funded a total of 5 schemes under this category. The projects included 2 schemes in the Industrial sector, 2 schemes for Government of India Navratna Public Sector Companies and 1 scheme was sanctioned for Area Development sector. The total loan sanctioned for the sector stood at Rs. 3740 crore.

The types of projects sanctioned includes for Steel Plant at Jamshedpur, capacity expansion plans of NTPC, capacity augmentation and new gas pipelines of GAIL and for land acquisition and Industrial Township development at Lucknow.

Commercial Infrastructure Projects

During the year, HUDCO has sanctioned loan assistance to 9 commercial schemes with a total loan amount Rs. 101.70 crore. The projects sanctioned include malls, commercial complex, hotel, office buildings, etc. The major commercial schemes supported by HUDCO during the year are for construction of Himalaya Mall at Mehsana (loan amount Rs. 21.50 crore) and construction of Hotel Taj Gateway at Raipur (loan amount Rs. 20 crore).

Special Projects of High value

HUDCO has given 'in-principle' approval for a term loan of Rs. 2000 crore for projects that would meet part of capital expenditure of ongoing capacity addition programme, Coal Mining & Washeries and Renovation & Modernisation Programme of various projects.

Further, in-principle sanction has also been accorded for a loan of Rs. 1000 crore for laying of two pipelines viz. Chainsa-Jhajjar-Hissar Pipeline (CJHPL) with a design capacity of 35 MMSCMD, and the Dadri-Bawana-Nangal Pipeline (DBNPL) with a design capacity of 31 MMSCMD for supply and distribution of Re-gasified Liquid Natural Gas/Natural Gas.

New areas/ agencies included in the financing network of HUDCO

Laying stress on acquiring business from Government agencies, HUDCO was able to generate business from the Government of India Navratna companies and Major Steel Companies such as National Thermal Power Corporation Ltd. (NTPC), Gas Authority of India Ltd (GAIL), and Tata Steel etc.

Infrastructure Development in North Eastern Regions

Beside above, HUDCO has also sanctioned 20 Urban Infrastructure projects with a total loan assistance of Rs. 90.89 crore in the States of Assam, Meghalaya and Nagaland. These projects include construction of various Govt. office buildings, improvement of roads and bridges, etc.

JAWAHARLAL NEHRU NATIONAL URBAN RENEWAL MISSION (JNNURM)

Cities and towns of India constitute world's second largest urban system, and contribute to over 50% of India's Gross Domestic Product (GDP). For these cities to realize their full potential and become true engines of growth, it is necessary that focused attention is given to improvement of infrastructure and basic services to the urban poor.

For achieving this objective, the Hon'ble Prime Minister launched the Jawaharlal Nehru National Urban Renewal Mission on 3rd December, 2005. The Mission aims at reform driven, planned development of cities and towns with focus on community participation and accountability of Urban Local Bodies (ULBs)/Parastatals towards urban citizens. The duration of the Mission is 7 years beginning from 2005-2006 to 2011-2012. The Mission comprises of two Sub-Missions – one for Basic Services to the Urban Poor (BSUP) and the other for Urban Infrastructure and Governance (UIG) in selected 65 cities. For other cities/towns, two programmes, namely, Integrated Housing and Slum Development Programme (IHSDP) and Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) have also been implemented simultaneously. The UIG and UIDSSMT programmes are being administered by the Ministry of Urban Development (MoUD) and the BSUP and IHSDP by the Ministry of Housing & Urban Poverty Alleviation (MoHUPA).

HUDCO has been integrally involved in this programme, since inception, as an appraisal agency for BSUP and IHSDP projects. The focus here has been on provision of housing and basic services to the urban poor residing in slums and slum like habitations. Besides appraisal, HUDCO has been instrumental in disseminating information on JNNURM through trainings/workshops across the country, assisting State Governments/Implementing agencies in formulation of detailed project reports (DPRs) by providing technical and design consultancy services for inclusive housing and participating in monitoring of implementation of the projects as and when desired by the Ministry. Till 31st March, 2010, under BSUP & IHSDP, the Ministry has approved 1422 projects with a total project cost of Rs. 36073.90 crore, out of which HUDCO has appraised 1184 projects with a project cost of Rs. 26481.19 crore, which forms approximately 73% of the total sanctions accorded. In the context of formulation of the 11th five-year plan period, the magnitude of housing shortage at the end of the 10th Plan was estimated to be around 24.7 million for 67.4 million households. It has been further estimated that 99% of this housing shortage pertains to EWS & LIG segments. Under JNNURM, till the period ending March 2010, HUDCO has appraised 1184 projects under BSUP and IHSDP covering 800 cities and towns in the country, in effect contributing 1.10 million housing units under JNNURM. Appraisal of DPRs

under the programme has also contributed to enhancing fee-based income receipt by HUDCO. So far, through appraisal of JNNURM projects, HUDCO has been able to earn a revenue of Rs. 35.86 crore.

The National Urban Housing and Habitat Policy (NUHHP), 2007 recognizes the need for public-private partnerships (PPPs) and development of various financial, legislative and operational innovations for bridging the housing shortage. Towards the same, during the year 2009-2010, the Government unveiled its plan and launched the Rajiv Awas Yojana (RAY) for slum dwellers under JNNURM on the lines of Indira Awas Yojana for the rural poor. The scheme for Affordable Housing through Partnership and the scheme for Interest Subsidy for Housing the Urban Poor (ISHUP) are to be dovetailed with the Rajiv Awas Yojana, which would extend support under JNNURM to states that are willing to assign property rights to people living in slum areas. HUDCO has already been initiated into the extension of its services as an appraisal and other technical assistance providing agency, thereby enabling HUDCO play a major role, in conformity with its social mandate of providing housing for Economically Weaker sections and disadvantaged populace.

Implementation of BSUP projects by HUDCO at Patna and Bodhgaya in Bihar

The Government of Bihar has appointed HUDCO as the 'Implementing Agency' for the BSUP schemes under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in Patna and Bodhgaya cities. A Memorandum of Understanding (MoU) has been entered into between HUDCO and the Government of Bihar in January, 2008 in this regard.

The project involves construction of 14596 EWS/ LIG houses for slum dwellers including provision of allied external and internal infrastructure services at 58 sites, in and around the two cities, at an estimated cost of Rs. 334.28 crore. The works are at various stages of design, tendering, award of works to contractors and site execution, at the identified sites.

BUILDING CENTRE MOVEMENT

HUDCO continued its efforts for strengthening the Building Centre Movement all over the country, by promoting building material and technologies in the construction sector, which are environment friendly, ecologically appropriate, energy efficient, functionally durable, aesthetically pleasing and yet cost-effective.

The national network covers 655 building centres (covering both urban and rural). A total grant of Rs. 33.65 crore has been sanctioned so far, out of which Rs. 23.96 crore has been released. These building centres have together taken up construction activity to the tune of Rs.1481 crore, produced building components worth Rs. 376.17 crore, and imparted training to over 3.21 lac construction workers.

MODEL VILLAGES/MODEL BASTI SCHEME

HUDCO continued extending support to the Model Villages/Model Basti Scheme. The selected villages/ slums, which would predominantly cover low-income population is provided with a grant assistance of up to Rs. 35 lac by HUDCO, out of the interest accrued from KfW IV and V funds. The matching contribution is to be met by the State Governments/ Union Territories/ Implementing Agencies/ Beneficiaries by dovetailing other resources of Central/State Government schemes with a convergence approach, to provide community buildings and infrastructure facilities.

HUDCO has so far sanctioned 116 Model Village/Model Basti schemes for a total grant assistance of Rs. 3891.83 lac, out of which an amount of Rs. 2931.06 lac has been released and utilisation certificates for an amount of Rs.2634.90 lac, has also been received. Out of total sanctioned, 36 schemes have already been completed and other schemes are at various stages of completion.

Support to Building Material Industries

HUDCO extends financial assistance through equity and term loan support to the building material industries for manufacturing building materials and components,

which are innovative, and alternates to the conventional options and utilizing agricultural and industrial wastes and energy efficient and environmentally appropriate options. A major thrust is laid to support flyash based building material industry and also alternates to timber, in different parts of the country. Till date, 30 building material industrial units have been supported with a HUDCO assistance of Rs. 29.48 crore. Some of the waste to wealth products identified are Gypsum products being manufactured from phosphogypsum waste of fertilizer industries, fly-ash based building products such as bricks, blocks, tiles, pipes etc. being manufactured from fly-ash of thermal power plants, Cast polymer product being manufactured from marble waste, and Partition and ceiling boards being manufactured from agricultural waste. The PVC profile acts as a substitute for conventional wooden frames.

IMPLEMENTATION OF COMMUNITY TOILETS AND SANITATION PROGRAMME

(Sanjha Swachhata Abhiyan)

HUDCO, as part of its social responsibility initiative, makes continued efforts for promoting clean habitats. As part of its efforts, recently HUDCO has taken an initiative for providing better basic sanitation facilities to benefit the people by launching the "Community Toilet and Sanitation Programme" (Sanjha Swachhata Abhiyan). This programme was launched on 30th January, 2006 at Jhajjar, Haryana with the objective of ensuring clean habitats. The programme envisages to fund construction of community toilets in schools, institutes, hospitals, busy market places, bus stands, railway stations, slum localities, etc. Towards the same, HUDCO would be providing subsidy for the WC seats/bath complexes up to a maximum of Rs. 20,000 per seat. The subsidy component of HUDCO for the scheme is available to the nominated Government Agencies, Corporate State Agencies, NGOs, CBOs and Charitable trusts/Institutions. HUDCO would also be providing soft loan assistance to such agencies, which undertake construction work for the said project.

So far 20 schemes (net) have been sanctioned with a total HUDCO grant assistance of Rs. 461.00 lac. In addition, a total loan assistance of Rs. 50.33 lac has been sanctioned for 4 schemes for construction of 2304 WC/Bath facilities.

Till 2009-10, an amount of Rs. 208.10 lac of HUDCO Grant and Rs. 24.33 lac of HUDCO loan have been released to the implementing agencies.

CONSULTANCY AND PROJECT MANAGEMENT INITIATIVES

Apart from funding, a distinct thrust has been extended to technical consultancy activities by utilizing its inherent strength of technical personnel, long experience and expertise in the fields of Architecture and Urban Planning. During the year, HUDCO has been involved in showcasing various facets of consultancy services, thereby contributing towards the overall image building of HUDCO.

With a view to enhance the fee-based activities, HUDCO has developed proficiency in preparation of Detailed Project Reports for housing and infrastructure development for slums. During the year, HUDCO has undertaken the work for preparation of DPRs under BSUP and IHSDP schemes of JNNURM for Meerut, Hastinapur and Bangaluru. Further, appraisal of DPRs for funding/approval by the Government for projects under JNNURM programme has also been undertaken. HUDCO has also undertaken the assignment of Project Management Consultancy in Patna for BSUP projects under JNNURM.

In continuation to on-going Consultancy Project for Pilgrim Centre, the State govt. of Sikkim has entrusted extended works of the project. HUDCO has been involved in the preparation of a Tourism Plan for Yamuna Nagar, Panchkula and Paonta Sahib Tourism Circuit. The plan entails identification of tourist destinations in the above districts. By developing these destinations would provide new tourist attractions and basic tourist amenities to improve the visitor's experience.

The institutional building at Tilak Marg, Delhi for Archaeological Survey of India (ASI) is being designed as green building. In addition, HUDCO is providing comprehensive architectural services for the development of its Regional Office buildings at Jaipur, Jammu, Panchkula, Kolkata, etc, and also institutional complex at Noida. Apart from ASI building, HUDCO intends to make institutional complex at NOIDA and Regional Office building at Jaipur as energy efficient

green buildings. Recently, Karnataka State Police Housing Corporation (KSPHC) has entrusted 3 projects accommodating its requirements of housing, office, commercial, clubs, etc. to be designed by HUDCO.

As part of the urban and regional planning consultancy initiatives, the works relating to preparation of Master Plans for 8 cities have been completed. In addition, preparation of city development plans for 8 towns and preparation of state urban development strategy for Jharkhand are under completion. Further, a new assignment for preparation of development plan for Kailashahar in Tripura has been received, which is under preparation.

Another significant initiative of HUDCO towards diversification of its sphere of fee based consultancy activities is the decentralization of its consultancy activities to the Regional Offices. With this initiative, many of the Regional Offices such as Chennai, Jaipur, Chandigarh, Patna, Guwahati and Kohima have also initiated consultancy/fee-based assignments at the Regional level. At present, a large number of consultancy assignments pertaining to social housing and tourism development are being undertaken, having a spread of almost crisscrossing the Puducherry state and other areas, by Chennai Regional Office consultancy unit. Above all, there is a tremendous scope to explore legal and financial consultancy including loan syndication also.

HUDCO NIWAS – INDIVIDUAL HOUSING LOAN SCHEME

HUDCO Niwas has a network of 29 offices throughout the country and offers customer friendly individual housing loans to Resident Indians/ Non-Resident Indians, under the options of Fixed as well as Floating interest rates. The loans are extended for various purposes like construction/purchase of house/flat/plot, extend or improve the existing house or flat, re-financing of existing housing loans, loan against residential property. Bulk loans to the state governments/para-statal institutions for giving House Building Advance (HBA) to their employees are also offered under HUDCO Niwas. In addition, bulk loans to other Housing Finance Companies are also provided. HUDCO also sanctions individual loans to EWS and LIG beneficiaries, as part of the Government of India's programme of Interest Subsidy for Housing the Urban Poor (ISHUP).

Under HUDCO Niwas, till 2009-10, an amount of Rs. 3894.52 crore has been disbursed for 327921 applications/ beneficiaries. This includes retail loans provided to 30,680 individual beneficiaries with a total amount of Rs. 877.83 crore. During this year, as part of the HUDCO Niwas portfolio, an amount of Rs. 30.86 crore has been disbursed to 634 beneficiaries.

HUDCO has also decided to sanction HUDCO Niwas loans to EWS & LIG beneficiaries with simplified procedures, and low rates of interest under the ISHUP programme of the Government of India.

NEW INITIATIVES

During the year, towards improving the business relationship with the State Governments as well as public sector Institutions, a special emphasis was laid on generation and sanction of projects for this sector. This has helped in improving the proportion of loans extended to this sector in the overall sanctions achieved during the year. Special efforts by the Social Housing & Core Infrastructure SBU during the year, such as competitive interest rates for the EWS/ LIG housing loans and larger contribution as part of the viability gap funding for JNNURM approved schemes, etc have resulted in improvement in the sanctions and releases for this portfolio.

Towards improving the quality of loan portfolio, the Emerging Sector SBU has laid stress on business association with Government of India Navratna/ Miniratna Public Sector Undertakings as well as State Government Undertakings. This has helped in improving the quantum of sanctions to prestigious PSU clients during the year.

FUTURE OUTLOOK

With its techno financial assistance, HUDCO has consistently played a significant role in supporting housing and infrastructure delivery in the country. In the current context of major programmes for housing for weaker sections and also provision of infrastructure – both the network based as well as city based, HUDCO's role would continue to be important. In the ongoing JNNURM programme as well as in the Rajiv Awas Yojana, HUDCO's relevance is amplified both in funding as

well as extending technical assistance. HUDCO's continued role in project formulation, appraisal and also implementation on selective basis would continue to increase, which would reiterate its position as a techno-financial Institution. In the special programmes of the Government in which emphasis is being laid for providing and improving access to housing for the weaker sections, HUDCO's role would continue to increase. This would place and project HUDCO as an Institution of eminence assisting the Government in addressing one of most essential needs of the society – housing with associated infrastructure.

Towards meeting the emerging challenges of the sector and meeting the vision of the Government in respect of housing and urban development sector, HUDCO is geared up with setting up of Strategic Business Units (SBUs) for focussed sectoral attention. With the full implementation of the Integrated ERP solutions covering various facets of HUDCO's activities, which is under way at present, HUDCO is poised to meet the requirements comprehensively.

HUMAN SETTLEMENT MANAGEMENT INSTITUTE (HSMI)

HSMI is the Research & Training Division of HUDCO, and its activities are supported by a core group of qualified and experienced professionals from various disciplines. HSMI continued its efforts to provide capacity building to the professionals engaged in the Housing & Urban Development Sector including HUDCO's borrowing agencies, Local Bodies, NGOs, private sector Housing Finance Institutions etc. HSMI is one of the Identified Nodal Resource Centre on behalf of the Ministry of Housing & Urban Poverty Alleviation, to coordinate various training and documentation activities under IEC (Information, Education & Communication) component as part of the Swarna Jayanti Shahari Rojgar Yojana (SJSRY), which is major poverty alleviation programme of the Govt. of India.

During the year, 226 training programmes have been organized for 6319 professional functionaries from Urban Local Bodies implementing SJSRY programmes in various States. These programmes have been organized both at HSMI and in different States in collaboration with HUDCO Chair Institutions. During the year, HSMI also organized 38 In-house Training programmes for 829

HUDCO employees on areas covering Consultancy Management, Project Appraisal, Project Management, Legal Issues in Financing of Housing & Infrastructure Projects, IT Applications, Management and Behavioural related issues. In addition, HSMI in association with NAREDCO had organized three Training Programmes for the Real Estate Professionals in which 135 professionals participated.

Thus in all, during the year, HSMI training programmes covered 7283 personnel with a total of 22008 man-days training extended. HSMI also carried out a series of professional networking events/interactions with various National and International agencies and also state level institutions under the HUDCO Chair to exchange experience and expertise on urban development issues.

The Research and Training activities of HUDCO Chair Institutions cover a range of issues of strategic importance in the housing and urban development sector, such as urban governance, finance, disaster management, project development, urban poverty alleviation and provision of basic services, urban planning, IT applications and implementation of schemes such as JNNURM, SJSRY, etc. These Institutions have carried out such activities through intensive networking with agencies working at the State, National and International levels and have provided a platform for HUDCO and Government of India for conducting capacity building exercises in a decentralized manner and establish contacts with a range of stakeholders at various levels. Two issues of the HUDCO magazine 'Shelter' (Vol.11 No.3 & 4) was also brought out during the year 2009-10, incorporating a large number of research and professional articles of contemporary relevance.

MEMORANDUM OF UNDERSTANDING (MoU)

MoU between HUDCO and Ministry of Housing and Urban Poverty Alleviation

HUDCO and the Ministry of Housing and Urban Poverty Alleviation have signed a Memorandum of Understanding (MoU) for the year 2010-11 in regard to various operational performance parameters. The MoU envisages significant growth in the operations of HUDCO in the Housing and Urban Development

sector with a sanction of about Rs.16500 crore and release of Rs. 5775 crore for the sector during the year. The MoU also provides a major role for HUDCO in the implementation of the governments projects such as the Interest Subsidy for Housing the Urban Poor (ISHUP), JNNURM and the Rajiv Awas Yojana with its contributions covering both funding and fee based consultancy services.

CREDIT RATING

HUDCO's long-term credit rating has been upgraded to 'AA+ (ind)' by M/s Fitch Ratings India Private Limited. Your Directors are happy to report that M/s CARE Ratings have upgraded the rating of unsecured long term Bonds Programme of HUDCO from AA to AA+. Further, M/s Brickwork Ratings have awarded AAA rating to HUDCO's long-term non-convertible debentures/bonds. This is highest ever rating assigned to HUDCO since inception on stand-alone basis. These upgradation and ratings will benefit your Company in accessing the resources at a lower cost.

VIGILANCE FUNCTION IN HUDCO

The Corporate Vigilance Department continued to work on improving systems and procedures in the working of the Company. In line with CVC's directions, several steps were initiated as part of preventive vigilance by putting in place and implementation of e-governance by the concerned Wings of the Company and Regional Offices. Besides, proper formulation of R&P Rules was emphasized.

Inspection of Regional Offices at Hyderabad, Bhubaneswar and Guwahati were carried out during the year and employees were detailed about preventive aspects of Vigilance. Vigilance Awareness Week was observed by the Company from 3rd November to 7th November, 2009 at the Head Office as well as at all the Regional Offices.

OFFICIAL LANGUAGE IMPLEMENTATION

HUDCO has been making concerted efforts in implementing the Official Language Policy of Government of India in all its offices and encouraging the employees at all levels to achieve the targets set in the Annual Official Language

Programme issued by Government of India. In this context, during the year 2009-10, 15 officers/employees were nominated for participation in various official language workshops. During the year, various Hindi workshops and meetings of the Official Language Implementation Committee were held. The Bhopal Regional Office has organized a one-day official language workshop for members of the Bhopal Town Official Language Implementation Committee in association with two other undertakings. The month of September, 2009 was celebrated as 'Rajbhasha Month' at Corporate Office as well as in the Regional Offices during which, in addition to promoting the use of Hindi in official work, various competitions were organized and Official Language inspections were conducted by the Company at its Jaipur, Guwahati, Chandigarh, Jammu, Patna, Bangalore and Mumbai Regional Offices to ascertain the status of implementation of Official Language policy. During the year, Guwahati Regional Office was inspected by the Parliamentary Committee of Official Language and the progressive use of Hindi in this office was found satisfactory. In recognition of our efforts towards progressive use of Hindi in HUDCO, the Regional Offices at Bhopal, Thiruvananthapuram, Dehradun and Chandigarh were awarded by the respective Town Official Language Implementation Committee - NARAKAS.

FINANCIAL PERFORMANCE

Your Directors are glad to report that your company has achieved Profit before Tax and after prior period adjustment of Rs. 785.82 crore during the year as against Rs. 656.50 crore in the previous year. The Net Profit stood at Rs. 495.31 crore during the year, as against Rs. 400.99 crore in the previous year. Your Directors are happy to report that this is the highest profit after tax recorded by HUDCO ever. The total Reserves and Surplus stood at Rs. 3095.19 crore as on 31.03.2010.

DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs. 59.08 crore for the year-ended 31.03.2010.

STRESSED ASSETS MANAGEMENT

Your company is regularly following up vigorously with the agencies and also pursuing legal actions for the recovery of defaulted amount. Through persistent efforts, the Net NPA has come down to 0.52% during the year as compared to 4.87% in the previous year. Your Company has also created adequate additional provision as a matter of caution.

RISK MANAGEMENT

Your Company has an Asset Liability Management Committee, which meets periodically to assess and take actions for meeting various risks like interest rate risk, liquidity mismatch risk etc. A risk management cell has also been established.

NET WORTH AND DEBT EQUITY RATIO

The net worth of the Company stood at Rs. 5097.09 crore as on 31.03.2010 as against the net worth of Rs. 4647.46 crore on 31.03.2009. The borrowings from all sources stood at Rs. 15520.48 crore as on 31.03.2010. The Debt Equity ratio of the Company as on 31.03.2010 works out to 3.04.

RESOURCE MOBILISATION

During the year, your Company mobilized its resources through Banking Sector Funds and Public Deposits. The incremental cost of borrowing from Banking Sector Loan has decreased by 18% and that for Public Deposit by 21.37% from previous financial year. The total incremental cost for the resource mobilized during the year has declined by 17.17% as compared to previous year.

COST REDUCTION MEASURES

Efforts to identify costly loans/liabilities, wherein the interest rates could be reset or the outstanding loan could be foreclosed, continued during the year. High cost loans/bonds amounting to Rs. 3022.69 crore were prepaid during the year. It would be imperative to highlight that by virtue of term loan agreement executed with the respective lender(s), no prepayment penalty in respect of loans foreclosed have been paid. Pursuant to the Company's request, interest rate

was reset downwards in respect of Rs. 2500.86 crore of loans availed from the banking sector (excluding Rs. 400 crore refinance loan availed from NHB and the loans which were reset during the year, but were finally prepaid). All these measures enabled the Company to bring down the cost of borrowings.

CORPORATE GOVERNANCE

Your Company imparts utmost importance to good Corporate Governance and as per the required provisions, a Corporate Governance Report and Auditors' Certificate regarding compliance of Corporate Governance norms, forms part of the Directors' Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per the required provisions, a Management Discussion and Analysis Report, forms part of the Directors' Report.

DECLARATION OF CODE OF CONDUCT

Board of Directors of your company has laid down HUDCO's Code of Conduct and Ethics for all Board Members and senior management personnel of the Company and the same has been placed on the website as well. The Board Members and senior management personnel have affirmed compliance with the Code.

AUDIT REVIEW

Statutory Auditors' report to the members and comments of the Board of Directors thereon, are self-explanatory and form part of this report as required u/s 217(3) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

As required under section 217(2A) of the Companies Act, 1956, the details of the employees who were employed throughout the year and were in receipt of remuneration for that financial year in aggregate of not less than Rs. 24,00,000/- or employed for a part of the year and were in receipt of remuneration for that

part of financial year in the aggregate of not less than Rs. 2,00,000/- per month, is as follows: -

Sl. No.	Name	Age (as on 31 st March 2010)	Designation	Nature of Employment	Remuneration Received (Amount in Rs.)	Qualification	Date of Commencement of Employment	Last Employment	Date of Retirement/Resignation
1.	Sh. KL Dhingra	54.05	CMD	Regular	3333520	M.Com, MBA (Fin.), CAIIB, ACIB	24.09.07	MRVC Ltd. Mumbai	07.04.10
2.	Sh. T Prabakaran	56	DF	Regular	3591644	B.Com, CA	29.12.04	IREDA, New Delhi	Extension w.e.f 29.12.09
3.	Sh. SK Tripathi	53.10	DCP	On deputation	598134	BE (Mech.)	14.11.06	Indian Railways	Repatriated on 11.06.09
4.	Sh. TK Sanyal	58.04	CVO	On deputation	3973063	M.Sc., LL.B	05.10.05	Pr. A/c Gen., Punjab & UT Chandigarh	Extension w.e.f 05.10.08
5.	Sh. RK Khanna	57.05	Sr ED	Regular	2801761	Graduate (Fin. Mgmt), PGD (Mkt & Sales)	24.06.87	Syndicate Bank	31.10.12
6.	Sh. HK Dubey	57.05	ED	Regular	2549489	MA (Eco), MBA	31.05.91	DPE	31.10.12
7.	Sh. R Malhotra	58.04	Chief (Sys)	Regular	1672318	M.Sc (Stat), PGD (Trgn. Trainer)	14.06.77	-	15.10.09 (Deceased)

LISTING OF SECURITIES

The Stock Exchanges, wherein your Company bonds are listed as on 31.03.2010, are as follows: -

1. National Stock Exchange of India Ltd. (NSE)
2. Delhi Stock Exchange Association Ltd. (DSE)

TRANSFER TO/FROM RESERVE AND SURPLUS

During the financial year, your company has transferred Rs. 200 crore to Special Reserve, Rs. 2.26 crore to Welfare Reserve, Rs. 221.99 crore to General Reserve and Rs.130 crore has been carried to balance sheet. Further, an amount of Rs. 2.36 crore has been transferred from Welfare Reserve to Profit and Loss Account and Rs. 125.47 crore has been transferred from Surplus Account to Profit and Loss Account.

UNCLAIMED DEPOSITS

As mandated under the Housing Finance Companies (NHB) 2001, it is informed that the deposits matured but not claimed as on 31st March, 2010 amounted to Rs. 6.41 crore against 382 FDRs and interest thereof was of Rs. 1.33 crore. As per the procedure, regular reminder letters are sent to deposit holders of unclaimed/unpaid deposits for claiming their maturity payment in time.

CONSERVATION OF ENERGY

Since HUDCO is not a manufacturing Company and does not own any manufacturing unit, the disclosure of particulars regarding Conservation of Energy are not applicable, however efforts are made to use energy efficient equipments in the office to ensure conservation of energy.

TECHNOLOGICAL ABSORPTION

HUDCO has entered into a Memorandum of Understanding (MoU) with IIT Delhi for synergising and spreading Bamboo technology. It envisages setting up a National Resource Facility on Bamboo Technology (NRFBT) to promote rural industrialization with focus on bamboo products by upgrading artisan skills, developing improved processes, technology and machinery through scientific, technological and design inputs.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the inflow of Foreign Exchange amounted to Rs. 4.25 crore and outflow of Foreign Exchange was of Rs. 8.34 crore.

COMPOSITION OF AUDIT COMMITTEE

Your Company has an Audit Committee in compliance to the provisions of Section 292A of the Companies Act, 1956 and DPE guidelines and it is dealt in detail in the Corporate Governance section later in the Annual Report.

BUY-BACK OF SHARES

The President of India holds 100% shares of HUDCO and during the year, no offer has been made for buy-back of shares. In view of the same, provisions of section 77A and 217(2B) of the Companies Act, 1956 are not required to be complied and the time limit for compliance for buy back of shares is, therefore, not required.

NAME AND ADDRESS OF DEBENTURE-TRUSTEES

1.	Axis Bank Ltd. Maker Tower F, 13 th Floor, Cuffe Parade, Colaba, Mumbai-400005.
2.	IL and FS Trust Company Limited Plot C-22, G block, Bandra Kurla Complex, Bandra East, Mumbai-400051.
3.	IDBI Trusteeship Services Limited Regd. Office: Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai-400001.
4.	United Bank Of India, Block-P, 9/90, J C Das Building, Connaught Circus, New Delhi-110001.
5.	Punjab National Bank, Sansad Marg, New Delhi – 110001.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

HUDCO is a Government Company and all the shares are being held by the President of India. During the year, no Employee Stock Option Scheme has been offered to the employees by the Company.

REDEMPTION OF DEBENTURES/BONDS DURING THE YEAR

All the debentures/bonds, which were due for redemption during the year 2009-10, were redeemed in that period and the details are given below:

Series	Interest rate p.a.	Redemption Amount (Rs. in crore)	Redemption date	Maturity/ Option exercised
XIV B	12.50%	57.00	08.09.2009	Maturity
XV B	08.25%	50.00	29.03.2010	Maturity
XVI B	11.25%	35.30	31.03.2010	Maturity
SIB - II	12.50%	1.09	23.03.2010	Maturity
SPS - I	11.55%	1.90	10.06.2009	Maturity
SPS-II	12.50%	4.18	15.06.2009	Maturity
SPS-I	07.57%	1.90	10.12.2009	Maturity
SPS-II	12.50%	4.31	15.12.2009	Maturity
XXXVI B	07.20%	4.50	29.03.2010	Put option
HBS 02 A	08.65%	148.00	29.11.2009	Put option
XXVIII	07.10%	2.20	06.03.2010	Put option

BOARD OF DIRECTORS AND CHANGE IN COMPOSITION OF BOARD

During the year 2009-10, 13 Board Meetings were held to transact the business of the Company. The Audit Committee met 6 times during the year. The Government of India appointed Smt. Sudha Krishnan, JS&FA, MoHUPA, as Part-Time Official Director on the Board of HUDCO w.e.f. 3rd December, 2009 in place of Dr. RK Vats.

Your Directors extend a warm welcome to Smt. Sudha Krishnan for being part of HUDCO. Your Directors also place on record their appreciation for the valuable contribution made by Shri KL Dhingra during his tenure, from 25.09.2007 to 07.04.2010 as Chairman & Managing Director and Dr. RK Vats during his tenure from 18.05.2007 to 03.12.2009 as Director, HUDCO.

Further, Shri T Prabakaran, Director Finance, has been given additional charge of the post of Chairman & Managing Director of HUDCO, w.e.f. 13.04.2010.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors of your company states hereunder:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures, if any;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the financial year 2009-2010;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors have prepared the annual accounts on a going concern basis.

APPRECIATION AND GRATITUDE

Your Directors place on record their gratitude for the invaluable guidance and continued co-operation and support, extended by Ministries of Housing and Urban Poverty Alleviation, Urban Development, Rural Development, Finance, External Affairs; the Planning Commission, Reserve Bank of India (RBI), National Housing Bank (NHB), Bankers, Comptroller and Auditor General, Statutory Auditors and other Government Departments. Your directors also appreciate the continued support provided by the International Finance Institutions such as Kreditanstalt fur Wiederaufbau (KfW), Japan Bank of International Cooperation (JBIC), Asian Development Bank (ADB), USAID, etc.

Your Directors are grateful to the various State Governments, Housing Boards, Development Authorities, Municipal/Local Bodies and similar Institutions for their

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

The financial year 2009-10 began with an uncertain outlook because of a significant drop in the GDP growth rate during second half of the 2008-09 stemming from the sub-prime crisis that originated in 2007 in the US. However, during the course of the year the economy witnessed a decent recovery, especially in the industrial sector. The GDP growth rate, which had slumped to 6.7% during 2008-09, is now estimated to register 7.4% during 2009-10. The capital market and stock indices too reported a smart recovery. The recovery has been the result of proactive policy intervention by the Government in terms of stimulus measures, effective monetary management by the RBI and inherent resilience of the Indian economy. In the aftermath of global financial meltdown the Indian real estate sector was in the grip of a severe slowdown. With general economic recovery setting in, the real estate sector too witnessed resurgence in activity especially in the affordable housing segment.

Encouraged by the success of JNNURM, the Government has launched a new scheme called Rajiv Awas Yojana (RAY). In June, 2009 with the vision of a slum-free India that aims at encouraging States/UTs to progress beyond JNNURM and tackle the problem of slums holistically. As in JNNURM, the goals of RAY which are driven and incentivized by the provision of central support for slum redevelopment and construction of affordable housing conditional to a set of reforms necessary for urban development to become inclusive. The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) was launched in 2008-09 and sought to provide interest subsidy to EWS and LIG and facilitate institutional finance to these categories. Such continued initiatives by the Government on policy front helps keep the sector vibrant.

STRENGTH AND WEAKNESS

The Corporation is a long-standing techno-financial institution of 40 years with established brand name in Housing and Infrastructure Sector. The Corporation has an appreciable track record in dealing with a variety of housing, real estate

support and confidence reposed in your Company. Your Directors are also thankful to the debenture/bond holders, depositors and other investors for their patronage and unstinted support to the various instruments issued by HUDCO. The Directors also thank the valuable clients of HUDCO Niwas, with whom HUDCO has nurtured close and mutually beneficial relationship.

Your Directors also take this opportunity to acknowledge and appreciate the hard work and efforts put in by all the members of HUDCO family, towards achievement of the all-round growth of the Company.

For and on behalf of the Board of Directors

Place: New Delhi

Date: 29-06-2010


T Prabakaran

Chairman and Managing Director

and infrastructure projects and have a strong image of outstanding performance. In the process, the Corporation has gained extensive experience and expertise in different aspects of such type of projects. Starting from financing conventional urban infrastructure projects, HUDCO has also added other type of infrastructure projects in its portfolio. This rich legacy of experience over the years is the main strength of HUDCO. Further, with the nationwide network in all States and UTs, the Corporation has a wide coverage of all stakeholders including government, public sector, private sector, NGO's and individuals, with field networking & decentralised operations, through a wide range of skilled manpower, broad spectrum of operations and range of products. A separate and well-equipped set-up at HSMI for research and training to impart skill upgradation/capacity building for in-house as well as borrowing agencies' professionals with latest practices and innovative ideas for project implementation, is another strength of HUDCO.

During the year, HUDCO got the latest ISO 9001:2008 certification. The certification of ISO 9001:2000 was valid upto 01.10.2009. The certification is a vital step that wards rewarding journey for sustainable competitiveness of quality services, cost reduction, environmental or in view of the standardisation of systems, processes.

During the year system (IRQS), the quality auditors has made a system of various processes, procedures & quality plans of HUDCO and after in-depth evaluation, Company was awarded ISO 9001:2008 certification by IRQS, which has accreditation with National Accreditation Board for Certification Bodies (NABCB) and RVA (an International Accreditation Body). HUDCO has been appreciated for quality management for all of its activities through systematic procedures, covering projects and retail financing services, resource mobilization for funding, consultancy, joint venture, training, research and networking in human settlement planning and management.

There is no obvious weakness of HUDCO. However, with the changing business scenario, the system and speed of appraisal, various guidelines and processes and less autonomy & flexibility for decision-making are some of the problem

areas, which can be tackled with appropriate steps.

OPPORTUNITIES, THREATS, RISKS AND CONCERN

With a rapidly urbanizing India and population growth, there lies enormous potential for HUDCO in both housing as well as infrastructure sector. The urban housing shortage in the country is currently estimated at a whopping 26.53 million units as on 2012. On the infrastructure front, the investment requirement for the infrastructure sector has been pegged at USD 500 billion during the Eleventh Plan period (2007-12). In the run up to the Twelfth Plan, the Government now foresees that the fund requirement for the infrastructure would be USD 1 trillion - double the amount of Eleventh Plan. There is a substantial scope for financing key commercially viable sectors such as townships, roads & highways, power, and infrastructure relating to tourism development, educational, and economic sectors.

The environment of free market economy is causing greater competition for HUDCO in resource mobilisation as well as project financing. New institutions are coming up with better resources and support systems / networking in housing and infrastructure sector with innovative products. Further, the real estate and infrastructure projects are characterised by heavy capital investment, long gestation and payback periods and highly sensitive to various domestic and international economic factors, which pose a number of risks. The outbreak of sub-prime crisis has shown how unbridled lending in housing and real estate can wreak havoc on the interconnected global financial system directly and indirectly. Hence various risks associated with the projects need to be assessed and monitored closely on a continual basis.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

OUTLOOK

Detail on outlook has already been discussed in the 'Future Outlook' Section of the Directors' Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUDCO has an internal control system with adequate checks and balances in various operational areas. It is regulated and controlled by Master Circulars, Operational Circulars, Guidelines, Checklists, and Manuals etc., which ensure the proper functioning of the internal control system. There is also a detailed system of authorisation of transactions through delegation of authority and responsibility. The norms for concurrence of the proposals are prescribed for technical, legal and financial areas and their adherence is ensured. The financial transactions of HUDCO are recorded in the tailor-made Software Package with inbuilt control mechanism. These are constantly reviewed and updated, keeping in view the latest developments on the economic scenario and experiences learnt during the course of operations.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

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

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

During the year, 713 employees were nominated / sponsored for training both in India and abroad. As a part of employee welfare measure, your Company extended various loans and advances to the employees.

The total employee strength of your Company stood at 1007 employees comprising of 668 executives and 319 non-executives as on 31st March, 2010. The total number of women employees was 282, out of which 55 belonged to SC/ST category. HUDCO continues to follow the Government policies on reservation for SC/ST/OBCs etc. Out of the total strength, there were 183 SCs, 62 STs, 82 OBCs, 17 Physically Handicapped and 27 Ex-servicemen employees.

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

This portion has already been discussed in the Directors' Report. Further, Renewable Energy Development is not an area of operation of HUDCO.

CORPORATE SOCIAL RESPONSIBILITY

Since its inception HUDCO has been actively involved in providing housing to the EWS and LIG categories throughout the country. Apart from this HUDCO has been closely associated with the implementation of various schemes and programmes of the Ministry from time to time (like ILCS, VAMBAY, JNNURM etc.), which cater to the vulnerable sections of the society. Further HUDCO's own programmes like adoption of model villages/ bastis, promotion of building centres and techno-financial assistance during calamities like earthquake, cyclones, etc. are other examples of HUDCO's contribution to the society. In order to give further impetus to the CSR activities, HUDCO's Board has approved the basic framework of CSR in HUDCO including the allocation of 3% of its net profit for related activities. The Department of Public Enterprise (DPE) has issued guidelines on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises. Based on these guidelines, HUDCO has taken up the matter for formulating its own CSR policy. So far, all these initiatives by HUDCO have generally been adhoc and incidental. Once the CSR policy is finalized all these activities will be part of a proper corporate policy.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

A well-defined and enforced framework for corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. Key elements of good corporate governance principles embrace qualities such as honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and an overriding commitment to the organization.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sound corporate governance practices and ethical business conduct remain at the core of HUDCO's value system and always been an integral part of the policy. HUDCO's philosophy on corporate governance stems from its belief that timely disclosure, transparent accounting policies and strong and independent boards go a long way in maximizing corporate value. HUDCO is a government company and the entire equity is held in the name of the President of India and its nominees who have been holding shares on behalf of the President of India. However, for mobilization of funds, Bonds/Debentures are issued from time to time and are listed on the stock exchanges. HUDCO has its own Code of Conduct and Ethics in compliance of DPE guidelines, which is placed on the website of the company. Upgradation of procedures and systems is an ongoing process and your Company continued its efforts towards bringing transparency and reviewing its procedures and systems regularly for raising the standards of corporate governance.

2. BOARD OF DIRECTORS

The Board of HUDCO consists of executive/non-executive Director(s), with varied skills and experience.

2.1 Compositions and Category of Directors

The Composition of the Board as on 31.03.2010 is as follows:

Whole-Time Directors (Including Chairman and Managing Director)	Two
Non Executive Government Directors	Two
Independent Director (Part-Time Non-Official Director)	Four
Total	Eight

The Board of Directors of the Company does not have sufficient number of Independent Directors as required under the DPE guidelines, which are applicable on HUDCO. The matter has been taken up with the Government of India for the appointment of Independent Directors to bring the composition of the Board in line with the requirement of the said guidelines.

The condition as per DPE guidelines, that the number of Functional Directors (including CMD/MD) should not exceed 50% of the actual strength of the Board, is being complied with by HUDCO.

2.2 Attendance Record of the Director(s) during the financial year 2009 -10

Sl. NO	Director(s)	Tenure	No. of Board Meeting(s)		Last AGM Attended
			Held during their tenure in 2009-10	Attended	
1.	Shri KL Dhingra	(From 24.09.2007 to 07.04.2010)	13	11	Yes (As Chairman and Managing Director)
2.	Dr. RK Vats	(From 18.05.2007 to 03.12.2009)	8	4	Yes (Also as a shareholder)
3.	Shri T Prabakaran	(From 29.12.2004)	13	13	Yes

4.	Shri Rajpal Singh Solanki	(From 08.12.2005)	13	13	Yes (Also as Chairman of the Audit Committee)
5.	Shri Dinesh Mahajan	(From 26.12.2007)	13	12	Yes
6.	Shri SK Tripathi	(From 14.11.2006 to 11.06.2009)	2	2	-
7.	Smt. Nirmala Samant Prabhavalkar	(From 08.04.2008)	13	11	Yes
8.	Dr. PK Mohanty	(From 02.01.2009)	13	8	-
9.	Smt. Sudha Krishnan	(From 03.12.2009)	5	5	-
10.	Dr. RB Barman	(From 31.07.2009)	8	7	Yes

- The last AGM was held on 24th August, 2009.

2.3 Details of the Directors and other Directorship(s) held by them, as reported, during the financial year 2009-10:

Sl. No.	Director(s)	Executive / Non Executive	Qualification	No. Of outside Directorship(s) held
1.	Shri KL Dhingra (From 24.09.2007 to 07.04.2010)	Whole-Time Director (Chairman and Managing Director)	M.Com, MBA(Fin.), CAIIB, ACIB	-
2.	Dr. RK Vats (From 18.05.2007 to 03.12.2009)	Non-Executive (Part-Time Official Director)	MBBS (IAS)	3
3.	Dr. PK Mohanty (From 02.01.2009)	Non-Executive (Part-Time Official Director)	PhD (IAS)	-
4.	Smt. Sudha Krishnan (From 03.12.2009)	Non-Executive (Part-Time Official Director)	MA, MPA (IA&AS)	3
5.	Shri Rajpal Singh Solanki (From 08.12.2005)	Non-Executive (Part-Time Official Director)	CA	2
6.	Shri Dinesh Mahajan (From 26.12.2007)	Non-Executive (Part-Time Non-Official Director)	Engineer	-

7.	Smt. Nirmala Samant Prabhavalkar (From 08.04.2008)	Non-Executive (Part-Time Non-Official Director)	Lawyer	-
8.	Dr. RB Barman (From 31.07.2009)	Non-Executive (Part-Time Non-Official Director)	PhD (Eco)	-
9.	Shri T Prabakaran (From 29.12.2004)	Whole-Time Director (Finance)	B.Com, CA	-
10.	Shri SK Tripathi (From 14.11.2006 to 11.06.2009)	Whole-Time Director (Corporate Planning)	BE (Mech.)	-

None of the Directors on the Board of HUDCO is a member of more than 10 Committees (Audit Committee and Shareholders' Grievance Committee), and Chairman of more than 5 Committees (Audit Committee and Shareholders' Grievance Committee), across all the companies (Public Limited) in which, he/she/they is/are the Director(s).

2.4 Details of the Board Meeting(s) held during the financial year 2009-10:

During the year, the Board of Directors met 13 times to transact the business of the Company, the details of which are as follows:

Sl No.	Date of Meeting(s)	Place	No. of Director(s) Present
1.	13.04.2009	New Delhi	6
2.	27.04.2009	New Delhi	5
3.	23.06.2009	New Delhi	6
4.	07.07.2009	New Delhi	6
5.	22.07.2009	New Delhi	6
6.	24.08.2009	New Delhi	7
7.	29.09.2009	New Delhi	6
8.	15.10.2009	New Delhi	6
9.	23.12.2009	New Delhi	7
10.	10/13.02.2010	New Delhi	8
11.	24.02.2010	New Delhi	8
12.	05.03.2010	New Delhi	7
13.	12.03.2010	New Delhi	8

Secretary to the Audit Committee:

Shri H Verma (From 27.06.2008)	Company Secretary, HUDCO
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3.3 Audit Committee Meetings and Attendance for the year 2009-10

The Audit Committee met six times during the year as per the following details:

Sl. No.	Date of Meeting(s)	Place	No. of Member(s) Present
1.	27.04.2009	New Delhi	3
2.	23.06.2009	New Delhi	3
3.	22.07.2009	New Delhi	3
4.	14.10.2009	New Delhi	2
5.	24.11.2009	New Delhi	2
6.	10.02.2010	New Delhi	3

Sl. No.	Name Of Member of the Audit Committee	No. of Audit Committee Meeting(s)	
		Held during their tenure in 2009-10	Attended
1.	Shri Rajpal Singh Solanki (Chairman of the Audit Committee)	6	6
2.	Dr. RK Vats (Till 03.12.2009)	5	4
3.	Shri Dinesh Mahajan	6	5
4.	Smt. Sudha Krishnan (From 03.12.2009)	1	1

Shri T Prabakaran, Director (Finance) attended the Audit Committee meetings as special invitee.

4. REMUNERATION COMMITTEE

4.1 As per clause 83(2) of the Articles of Associations of HUDCO, the remuneration payable to its Whole-Time Directors (Executive) is approved by the President of India through HUDCO's Administrative Ministry i.e. 'Ministry of Housing and Urban Poverty Alleviation'. Further, a Remuneration Committee for PRP has been constituted by the Board, as per the DPE guidelines which is headed by the Independent Director 'to decide the annual bonus/variable pay pool and policy for its distribution across the Executives and Non-Unionised Supervisors' within the prescribed limits.

4.2 Part-time Non-official Director(s) are only paid sitting fees for attending each Board/Audit Committee/ Committee of Directors/ Sub-Group meeting.

4.3 Details of Remuneration of Directors

Details of the remuneration of the Functional Directors, as per DPE Guidelines are as follows: -

Sl. No.	Name of Director	Salary (Rs.)	Benefits (Rs.)	Bonus/ Commission ex-gratia (Rs.)	Performance Linked Incentives (Rs.)	Total (Rs.)
1.	Shri KL Dhingra (Chairman and Managing Director)	1098528	2029992	0	205000	3333520
2.	Shri T Prabakaran (Director Finance)	1020756	2380888	0	190000	3591644
3.	Shri SK Tripathi (Director Corporate Planning)	119728	464539	0	13867	598134

Details of payments towards sitting fee to Independent Directors are as given below: -

Sl. No.	Name of the Non-Official Director	Sitting Fee		Total (Rs.)
		Board Meeting (Rs.)	Committee Meeting (Rs.)	
1.	Sh. Rajpal Singh Solanki	65000	56000	121000
2.	Sh. Dinesh Mahajan	60000	40000	100000
3.	Smt. Nirmala S Prabhavalkar	55000	8000	63000
4.	Dr. Radha Binod Barman	35000	0	35000

Part-time Official Directors, being Government nominees, are not entitled to any remuneration or sitting fee by the Company.

5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

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

6. DETAILS OF ANNUAL GENERAL MEETING(s): -

6.1 Date, location and time of the last three AGM of the company

Financial Year	Location	Date	Time	Special Resolution Passed
2008-2009	Registered Office, New Delhi	24.08.2009	11:00 a.m.	-
2007-2008	Registered Office, New Delhi	29.09.2008	10:00 a.m.	-
2006-2007	Registered Office, New Delhi	28.12.2007	3:00 p.m.	-

6.2 Resolution through Postal Ballot

No resolution has been passed through Postal Ballot during the financial year 2009 -10.

7. DISCLOSURES

- a) There were no material transactions with the Directors or the Management or their relatives that may have potential conflict with the interest of the Company at large.
- b) The Company has complied with NHB Directions except Credit Concentration norms in respect of lending to few State Government/ State Government Agencies. HUDCO has sought relaxation in Credit Concentration Norms from NHB and the matter has been taken up in this regard. As on date of the approval of accounts, the number of Independent Director(s) on the Board of the Company are not sufficient.
- c) As part of the Directors' Report, a Management Discussion and Analysis Report forms part of the Annual Report to the shareholders.
- d) The Company has complied with all applicable Accounting Standards issued by ICAI except Accounting Standard (AS)- 9 regarding Revenue Recognition (refer Schedule S).
- e) Related Party Transaction – Related Party transactions have been appropriately disclosed in Schedule P relating to Personnel Expenses, Schedule Q relating to Administrative and Other Expenses and Schedule T relating to Notes forming part of the Accounts.
- f) During the year 2009-10, administrative and other expenses were Rs. 2312.44 lac being 1.33% of total expenditure of Rs. 174340.01 lac incurred during the year.
- g) The Company has a Whistle Blower Policy, empowering employees to report to the management concerns about any unethical or improper activity/practice, actual or suspected fraud, or violation of the

Company's general guidelines on Conduct & Ethics Policy. They are also empowered to have access/report to the Audit Committee of the Company.

- h) The Company's Board is a mix of executive/non-executive Director(s) with wide range of skills, experience and experience of different fields. For the professional development and knowledge of HUDCO's operating environment, the Management encouraged them to keep up to date on relevant topical issues and provided/nominated them for various programmes from time to time.

8. PRESIDENTIAL DIRECTIVES

During the financial year 2009 – 10, no presidential directive has been received.

9. MEANS OF COMMUNICATIONS:

Half yearly result	:	Press advertisements, information to Stock Exchanges etc.
Quarterly results-newspapers normally published in	:	Mainly business/regional newspapers like Economic Times, Financial Express etc.
Website where quarterly results are displayed	:	www.hudco.org
Whether it also displays official news releases and presentations made to institutional investors/analysts	:	Yes

10. GENERAL SHAREHOLDER INFORMATION

10.1 40th Annual General Meeting

Date and Time	:	-----
Venue	:	HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi – 110003.

10.2 Calendar for the financial year 2010-11 (Tentative)

Financial Result for the Quarter ending June 30,2010	:	Last week of July, 2010
Financial Result for the Quarter ending September 30,2010	:	Last week of October, 2010
Financial Result for the Quarter ending December 31,2010	:	Last week of January, 2011
Financial Result for the Quarter ending March 31,2011	:	Last week of April, 2011
Annual General Meeting for the year 2010-2011	:	Last week of September, 2011

10.3 Dividend Payment Date

The Board of Directors has recommended a final dividend of Rs. 59.08 crore for the year ending on 31.03.2010 and the same shall be paid within statutory time period, after its declaration/approval by shareholders in the Annual General Meeting (AGM) of the Company.

10.4 Listing of Securities on Stock Exchanges

As on 31.03.2010, HUDCO Bonds are listed only on the National Stock Exchange of India Limited (NSE) and Delhi Stock Exchange Association Limited (DSE).

10.5 Dematerialization

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

10.6 Registrars and Transfer Agents

1. Alankit Assignment Limited Alankit House, 2E/21, Jhandewalan Extn., New Delhi-110055
2. Link Intime Indice Private Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028
3. Beetal Financial & Computer Services (P) Limited, 99, Madangir, New Delhi-110062

10.7 Shareholder's Profile

Category	As on 31.3.2008		As on 31.3.2009		As on 31.3.2010	
	No. of Shares of (Rs. 1,000 each)	% of Shares	No. of Shares of (Rs. 1,000 each)	% of Shares	No. of Shares of (Rs. 1,000 each)	% of Shares
President of India	2,00,18,993	99.999965	2,00,18,993	99.999965	2,00,18,993	99.999965
Others*	7	0.000035	7	0.000035	7	0.000035
Total	2,00,19,000	100.000000	2,00,19,000	100.000000	2,00,19,000	100.000000

*Including 2 Government Director(s) and 5 other Officials from the Ministry on behalf of the President of India.

10.8 Address for Communication

The Company Secretary
Housing and Urban Development Corporation Limited
HUDCO, HUDCO Bhawan, Core – 7A,
India Habitat Centre,
Lodhi Road, New Delhi – 110003.

CERTIFICATE BY STATUTORY AUDITORS ON CORPORATE GOVERNANCE

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

Agiwal & Associates

CHARTERED ACCOUNTANTS

Lal Kothi, 2nd Floor, 3830, Pataudi House Road, Above Bank of Baroda, Darya Ganj, New Delhi-110 002 (INDIA)
 Phones : (91-011) 23287481, 23283162, 23278579 E-mail : agiwal@vsnl.net PAN - AAAFA7062Q

AUDITORS' CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (FOR PRIVATELY PLACED DEBENTURES) AND CLAUSE 7.2 OF THE DPE GUIDELINES

To the members of
HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

We have examined the Compliance of conditions of Corporate Governance by the Housing and Urban Development Corporation Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement (for privately placed debentures) and clause 7.2 of the DPE Guidelines.

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

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

1. *The condition of not less than fifty percent of Board members being non-executive and independent is not complied with;*
2. *The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India, except Accounting Standard AS-9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administration fees and processing fees on loans on realization basis instead of accrual basis;*
3. *The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies.*

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

Place: New Delhi
 Date: 29-06-2010.



For Agiwal & Associates
 Chartered Accountants

PC Agiwal
 (PC Agiwal)
 Partner
 (Membership no. 80475)

ADDENDUM-I



ADDENDUM - I**Annexure to the Directors' Report**

Management reply on the observations made by Statutory Auditors on the Corporate Governance report for the financial year ended 31st March 2010.

Sl. No.	Auditors observations on Corporate Governance	Management reply
1.	The condition of not less than fifty percent of Board members being non-executive and independent is not complied with;	HUDCO does not have the power to appoint Directors on its Board. The power to appoint the Director(s) vests with the Administrative Ministry. The said non-compliance was brought to the knowledge of the Administrative Ministry and was pursued for the appointment of independent Directors. HUDCO has made all best possible efforts within its control for compliance of the required provisions.
2.	The Company has complied with all applicable Accounting Standards issued by the Institute of Chartered Accountants of India, except Accounting Standard AS-9 "Revenue Recognition" regarding accounting of application fees, front-end-fees, administration fees and processing fees on loans on realization basis instead of accrual basis;	The Company is recognising revenue on application fees, front-end-fees, administration fees and processing fees on loans on realization basis. This has been disclosed in the accounting policy no. 2 (b) of Schedule-S.
3.	The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies.	HUDCO has been complying with the exposure norms in respect of private sector borrowers. However, in respect of lending to some State Governments / State Government Agencies, the exposure has been exceeded in case of some agencies for which HUDCO has been making request to NHB for relaxation from exposure norms to NHB.

For and on behalf of the Board of Directors

T. Prabakaran

T Prabakaran

Chairman and Managing Director

Dated: 29-06-2010

Place: New Delhi

AUDITORS' REPORT



hudco

Agiwal & Associates

CHARTERED ACCOUNTANTS

Lal Kothi, 2nd Floor, 3830, Pataudi House Road, Above Bank of Baroda, Darya Ganj, New Delhi-110 002 (INDIA)
Phones : (91-011) 23267461, 23283162, 23278579 E-mail : agiwal@vsnl.net PAN - AAFA7062Q

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, 2010, 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 during the year changed its accounting policy from deferring borrowing cost such as brokerage charges, arranger fees, stamp duty etc to treat these expenses as expenditure. As a result, the profit for the year is lower by Rs. 14.10 crores [refer Note 15 of Schedule-T].*
 - ii) *The Company has made an additional provision on loans amounting to Rs.600 Crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.600 Crores [refer Note 5(b) of Schedule-T].*
 - iii) *The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [refer Significant Accounting Policy 2 (b) of Schedule-S].*



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- iv) Attention is further invited to the following :
- a) Non confirmation/reconciliation of balances of Loan Accounts and consequential adjustments, if any. [refer Note 5(a) of Schedule-T]
 - b) Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 5(c) of Schedule -T]
 - c) 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 2(b) of Schedule-T]
 - d) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies. [refer Note 10 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.



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We further report that, without considering the observations made in paragraphs 4(iii) the effect of which has not been ascertained and 4(iv)(a) to 4(iv)(d) the effect of which could not be determined, had the observation made by us in paragraph 4(i) & 4(ii) above been considered, the Profit for the year would have been Rs.1109.41 Crores (as against the reported figure of Rs.495.31 Crores) and Reserves & Surplus would have been Rs.3709.29 Crores (as against the reported figure of Rs.3095.19 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, 2010;
- 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 Agiwal & Associates
Chartered Accountants
(Firm Registration No. 000181N)



V K Gupta
V K Gupta
Partner
(Membership No. 81979)

Place : New Delhi
Dated : 11.06.2010

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, 2010

- 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 was 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 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 reports and compliances needs to be expedited.

Agiwal
* . . .

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 2010 for a period of more than six months from the date the date they became payable.

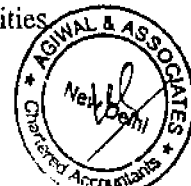
(c) According to the information and explanations given to us, there are no dues of income tax, wealth tax and Service Tax which have not been deposited on account of any dispute except the following:

Name of the statute	Nature Of Dues	Financial Year to which the matter pertains	Forum where Matter is pending	Amount (Rs. in Crores)
Income Tax Act, 1961	Income Tax, Interest & Penalty	1996-1997, 1999-2000, 2000-2001, 2001-2002, 2003-2004, 2007-2008	Deputy Commissioner of Income Tax	32.43
Finance Act, 1994	Service Tax, Interest & Penalty	2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009	Commissioner of Service Tax	4.11

x) The Company has no accumulated losses as at 31st March, 2010 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.



Agiwal & Associates
 CHARTERED ACCOUNTANTS

- 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 on or by 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 Agiwal & Associates
 Chartered Accountants
 (Firm Registration No. 000181N)



V K Gupta
 V K Gupta
 Partner
 (Membership No. 81979)

Place : New Delhi
 Dated : 11.06.2010

ADDENDUM-II



ADDENDUM-II

Annexure to the Directors' Report

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

A. Auditors' Report

Point No. 4(i)	Position has been explained in the note No. 15 of Schedule-T.
Point No. 4(ii)	Position has been explained in the note No. 5(b) of Schedule-T.
Point No. 4(iii)	The Company has the accounting policy of recognising front end fee, application fee, administrative fees and processing fees on loans on realisation basis which has also been disclosed in Accounting Policy No. 2(b) of Schedule-S.
Point No. 4(iv)(a)	Noted for suitable action.
Point No. 4(iv)(b)	As per terms of default resolution package, M/s. Cochin International Airport Ltd. is yet to convert loan of Rs. 52 crore and allot equity shares at par. Agency is being pursued for necessary action. This has also been explained in Note No. 5(c) of Schedule-T.
Point No. 4(iv)(c)	The Andrews Ganj Project has been undertaken by the Company on behalf of the Ministry of Urban Development. The position has also been disclosed in Note No. 2(b) of Schedule-T.
Point No. 4(iv)(d)	In respect of lending to State Government / State Government Agencies, the exposure has been exceeded in the case of some agencies for which HUDCO has been making request to NHB for relaxation from exposure norms.
Point No. 5(a), (b), (c) and (e)	No comments required.
Point No. 5(d)	The Company has the accounting policy of recognizing front end fee, application fee, administrative fees and processing fees on loans on realisation basis which has also been disclosed in the point No. 2(b) of Schedule-S.

B. Annexure to the Auditors' Report

Point No. (i)(a), (i)(b), (i)(c), (ii), (iii), (v), (vi), (viii), (ix)(a), (ix)(b), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), (xx) and (xxi)	No comments required.
Point No. (iv)	<p>With a view towards having effective Monitoring Mechanism in Operations Wing, the Project Monitoring Cell is monitoring schemes for timely documentation, releases including site inspections and repayments, so as to avoid defaults. Accordingly, improved pre-completion and post-completion monitoring formats have been circulated to all Regional Offices for obtaining information in the prescribed format on monthly basis. Further duly filled formats are to be sent to the concerned Strategic Business Unit at Head Office on a monthly basis, with a copy to Executive Director (Operations). In case progress reports are not received in time, regular follow-up is being carried out with the agencies and regular site inspections are being conducted to ascertain actual progress at site. Further, in private sector schemes having loan amounts exceeding Rs. 25 crore, a lender auditor is appointed for verifying the utilisation of loan.</p> <p>The utilisation certificates of grants / subsidies are constantly monitored at Regional Offices, Corporate Office and also periodically reviewed by the Ministry.</p>
Point No. (vi)	<p>Steps are being taken by the Company to strengthen Internal Audit Department.</p> <p>Coverage of Internal Audit has been increasing every year. It has been covering all Regional Offices & main branches of Retail Finance and some of the Departments of Head Office. It is proposed to widen the coverage further by including some more Departments of Head Office as well.</p> <p>All the possible steps are being undertaken for early submission of replies / compliances to the Competent Authority.</p>
Point No. (ix)(c)	The matter has been taken up with Income Tax Department / Service Tax Department for rectification / deletion / adjustment of demand raised by them and orders from Income Tax Department / Service Tax Department are still awaited.

For and on behalf of the Board of Directors



(T Prabakaran)

Director Finance and Chairman & Managing Director

Place : New Delhi

Dated :

C&AG COMMENTS



C&AG-1

COMMENTS OF THE C&AG

Annexure to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2010.

(As conveyed vide letter सं. /No. /प्रति/2-5/2009-10/382 dated 28.06.2010 by the office of the Principal Director of Commercial Audit and Ex-officio Member, Audit Board – III, New Delhi.)

The preparation of financial statements of Housing and Urban Development Corporation Limited, New Delhi, for the year ended 31st March, 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956, is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956, based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11th June, 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956, of the financial statements of Housing and Urban Development Corporation Limited, New Delhi, for the year ended 31st March, 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

Sd/-

(MK Biswas)

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

Place: New Delhi
Dated: 28th June, 2010

ANNUAL ACCOUNTS



hudco

HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010



	SCHEDULE	(Rs. In thousand)	
		As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	20,019,000	20,019,000
Reserves and Surplus	B	30,951,868	28,659,615
		<u>50,970,868</u>	<u>48,678,615</u>
Loan Funds			
Secured Loans	C	1,895,274	1,991,898
Unsecured Loans	D	153,309,535	190,501,347
		<u>155,204,809</u>	<u>192,493,245</u>
Deferred Tax Liabilities (Net)		2,373,907	2,343,927
		<u>208,549,284</u>	<u>241,515,787</u>
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block		1,425,041	1,418,668
Less: Depreciation		739,188	698,977
Net Block		688,855	719,689
Capital Work In Progress		95,874	90,721
	E	<u>784,729</u>	<u>810,410</u>
Investments	F	15,239,849	20,431,909
Loans	G	190,287,311	214,269,690
Current Assets, Other Loans and Advances			
Sundry Debtors	H	121,484	218,175
Cash and Bank Balances	I	7,558,621	10,523,863
Other Current Assets	J	1,908,029	2,891,337
Other Loans and Advances	K	3,424,005	3,392,902
		<u>13,012,139</u>	<u>18,026,277</u>
Less:			
Current Liabilities and Provisions			
Current Liabilities	L	9,183,418	9,400,327
Provisions	M	1,891,328	1,828,138
		<u>10,754,744</u>	<u>11,026,465</u>
Net Current Assets		<u>2,257,395</u>	<u>5,799,612</u>
Miscellaneous Expenditure (to the extent not written off or adjusted)			
Ancillary cost on raising of Bonds, Public Deposits and Term Loans		-	203,968
		-	<u>203,968</u>
		<u>208,549,284</u>	<u>241,515,787</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

Harinder Verma
 Company Secretary

R S Sojanil
 Director

T. Prabhakaran
 Director Finance
 and
 Chairman and Managing Director

As per our separate report of even date attached

For Agwal & Associates
 Chartered Accountants
 (Firm Registration No. 000181N)

V K Gupta
 Partner
 (Membership No. 81979)

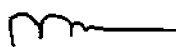


Place : New Delhi
 Dated : 11 JUN 2010

HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010



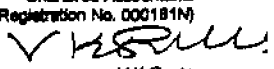
	SCHEDULE	(Rs. in thousand)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME			
Income from Loans, Investments, Deposits and Others	N	25,077,528	27,082,457
Other Income		205,937	49,339
Total		25,283,465	27,131,796
EXPENDITURE			
Interest and other charges	O	14,124,703	19,024,495
Personnel expenses	P	924,836	757,512
Administrative and other expenses	Q	231,244	241,320
Depreciation		45,172	48,715
Provision on loans (Refer Note No. 5(b))		2,108,664	(853,480)
Provision on debtors/recoverables and other loans & advances		1,382	1,459
Provision on investment		-	1,611
Total		17,434,001	19,419,652
Profit before tax		7,849,464	7,712,144
Prior period adjustments (net)	R	8,749	62,533
Deferred Tax Liability for prior years transferred to General Reserve		-	(1,209,648)
Provision for taxation		-	-
- Current Tax / Wealth Tax		(2,691,500)	(1,862,500)
- Deferred Tax - Current year		(29,680)	(710,656)
- Fringe Benefit Tax		-	(8,500)
Adjustment of tax for earlier years (Net)		(183,940)	28,502
Profit after tax		4,953,093	4,009,875
Add: Transferred from Welfare Reserve		23,620	-
Less: Transferred to Welfare Reserve		-	(2,822)
		4,976,713	4,007,053
Add: Balance brought forward from previous year		1,254,726	1,254,726
Profit available for appropriation		6,231,439	5,261,779
APPROPRIATION			
Proposed Final Dividend		590,761	452,429
Dividend Tax		58,119	76,890
Transferred to Special Reserve		2,000,000	1,750,000
Transferred to General Reserve		2,218,904	1,868,740
Transferred to Welfare Reserve		22,658	81,994
Balance carried to Balance Sheet		1,300,000	1,254,726
		6,231,439	5,261,779
Earning per Share (Face value Rs. 1000)		247.42	200.30
Basic / Diluted (Rs.)			
Significant Accounting Policies	S		
Notes to Accounts	T		

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

 Harinder Verma Company Secretary	 R S Solanki Director	For and on behalf of the Board  T Prabhakaran Director Finance and Chairman and Managing Director
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As per our separate report of even date attached

For Agwal & Associates
 Chartered Accountants
 (Firm Registration No. 000181N)


 V K Gupta
 Partner
 (Membership No. 81979)

Place : New Delhi

Dated : 11 JUN 2010

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



**SCHEDULE A
SHARE CAPITAL**

	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Authorised		
25,000,000 equity shares of Rs.1,000/- each (previous year 25,000,000 equity shares of Rs.1,000/- each)	25,000,000	25,000,000
Issued, Subscribed and Paid up		
20,019,000 equity shares of Rs.1,000/- each fully paid up (previous year 20,019,000 equity shares of Rs.1,000/- each fully paid up)	20,019,000	20,019,000
	<u>20,019,000</u>	<u>20,019,000</u>

**SCHEDULE B
RESERVES AND SURPLUS**



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Capital (KfW) Reserve		
Balance from previous year	539,663	458,113
Add: Transferred during the year	28,040	81,550
	567,703	539,663
Special Reserve		
(a) Created (u/s 38(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 38(1)(viii) of the Income Tax Act, 1961 from Financial Year 1997-98 onwards)		
Balance from previous year	18,700,548	14,950,548
Add: Transferred from Profit and Loss Appropriation Account	2,000,000	1,750,000
	18,700,548	16,700,548
	20,518,038	18,518,038
General Reserve		
Balance from previous year	5,880,640	3,005,252
Add: Transferred from Profit and Loss Account on account of prior years Deferred Tax Liability	-	1,209,648
Add: Transferred from Profit and Loss Appropriation Account	2,219,904	1,665,740
	8,100,544	5,880,640
Welfare Reserve		
Balance from previous year	466,548	401,732
Add: Transferred from Profit and Loss Account	-	2,822
Less: Transferred to Profit and Loss Account	23,620	-
Add: Transferred from Profit and Loss Appropriation Account	22,655	61,994
	465,583	466,548
Surplus in Profit and Loss Account		
Balance from previous year	1,254,726	1,254,726
Less: Transferred to Profit and Loss Account	1,254,726	1,254,726
	-	-
Balance in Profit and Loss Account	1,300,000	1,254,726
	1,300,000	1,254,726
	30,951,868	26,659,615

SCHEDULE C SECURED LOANS



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
Loan from Bank		
Bank of India * #	1,136,774	1,195,398
[Due for repayment within one year Rs. 6.23 crore (Previous year Rs. 5.86 crore)]	1,136,774	1,195,398
Special Priority Sector Bonds ##		
SPS Bond Series A, B and C (Bank of India) **	758,500	796,500
[Due for repayment within one year Rs. 4.20 crore (Previous year Rs. 3.80 crore)]	758,500	796,500
	<u>1,895,274</u>	<u>1,991,898</u>

* Secured by lien over Certificate of Deposit for US \$ 23.91 million (Previous year US \$ 25.01 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 \$ 15.94 million (Previous year US \$ 16.67 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 10.12.2002 to 10.06.2022.

The repayment dates for SPS bonds series B and C is semi annual; for Series B from 10.12.2008 to 10.06.2015 and for series C from 10.12.2015 to 10.06.2022.

**SCHEDULE D
UNSECURED LOANS**



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
DEBENTURES * ###		
Subscribed by Banks, Companies and Trusts		
11.50% Repayable on 26.05.2009		400,000
11.50% Repayable on 31.08.2009		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
	1,470,000	2,280,000
BONDS ###		
Hudco Bonds Series		
Non-cumulative		
12.50% Taxable (XIV-B) Paid on 08.09.2009	-	570,000
8.25% Tax free (XV-B) Paid on 29.03.2010	-	500,000
11.25% Taxable (XVI-B) Paid on 31.03.2010	-	353,000
8.25% Tax free (XVII-A) Repayable on 19.09.2010	815,000	815,000
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
12.40% Taxable (XVIII-C) Repayable on 19.09.2010	110,000	110,000
12.40% Taxable (XVIII-F) Repayable on 28.09.2010	247,800	247,800
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
10.00% Taxable (XXIII-C) Repayable on 27.03.2012	3,125,500	3,125,500
10.00% Taxable (XXIV-C) Repayable on 28.03.2012	731,000	731,000
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	2,179,000
7.10% Taxable (XXVIII) Repayable on 06.03.2013	299,000	320,000
7.40% Taxable (XXIX-A) Repayable on 06.03.2013	314,000	314,000
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	10,000
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	3,151,000	3,151,000
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	622,000

Schedule D (Contd.)

Annual Accounts 2009-10



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
7.20% Taxable (XXXVI-B) Paid on 29.03.2010 (Put option exercised on 29.03.2010)	-	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 \$	550,000	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
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>62,925,900</u>	<u>65,895,900</u>
HUDCO Gujarat Punamirman Special Taxfree Bonds		
9.25% Tax free Bond Series (I-C) Repayable on 05.03.2012	1,309,500	1,309,500
9.00% Tax free Bond Series (II-C) Repayable on 28.03.2012	1,486,500	1,486,500
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	500,000
6.80% Tax free Bond Series (IV-B) Repayable on 08.03.2013	160,000	160,000
	<u>3,531,000</u>	<u>3,531,000</u>
Bonds - Subordinated Debt under Tier - II Capital # A		
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>71,456,900</u>	<u>74,426,900</u>
LOANS FROM GOVERNMENT OF INDIA UNDER :		
Line of credit from KfW		
(Repayable after 22 years from the date of drawal)		
5.75% p.a. (net)	529,645	529,645
[Due for repayment within one year Rs.Nil (Previous year Rs. Nil)]	<u>529,645</u>	<u>529,645</u>
LOAN FROM FINANCIAL INSTITUTIONS :		
General Insurance Corporation		
of India and its four subsidiaries #		
(Repayable within 16th year from the date		
of drawal)		
6.25% p.a. (net)	698,560	1,260,173
[Due for repayment within one year Rs. 43.12 crore (Previous year Rs. 56.16 crore)]	<u>698,560</u>	<u>1,260,173</u>
National Housing Bank #		
(Repayable within 6 years from the date of drawal)		
7.00% p.a.	3,158,000	4,000,000
[Due for repayment within one year Rs. 63.30 crore (Previous year Rs.63.30 crore)]	<u>3,158,000</u>	<u>4,000,000</u>

Schedule D (Contd.)

Annual Accounts 2009-10



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Life Insurance Corporation of India # (Repayable from 2nd to 10th year from the date of drawal) 6.25% p.a. [Due for repayment within one year Rs. 98.67 crore (Previous year Rs. 146.67 crore)]	1,233,334 <u>1,233,334</u> 5,087,894	2,833,334 <u>2,833,334</u> 8,093,507
LOAN FROM VARIOUS BANKS Against Banking Sector Fund # @@@ (Repayable within 16 years from the date of drawal) [Due for repayment within one year Rs. 2534.73 crore (Previous year Rs. 3381.20 crore)]		
4.00% p.a.	1,625	15,125
6.63% p.a.	956,243	2,231,243
6.96% p.a.	300,000	870,000
7.00% p.a.	-	313,750
7.37% p.a.	23,375	113,250
7.46% p.a.	-	32,419
7.60% p.a.	428,576	571,432
8.50% p.a.	-	3,249,666
8.55% p.a.	400,000	1,000,000
8.75% p.a.	6,750,000	6,750,000
9.00% p.a.	-	500,000
9.50% p.a.	-	1,350,000
9.75% p.a.	-	2,400,000
Term Loan From Banks (PLR)	<u>33,734,947</u>	<u>61,307,677</u>
	42,594,766	80,704,562
Against Banking Sector Fund (Short Term) (Repayable within one year) 6.25% p.a. 6.50% p.a. [Due for repayment within one year Rs. 220.00 crore (Previous year Rs. Nil)]	1,200,000 1,000,000 <u>2,200,000</u> 44,794,766	- - - 80,704,562
PUBLIC DEPOSITS (Due for repayment within one year Rs. 1256.85 crore (Previous year Rs. 459.70 crore))	<u>22,907,893</u> 22,907,893	<u>16,656,837</u> 16,656,837
INTEREST BEARING CASH SECURITIES	<u>4,148</u> 4,148	<u>4,148</u> 4,148
LOANS IN FOREIGN CURRENCY Loan from JBIC * (Repayable from 20 January 2008 to 20 July 2023) - Swapped in two tranches with SBI ## - Swapped in one tranche with ICICI Bank Ltd. ### - Unswapped portion of JBIC [Due for repayment within one year Rs. 16.33 crore (Previous year Rs. 16.33 crore)]	1,270,638 363,854 <u>1,634,492</u> 741,132 <u>2,375,624</u>	1,350,053 447,700 <u>1,797,753</u> 793,611 <u>2,591,364</u>
Loan from Asian Development Bank * ** 6 months LIBOR for US \$ + 0.40% p.a.** [Due for repayment within one year Rs. 9.02 crore (Previous year Rs. 8.49 crore)]	<u>3,354,765</u> 3,354,765	<u>3,759,384</u> 3,759,384



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
Loan from US Capital Market		
(Guaranteed by USAID and Counter Guaranteed by Canara Bank)		
(Repayable from March 2010 to September 2029)		
6 months LIBOR for US \$ + 0.18% p.a. (USAID-1) ***	425,100	436,000
(Repayable from March 2011 to September 2030)		
6 months LIBOR for US \$ + 0.035% p.a. (USAID-2)	902,800	1,019,000
[Due for repayment within one year Rs. 4.43 crore (Previous year Rs.1.09 crore)]	1,327,900	1,455,000
	7,058,289	7,805,748
	153,309,535	190,501,347

- * Guaranteed by Central Government as to the repayment of principal and interest.
- ** Hudco has received a loan of US \$ 100 million from ADB out of which US \$ 50 million (received during the years 1997-98 and 1998-99) has been placed as deposit as per arrangement with Bank of India, Cayman Islands Branch, USA. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan. The balance US \$ 50 million (received during the year 1999-00) 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 and further Loans from Banking Sector are covered by irrevocable Power of Attorney to the extent of Rs. 152.33 crore (Previous year Rs. 504.92 crore).
- ## Swapped with SBI in one tranche of JPY 3792.90 million (Previous year JPY 3792.90 million) (for 10 years upto 16.10.2010) against Rupee funds of Rs. 162.80 crore @ PLR + 0.65% p.a.
- ### Debentures and bonds are redeemable at par.
- #### Principal only swap amounting to JPY 1746.13 million (Previous year JPY 1746.13 million) entered into with ICICI Bank Ltd. on 25.04.2007 (5% years (approx.) upto 20.01.2013) against Rupee fund of Rs. 81.54 crore at PoS premium of 7.65% p.a.
- \$ 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. 150.45 crore (US \$ 33.33 million) (previous year Rs. 894.33 crore (US \$ 177.51 million)) as loans from banks against FCNR Deposits.
- ^ Converted to Tier II Capital on 30.03.2004 from 10.15% Taxable 2002 (SD - II) bonds repayable on 27.03.2012.
- ^^ Repayable from 15.12.2002 to 15.06.2022.

SCHEDULE E FIXED ASSETS



(Rs. In thousand)

ITEMS	GROSS BLOCK				DEPRECIATION / AMORTISATION					NET BLOCK		
	Cost as at 01.04.2009	Addition during the year	Adjustments		Total Cost as at 31.03.2010	As at 01.04.2009	For the year	Adjustments		Total as at 31.03.2010	As at 31.03.2010	As at 31.03.2009
			Addition	Deduction				Addition	Deduction			
Land (Freehold)	48,573	-	-	-	48,573	-	-	-	-	-	48,573	48,573
Land (Leasehold) ** #	80,857	-	-	-	80,857	10,567	947	-	-	11,514	69,343	70,290
Building ** #	712,061	-	-	-	712,061	273,309	21,937	-	-	295,246	416,815	438,752
Flat #	209,712	-	-	-	209,712	101,802	5,396	-	-	107,198	102,514	107,910
Airconditioner and Cooler	15,937	1,063	-	270	16,730	11,208	747	-	224	11,731	4,999	4,729
Office Equipments ##	248,449	4,499	-	2,610	250,338	213,647	10,248	-	2,395	221,500	28,838	34,802
Furniture and Fixtures	43,117	1,254	-	22	44,343	33,313	1,846	-	13	35,146	9,197	9,804
Vehicle	19,047	6,535	-	5,576	20,006	14,084	2,441	-	5,203	11,322	8,684	4,963
Library Books	5,512	280	-	-	8,592	8,312	280	-	-	8,592	-	-
Miscellaneous Assets	34,993	1,356	-	128	36,221	34,993	1,356	-	128	36,221	-	-
	1,421,058	14,987	-	6,612	1,427,433	701,235	45,198	-	7,963	738,470	688,963	719,823
Less : Grants												
Building	13	-	-	-	13	9	1	-	-	10	3	4
Air Conditioner	301	-	-	-	301	293	1	-	-	294	7	8
Office Equipment	1,993	-	-	-	1,993	1,871	24	-	-	1,895	98	122
Furniture and Fixtures	10	-	-	-	10	10	-	-	-	10	-	-
Library Books	2	-	-	-	2	2	-	-	-	2	-	-
Miscellaneous Assets	73	-	-	-	73	73	-	-	-	73	-	-
	2,392	-	-	-	2,392	2,258	26	-	-	2,284	108	134
	1,418,666	14,987	-	6,612	1,425,041	698,977	45,172	-	7,963	736,186	688,855	719,689
Capital Work-In-Progress	90,721	5,153	-	-	95,874	-	-	-	-	-	95,874	90,721
As At 31.03.2010	1,509,387	20,140	-	6,612	1,520,915	698,977	45,172	-	7,963	736,186	784,729	810,410
As At 31.03.2009	1,424,958	130,535	45,786	91,892	1,509,387	661,161	46,715	2,924	11,823	698,977	810,410	-

* 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. 70.12 crore (Previous year Rs. 70.12 crore), total depreciation of Rs. 28.74 crore (Previous year Rs. 26.56 crore) and net block of Rs. 41.38 crore (Previous year Rs. 43.56 crore) as on 31.03.2010.

The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of Rs. 42.08 crore (previous year Rs. 42.08 crore) are yet to be executed.

Includes Intangibles assets gross block of Rs. 1.62 crore (Previous year Rs. 1.62 crore), amortisation during the year Rs. 0.005 crore (Previous year Rs. 0.01 crore) total amortisation of Rs. 1.61 crore (Previous year Rs. 1.61 crore) and net block of Rs. 0.01 crore (Previous year Rs. 0.02 crore) as on 31.03.2010.

SCHEDULE F INVESTMENTS

		(Rs. in thousand)	
		As at 31st March, 2010	As at 31st March, 2009
Equity Shares (Long Term) (Trade Investments)	49,719		49,719
Less: Provision	30,000		30,000
		19,719	
Equity Shares (Long Term) - Joint Venture	24,030		24,030
Less: Provision	3,900		3,900
		20,130	
Bonds		15,200,000	20,392,060
		15,239,849	20,431,909
Aggregate of quoted investments :			
Cost		28,000	28,000
Market value		37,072	19,000
Aggregate of unquoted investments :			
Cost		15,247,749	20,439,809

(i) Equity Shares (Long Term) (Trade Investments)

	Number	Face Value (Rs.)	(Rs. in thousand)	
			As at 31st March, 2010	As at 31st March, 2009
(A) Quoted Investments				
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
(B) Unquoted Investments				
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
Mamite Polycast Ltd.	100,000	10	1,000	1,000
Perwal Bricks Ltd.	100,000	10	1,000	1,000
Trans Fibre Pipes (I) Ltd.	71,900	10	719	719
			23,719	23,719
			49,719	49,719
(C) Equity Shares (Long Term) - 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
Shrihari Urban Infrastructure Development Ltd.	2,000,000	10	20,000	20,000
Sigma Infrastructure India Ltd.	13,000	10	130	130
			24,030	24,030

(ii) Bonds

	Rate of Interest (%)	Number	Face Value (Rs.)	(Rs. in thousand)	
				As at 31st March, 2010	As at 31st March, 2009
Karnataka Renewable Energy Development Ltd. **	14.00	-	100,000	-	192,060
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	-	100,000	-	5,000,000
West Bengal Infrastructure Dev. Finance Corpn. Ltd	8.00	2,000	1,000,000	2,000,000	2,000,000
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 Jeevan Pradhikaran	8.00	2,000	1,000,000	2,000,000	2,000,000
				15,200,000	20,392,060
Total Unquoted				15,247,749	20,439,809

* Share Certificates sent for correction but not received back.

** Held with Jammu & Kashmir Bank Depository Services who are showing a balance of Rs. 135.80 crore of Karnataka Renewable Energy Development Ltd. and Rs. 50 crore of Godawari Marathwada Irrigation Development Corporation as a Face Value against Rs. nil of both agencies 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.



**SCHEDULE G
LOANS**



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
Loans		
Opening Balance	224,347,504	221,488,464
Add : Advanced during the year	30,980,692	40,200,854
Less : Repayment received during the year	52,432,932	37,339,814
	<u>202,895,264</u>	<u>224,347,504</u>
Less : KW Releases	130,028	199,837
	<u>202,765,236</u>	<u>224,147,667</u>
Less : Excess amount (Pending adjustment)	342,748	4,954
	202,422,490	224,142,713
Less : Provision on loans	12,279,861	10,173,197
	190,142,629	213,969,516
Add : Interest accrued and due on above	124,682	300,174
	<u>190,267,311</u>	<u>214,269,690</u>
Loans and advances considered good in respect of which the company is fully secured by mortgage.	81,770,304	78,321,118
Loans and advances considered good in respect of which the company holds guarantees from Government / Banks.	75,158,619	93,113,147
Loans and advances to Central and State Government departments considered good for which the company holds no security (The Government guarantee is considered implicit).	45,308,281	52,036,557
Loans and advances considered good for which the company holds no security other than the debtor's personal security	528,052	878,645
	<u>202,765,236</u>	<u>224,147,667</u>

**SCHEDULE H
SUNDRY DEBTORS**



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
Unsecured		
Debts outstanding for a period exceeding six months		
- Considered good	104,792	189,525
- Considered doubtful	<u>4,309</u>	<u>3,200</u>
	109,101	
Less : Provision for doubtful debts	<u>4,309</u>	3,200
	104,792	
Other Debts		
- Considered good	<u>16,692</u>	<u>28,650</u>
	<u>121,484</u>	<u>218,175</u>

**SCHEDULE I
CASH AND BANK BALANCES**



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Cash and Revenue stamps in hand	412	252
Demand Drafts in hand	36	4,070
Stamps in hand (Including franking machine balance)	17	24
Remittance in transit (Inter office)	13,889	37
With Schedule Bank		
- In Current Account - Indian Branches *	2,426,376	6,656,745
- In Deposit Account - Indian Branches *	3,408,334	2,798,240
- In Deposit Account - Foreign Branches **	<u>1,710,485</u>	<u>2,030,184</u>
	7,543,175	
Balance with Reserve Bank of India	<u>1,092</u>	<u>66,311</u>
	<u>7,558,621</u>	<u>10,523,863</u>

* Includes Rs. Nil (Previous year Rs. 13.00 crore) in the Deposit account/Flexible Deposit and Rs. 0.08 crore (Previous year Rs. 0.01 crore) held under No-lien account of Andrews Garj Project.

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

**SCHEDULE J
OTHER CURRENT ASSETS**



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Interest accrued but not due on:		
Bonds	342,904	726,204
Fixed Deposit with Scheduled Bank- Indian Branches *	21,131	3,978
Deposit with Scheduled Bank - Foreign Branches	4,707	16,851
Loans	<u>1,107,543</u>	<u>1,531,100</u>
	<u>1,476,285</u>	<u>2,278,133</u>
Work-In-Progress		
- Andrews Garj project (AGP)		
Opening balance	269,082	710,528
Add: Work done during the year		
- Civil work	-	34,643
- Other expenses	-	-
	<u>269,082</u>	<u>-</u>
Less: Work Completed	-	476,090
	<u>269,082</u>	<u>269,082</u>
- BSUP Project	18,540	-
Closing Work In Progress	<u>287,622</u>	<u>269,082</u>
Work Completed	<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>1,908,029</u>	<u>2,691,337</u>

* Includes Rs. Nil (Previous year Rs. 0.33 crore) on Fixed Deposit/Flexible Deposit held under No-lien account of Andrews Garj Project.

**SCHEDULE K
OTHER LOANS AND ADVANCES**



	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Staff loans *	318,779	313,335
Add : Interest accrued on above *	113,858	110,653
	<u>432,635</u>	
Less : Provision	897	930
	<u>431,738</u>	
	<u>431,738</u>	<u>423,058</u>
 Loan (Secured against Hudco Public Deposits)	 1,511	 91,671
Add : Interest accrued on above	48	15,515
	<u>1,559</u>	<u>107,186</u>
 Advances recoverable in cash or in kind or for value to be received or pending adjustments: (Unsecured considered good)		
Advances for works **	283,157	281,091
Employees Advances	1,918	3,939
Prepaid Expenses	5,206	4,805
Deposit for Services	2,212	1,923
Advance against capital purchases	12,053	12,053
Advance Income Tax / Fringe Benefit Tax (Including TDS)	2,737,581	1,913,669
Less: Provision for Income Tax / FBT	<u>2,690,000</u>	1,869,500
	47,581	
Income Tax Payments subject to litigation	2,206,155	2,148,281
Interest Tax Payments subject to litigation	70,233	70,233
Others	368,732	300,744
	<u>2,995,247</u>	
Less : Provision	4,539	4,580
	<u>2,990,708</u>	
	<u>3,424,005</u>	<u>3,392,902</u>

* Includes secured by way of mortgage of Rs. 36.69 crore (Previous year Rs. 35.27 crore).

** Includes Rs.27.81 crore (Previous year Rs. 27.81 crore) on account of Andrews Ganj Project.

Particulars	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Due by Directors of the Company	70	100
Due by other officers of the Company	911	998
Maximum amount due at any time during the year by Directors of the Company	100	130
Maximum amount due at any time during the year by officers of the Company	998	1030

**SCHEDULE L
CURRENT LIABILITIES**



	As at 31st March, 2010	(Rs. in thousand) As at 31st March, 2009
Sundry Creditors (Refer Note No.12)	9,543	7,355
Security, Earnest money and other deposits	159,390	72,832
Amount received in advance	52,283	73,534
Liability towards Investors Education and Protection Fund *		
i) Unpaid Debentures	-	-
ii) Unpaid Bonds	176,777	240,293
iii) Unpaid Public Deposits	64,108	116,316
iv) Interest accrued and due on above	87,488	104,840
KfW R and D account	494,464	486,668
KfW Interest account	97,948	96,427
Amount received from KfW ** \$	1,009,815	1,037,856
Less : KfW Releases	130,028	199,837
	879,787	
Grant / Subsidy received from different Ministries/Agencies \$	76,441	67,388
Amount payable to Ministry - AGP	422,666	927,156
Bank book overdraft in current account	-	67,092
Premium for forward sale contract accrued but not due	-	286
Other Liabilities	488,596	418,326
Interest accrued but not due		
- Secured Loans	19,505	30,677
- Unsecured Loans	6,154,391	5,852,867
- Others	51	51
	9,163,418	9,400,327

* Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 will be determined on the respective due dates.

** Includes Principal overdue & interest overdue as on 31.03.2010 amounting to Rs. 4.63 crore (previous year Rs. 4.61 crore) and Rs. 3.75 crore (previous year Rs. 2.78 crore) respectively.

\$ Includes Rs. 7.85 crore (previous year Rs. 6.95 crore) (net of refunds) as on 31.03.2010 received on account of various Grants / Subsidy. Cumulative Grants / Subsidies received as on 31.03.2010 is Rs. 1456.07 crore (previous year Rs. 1452.37 crore) out of which Rs. 1450.22 crore (previous year Rs. 1418.71 crore) has been released. The Utilisation Certificates to the extent of Rs.1263.64 crore has been received and for balance amount of Utilisation Certificates are being followed up.

**SCHEDULE M
PROVISIONS**

	(Rs. in thousand)	
	As at 31st March, 2010	As at 31st March, 2009
Wealth tax	1,500	1,500
Leave encashment	207,837	130,302
Post-retirement medical benefit	544,481	565,616
Gratuity	-	47,175
Welfare expenses	2,301	3,795
Leave travel concession	148,327	108,431
Pay revision	-	240,000
Proposed Final Dividend	590,761	452,429
Dividend Tax	98,119	76,890
	<u>1,591,326</u>	<u>1,628,138</u>

SCHEDULE N
INCOME FROM LOANS, INVESTMENTS, DEPOSITS AND OTHERS



		(Rs. in thousand)	
		Year ended 31st March, 2010	Year ended 31st March, 2009
Interest on Loans	22,360,902		24,978,391
Less: Penal interest waived off	<u>559,618</u>		570,118
		21,801,284	
Interest on Bonds *		1,604,123	1,963,830
Other Income on loans **	422,398		153,590
Less: Prepayment charges waived off	<u>-</u>		19,000
		422,398	
Other income on Bonds		1,940	1,940
Dividend on long term investments		146	120
Interest on Staff Advances		10,976	11,338
Interest on Loans against Public Deposits		3,965	8,978
Interest on Fixed Deposits			
- Scheduled Banks - Indian Branches	272,144		151,387
- Scheduled Banks - Foreign Branches	<u>31,377</u>		72,468
		303,521	
Overhead charges on construction project		7,909	7,479
Consultancy ***		69,799	228,473
Management Development Programme \$		3,710	2,190
Rental income \$\$		95,913	92,956
Profit on sale of fixed assets (Net)		274	441
Translation/Exchange Gain on Foreign Currency Loan		751,570	-
		<u>25,077,528</u>	<u>27,082,457</u>

- * Tax Deducted at Source Rs. 23,38,92,114/- (Previous year Rs. 37,76,12,403/-).
 ** Tax Deducted at Source Rs. 63,852/- (Previous year Rs. 63,852/-).
 *** Tax Deducted at Source Rs. Nil (Previous year Rs. 4,17,530/-).
 \$ Tax Deducted at Source Rs. 12908/- (Previous year Rs. 15,018/-).
 \$\$ Tax Deducted at Source Rs. 1,71,43,691/- (Previous year Rs. 2,06,61,704/-).

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SCHEDULE O
INTEREST AND OTHER CHARGES



	(Rs. in thousand)	
	Year ended 31st March, 2010	Year ended 31st March, 2009
Interest on Secured loans	161,975	233,896
Interest on Unsecured loans		
- Indian Currency	13,093,736	15,477,521
- Foreign Currency		
- Unswapped	40,742	47,030
- Swapped	490,818	608,579
Government Guarantee Fee	51,366	43,156
Premium on Forward Sale Contract	30,398	9,663
Miscellaneous expenditure written Off	228,732	95,562
Translation/Exchange Loss on Foreign Currency Loan	-	2,462,948
Other Expenses on loans	28,936	46,140
	<u>14,124,703</u>	<u>19,024,495</u>

**SCHEDULE P
PERSONNEL EXPENSES**



	Year ended 31st March, 2010		(Rs. in thousand) Year ended 31st March, 2009	
	Directors *	Total	Directors *	Total
Salaries, Allowances and Other Amenities **	6,800	770,421	2,848	693,556
Group Saving Linked Insurance Premium	1	245	1	244
Gratuity **	-	85,259	-	27,303
Insurance **	-	493	-	424
Welfare	-	8,155	-	4,491
Staff Development / Training	1	1,388	123	2,448
Contribution to Provident / Pension Fund	428	59,234	148	28,051
Administrative Charges	7	929	3	508
Contribution to Benevolent Fund	1	712	1	491
	<u>7,236</u>	<u>924,836</u>	<u>3,122</u>	<u>757,512</u>

* Included in total.

** Includes provision/payment for directors.

\$ Net of provision made in earlier years.

**SCHEDULE Q
ADMINISTRATIVE AND OTHER EXPENSES**



	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Directors *	Total	Directors *	Total
(Rs. in thousand)				
ADMINISTRATIVE EXPENSES				
Office Rent	-	6,574	-	6,844
Repair and Maintenance to Building	-	32,075	-	37,887
Repair and Maintenance of Other Assets	-	15,454	-	12,338
Repair and Maintenance of Vehicle	-	3,149	-	3,782
Insurance	-	1,132	-	908
Rates and Taxes	-	18,567	-	6,573
Travelling	3,078	26,060	6,969	34,270
Legal and Professional Fee	-	12,300	-	17,126
Auditors Remuneration :				
- Audit Fees	-	450	-	450
- Tax Audit Fees	-	225	-	225
- In Other Matters	-	619	-	590
- Out of Pocket Expenses	-	123	-	315
Electricity	-	14,205	-	11,969
Printing and Stationery	-	4,000	-	5,616
Postage, Telegram, Telephone and Telex	-	12,528	-	11,154
Advertisement, Publicity and Sponsorship	-	7,261	-	16,291
Exhibition and Conference (Net)	-	411	-	1,160
Subscription and Membership	10	2,097	22	1,929
Miscellaneous #	571	39,563	702	53,012
	3,657	196,793	6,693	222,439
OTHER EXPENSES				
Grant in Aid / Research and Development Expenditure	-	16,991	-	5,640
Expenses on Consultancy	-	2,707	-	6,749
Expenses on Management Development Programme	-	2,503	-	4,491
Expenses on Completed Project	-	12,207	-	1,969
Waiver of Instalments	-	43	-	1
Early Redemption Expenses	-	-	-	11
	-	34,451	-	18,861
	3,657	231,244	6,693	241,320

* Included in total.

Includes Rs. 3,19,000/- (Previous year Rs. 3,17,000/-) on account of sitting fee paid to Directors.

**SCHEDULE R
PRIOR PERIOD ADJUSTMENTS**



	Year ended 31st March, 2010	(Rs. in thousand) Year ended 31st March, 2009
INCOME		
Salary allowances and other benefits	53	54,730
Legal charges	-	388
Consultancy fee	3,898	1,613
Trusteeship & Consortium fee	-	400
Interest on loan	564	1,141
Interest on borrowings	3,894	2,733
Expenses on Bonds & other Borrowings	620	-
Depreciation	-	5,669
Miscellaneous receipt	20	709
	<u>9,049</u>	<u>67,381</u>
EXPENDITURE		
Office rent	149	70
Repairs and maintenance	-	2,851
Water & Electricity	16	1,188
Grant in aid	-	125
Interest on Investment	130	-
Other Expenses	5	814
	<u>300</u>	<u>4,848</u>
Excess of Income over Expenditure / (Expenditure over Income)	8,749	62,533

**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 provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 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. Borrowing Cost

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

4. Provision on Non Performing Assets

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

5. Grants and Subsidies

- (a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.



- (b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under "Current Liabilities" and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

- (a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.
- (b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.
- (c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.
- (d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.
- (e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.
- (f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:
- (i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

SCHEDULE- S (contd.)**Annual Accounts 2009-10**

- (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) Monetary 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) Employee Benefits.

SCHEDULE- S (contd.)

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- (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) Employee Benefits.

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.

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- (ii) **Contingent liability is disclosed in the case of:**
- (a) **a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.**
 - (b) **a possible obligation, unless the probability of outflow of resources is remote.**

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

- (iii) **Contingent assets are neither recognised nor disclosed.**



SCHEDULE - T

NOTES FORMING PART OF THE ACCOUNTS

1) Contingent Liabilities not provided for :

		(Rs. in crore)	
		2009-2010	2008-2009
A	Claims of Contractors not acknowledged as debts	10.32	8.93
	Counter claims of the Company	1.06	0.75
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	28.99	31.50
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. Out of this, the Company has deposited Rs. 223.88 crore (previous year Rs. 217.99 crore) under protest	256.31	233.31
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 0.04 crore (previous year Rs.31,117)	4.15	1.37
E	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	142.51	309.22
F	Estimated amount of commitments remaining to be executed on capital account	15.89	2.08

- 2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus funds.
- (b) 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

SCHEDULE- T (contd.)

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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.

- (c) 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 4.7.1997 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 along with interest amounting to Rs. 22.30 crore is recoverable from MCD upto 31.3.2010, 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 4.7.1997. In case of any demand from MCD after 4.7.1997, 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 the land owned by Government of India. Further, HUDCO filed Contempt petition against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of Rs. 27.92 crore as against Rs. 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO has filed rejoinder affidavit to the counter affidavit filed by MCD. The matter is now fixed for final hearing on 1.9.2010.
- (d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, 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 installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by 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 along with 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.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

SCHEDULE- T (contd.)

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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 installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO 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. Company Petition filed in May, 2006; Other miscellaneous petitions are pending in High Court which is likely to come up for hearing in due course of time. Company Petition u/s. 433 & 434 of Companies Act filed by HUDCO is coming up for hearing on 27.9.2010. HUDCO's Advocate has filed written synopsis in the matter.

- 3) Debentures / Bonds / PDS aggregating to Rs. 32.84 crore towards interest and principal (Previous Year Rs. 46.14 crore) were due and unclaimed as on 31.3.2010. An amount of Rs. NIL crore (Previous Year Rs. 0.016 crore) (excluding sub-judice amount of Rs. 1.13 crore, (Previous Year 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".
- 4) As against the total FCNR (B) / FCTL loan of Rs. 150.45 crore (USD 33.33 million) outstanding as on 31.3.2010 (Previous Year Rs. 894.33 crore / USD 177.51 million), forward contracts have been taken for Rs. NIL crore / USD NIL million as on 31.3.2010 (Previous Year Rs. 59.90 crore / USD 13.74 million).
- 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. In some of the cases where agencies have informed different balances, reconciliation is underway.
- (b) The details of provisions on Loans are as under:

Particulars	(Rs. In crore)		
	Opening balance as on 1.4.2009	Provided (adjusted) during the year	Closing balance as on 31.3.2010
Provision as per NHB Norms	837.32	(-)209.33	627.99
Provision over and above NHB Norms	180.00	(-)180.00	-
Provision over and above NHB Norms as on 31.3.2010	-	600.00	600.00
Total	1,017.32	210.67	1,227.99

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During the year the Company has made a provision of Rs. 600 crore (Previous Year Rs. 180 crore) which is over and above NHB Norms. This is considered prudent keeping in view the potential NPA pertaining to Government agencies.

- (c) 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 15.9.2004 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. 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. Interim Application for jurisdiction was dismissed. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, Delhi wherein the Hon'ble High Court vide order dated 23.12.2009 has disposed off the Writ Petition against HUDCO. Aggrieved by the Order of Hon'ble Division Bench of Delhi High Court, HUDCO preferred SLP (No. 3836 / 2010) before Hon'ble Supreme Court thereby challenging the said order of Delhi High Court mainly on the ground that the High Court has not considered the Law laid down by the Apex Court i.e. the definition of "debt" shall be taken in its widest amplitude to mean any liability. However, the Hon'ble Supreme Court has not admitted the aforesaid SLP filed by HUDCO.

Upon dismissal of SLP by Hon'ble Supreme Court, HUDCO, as per the legal advice has now filed the Review Application before High Court of Delhi on 15.3.2010 in Civil Writ Petition No. 6531 / 2008 with prayers to review/modify the judgment/order dated 23.12.2009 to the extent that prayer 6(b) and 6(c) regarding alternate prayer for money decree of Rs. 780 crore being the market value of the shares and money

SCHEDULE- T (contd.)**Annual Accounts 2009-10**

decrease of Rs. 2.28 crore being the balance loan dues respectively and other prayers made in OA No. 10 / 2006 will remain pending and be adjudicated by DRT in accordance with law and also direct the DRT to immediately pay / release the aforesaid balance loan amount of alongwith further interest thereon out of the amount lying deposited by CIAL with DRT.

The aforesaid Review Application is to be listed on 23.7.2010 for hearing.

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.

The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2010 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 interquum period.

Till the conclusion of the DRT preceding the loan has been classified as NPA and necessary provision has been made as per NHB norms.

- 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) The Company has continued the practice of restating monetary assets / liabilities at the exchange rate as on the date of Balance Sheet. Accordingly a foreign currency fluctuation profit of on account of interest payments / provision as on 31.3.2010 is Rs. 75.16 crore (Actual Rs. 38.84 crore and notional Rs. 36.32 crore). In the previous year there was a Foreign currency fluctuation loss of Rs. 246.30 crores (Actual Rs. 46.47 crores and notional Rs. 199.83 crores).

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Actual Company Contribution	13.17	1.72	0.00	0.00	0.00	0.00	0.00	0.00
Benefits Paid	(0.08)	(0.75)	0.00	0.00	0.00	0.00	0.00	0.00
Fair Value of Plan Assets as at 31.3.2010	28.17	11.91	0.00	0.00	0.00	0.00	0.00	0.00
5. Actuarial Assumptions								
Discount Rate (per annum)	8.30	7.00	8.30	7.00	8.30	7.00	8.30	7.00
Expected rate of returns on assets (p.a.)	9.40	9.40	0.00	0.00	0.00	0.00	0.00	0.00
Future cost increase	8.00	5.00	8.00	5.00	8.00	5.00	8.00	5.00
6. Details of the Plan Assets at cost as on 31.3.2010								
Government of India Securities, Corporate Bonds etc.	0	0						
Gratuity Fund Managed by Insurer	100%	100%						

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

* The Assets of Rs. 3.42 crore has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2010

- 9) Department of Public Enterprises (DPE) has introduced Performance Related Pay (PRP) for declaring performance related incentive as against payment of productivity linked incentive. The scheme is yet to be introduced / finalised in the Company as on 31.3.2010, pending this Company has made an adhoc provision of Rs. 12.50 crore towards PRP in the accounts for the year.
- 10) 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.
- 11) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.
- 12) 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.
- 13) 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.
- 14) 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.

SCHEDULE- T (contd.)

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- 15) The Company was having accounting policy of deferring borrowing costs such as brokerage charges, arranger's fees, stamp duty etc. to be amortized over the period of borrowings. During the year the company has changed its policy to treat these expenditure in the financial year in which they are incurred. Because of this change in Accounting Policy, the profit for the year is lower by Rs.14.10 crore.
- 16) The Board vide their meeting held on 22.2.2010 has approved a special non-lapsable budget of 3% of the net profit which would be used for Corporate Governance Social Responsibility (CSR) activities. The Company has not incurred any expenditure on CSR activities till 31.3.2010. The Company would maintain a Memorandum Account for the CSR budget and expenses thereon.
- 17) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account.
- 18) **Details of Expenditure / Earnings in foreign currency :**

Particulars	(Rs. in crore)	
	2009-2010	2008-2009
Expenditure		
a) Traveling & Entertainment	0.04	0.19
b) Others	0.00	0.01
c) Interest on foreign loan	8.30	12.64
Earnings		
a) Interest on foreign deposit	4.25	8.35

- 19) **Earnings Per Share:**

Particulars	Year ended 31.3.2010	Year ended 31.3.2009
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	495.31	400.99
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)	247.42	200.30

SCHEDULE- T (contd.)

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20) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2010 comprise of the following:-

(Rs. in crore)

Particulars	As at 31.3.2009	During the year	As at 31.3.2010
Assets			
Provision for investment	1.15	(0.02)	1.13
Provision for debtors	0.11	-	0.11
Provision on loans	345.79	62.15	407.94
Provision on Jabalpur Earthquake	1.70	(0.04)	1.66
Provision on Staff Loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	4.43	2.47	6.90
Provision for gratuity	1.60	(1.60)	-
Provision for retirement benefit	19.23	(1.14)	18.09
Provision for Welfare expenses	0.13	(0.06)	0.07
Provision for LTC	3.69	1.17	4.86
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	7.55	1.48	9.03
Total Assets (A)	385.56	64.41	449.97
Liabilities			
Miscellaneous exp. yet to be written off	6.93	(6.93)	-
Depreciation	5.86	(0.13)	5.73
Special Reserve u/s.38(1)(viii) of Income Tax Act	607.18	74.44	681.60
Total liabilities (B)	619.95	67.38	687.33
Net deferred tax assets / (liabilities) (A) - (B)	(234.39)	(2.97)	(237.36)

SCHEDULE- T (contd.)

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- 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	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2010	As at 31 st March 2009	As at 31 st March 2010	As at 31 st March 2009	2009-2010	2008-2009
	Standard (considered good)	5,739.21	5,551.99	-	-	
Sub-standard Assets	96.29	143.57	9.63	14.35	450.00	135.00
Doubtful Assets	422.07	1,104.17	182.97	389.53		
Loss Assets	77.99	62.16	77.99	82.13		
Total	6,335.56	6,861.89	270.59	486.01	450.00	135.00

(2) NON HOUSING FINANCE BUSINESS:

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2010	As at 31 st March 2009	As at 31 st March 2010	As at 31 st March 2009	2009-2010	2008-2009
	Standard (considered good)	13,254.86	14,759.09	53.02	59.04	150.00
Sub-standard Assets	118.60	112.20	11.60	21.22		
Doubtful Assets	507.06	561.44	232.11	270.90		
Loss Assets	61.44	20.15	60.44	20.15		
Total	13,941.96	15,552.88	357.27	471.31	150.00	45.00
Grand Total (1) + (2)	20,277.52	22,414.77	627.86	957.32	600.00	180.00

(3) Investments:

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2010	As at 31 st March 2009	As at 31 st March 2010	As at 31 st March 2009
Equity Shares	97	4.97	3.00	3.00
Equity Shares - Joint Venture	41	2.41	0.39	0.39
Bonds	1520.00	2039.20	0.00	0.00
Total	1,527.38	2,046.58	3.39	3.39

* The cumulative provision is excluding any provision on FFW 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.

SCHEDULE- T (contd.)

Annual Accounts 2009-10



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 during the year 2009-2010 :

Sl. No.	Director(s)	Status
1.	Shri K. L. Dhingra	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)
2.	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)
3.	Shri S. K. Tripathi	Director (Corporate Planning) (Whole time Director) (from 14.11.2006 upto 11.6.2009)

(c) Transactions with Joint Ventures :

Proportion of ownership	40%				25%		Total
	Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.		
Investments							
Balance as at 31.3.2009		2.00	0.13	0.26	0.013		2.403
Additions during the year		-	-	-	-		-
Balance as at 31.3.2010		2.00	0.13	0.26	0.013		2.403

(Rs. In crore)

SCHEDULE- T (contd.)

Annual Accounts 2009-10




- 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.

For and on behalf of the Board


Harender Verma
Company Secretary


R S Solanki
Director


T Prabakaran
Director Finance
and
Chairman and Managing Director

As per our separate report of even date attached

For Agiwal & Associates
Chartered Accountants
(Firm Registration No. 000181N)


V K Gupta
Partner
(Membership No. 81979)

Place : New Delhi
Dated : 11 JUN 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Rs. in thousand)

Particulars	31st March, 2010	31st March, 2009
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	7,849,464	7,712,144
Add/ (Less): Adjustments for:		
Depreciation	45,172	46,715
Miscellaneous expenditure written off	228,732	95,562
Provision on loans & advances	2,107,699	(660,633)
Provision on investment	-	1,611
Provision for leave encashment	77,535	13,098
Provision for post retirement medical benefit	(21,135)	42,798
Provision for Gratuity	(47,175)	(39,758)
Provision for welfare expenditure	(1,494)	116
Provision for LTC	37,898	9,857
Provision for pay revision	(240,000)	157,922
Prior Period Adjustments (Net)	8,749	62,533
Deferred Tax Liability for Prior years Adjustments	-	(1,209,648)
Profit on sale of investments	(1,940)	(1,940)
Loss/ (Profit) on sale of Fixed Assets (Net)	(274)	(441)
Translation/exchange (Gain)/Loss on Foreign Currency Loan	(751,570)	2,482,948
Miscellaneous expenditure paid	(24,768)	(19,428)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	9,286,893	8,673,458
Adjustment for		
Decrease/(Increase) in Loans	21,895,715	(2,886,842)
(Increase)/Decrease in Current Assets, other Loans & Advances	(1,352,989)	(889,341)
Increase/(Decrease) in Current Liabilities and Provisions	(3,112,349)	(5,908,079)
CASH GENERATED FROM OPERATIONS	28,697,270	(1,008,804)
Direct taxes paid(Net of refunds)	2,520,569	2,105,666
KFW Reserve	28,040	81,550
General Reserve	-	1,209,648
NET CASH FLOW FROM OPERATING ACTIVITIES	29,245,879	2,388,060
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale / (Purchase) of Investment	5,194,000	194,000
Purchase of fixed assets	(20,143)	(93,833)
Sale of Fixed assets	926	946
NET CASH FLOW FROM INVESTING ACTIVITIES	5,174,783	101,113
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from borrowings (Net)	(36,536,866)	1,000,459
Corporate Dividend Tax Paid	(76,890)	(115,744)
Dividend Paid	(452,429)	(681,046)
NET CASH FLOW FROM FINANCING ACTIVITIES	(37,066,185)	203,669
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	(2,645,523)	2,692,842



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 (Contd.)



Particulars	(Rs. in thousand)	
	31st March, 2010	31st March, 2009
* CASH & CASH EQUIVALENTS - OPENING BALANCE	8,493,679	5,800,837
* CASH & CASH EQUIVALENTS - CLOSING BALANCE	5,848,156	8,493,679


Note:

1. Cash and Cash equivalents include Cash in hand, deposits with banks and short term highly liquid investments. The above closing balance does not include foreign deposit amounting to Rs. 1,710,465 thousand (previous year Rs. 2,030,184 thousand).
2. Previous year figures have been regrouped wherever necessary.


 Harender Verma
 Company Secretary


 R S Solanki
 Director

For & on behalf of the Board


 T. Prabhakaran
 Director Finance
 and
 Chairman & Managing Director

As per our separate report of even date attached

For Agiwal & Associates
 Chartered Accountants
 (Firm Registration No. 000181N)



V K Gupta
 Partner
 (Membership No. 81979)

Place : New Delhi

Dated : 11 JUN 2010

**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. : 5278 State Code : 55
Balance Sheet Date : 31st March, 2010

**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	219,304,028	Total Assets	219,304,028
Sources of Funds			
Paid up Capital	20,019,000	Reserves & Surplus	30,961,968
Secured Loans	1,096,274	Unsecured Loans	153,309,638
Deferred Tax Liabilities (Net)	2,373,907		
Application of Funds			
Net Fixed Assets	784,729	Investments	15,239,845
Net Current Assets	2,257,396	Misc. Expenditure	
Loans	196,287,311		
Accumulated Losses	NIL		

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

Turnover *	28,283,486	Total Expenditure	17,434,001
Profit Before Tax and after Prior Period adjustment **	7,968,213	Profit After Tax and Prior Period adjustment	4,963,085
Earning Per Share in Rs (Face value of each share = Rs. 1000)	247.42	Dividend Rate %	2.98%

* Includes other income.
** Prior Period adjustment 8,748

**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

Harinder Verma
Company
Secretary

R S Solanki
Director

T. Prabakaran
Director Finance
and
Chairman & Managing Director

Place : New Delhi
Dated : 17 JUN 2010