



36th

Annual General Meeting

20.12.2006

4.00 p.m.

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

NOTICE

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आवास एवं नगर विकास निगम 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

NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 20th December 2006 at 4:00 pm at the Registered Office of the Company at HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi-110003 to transact the following business*: -

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 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 and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby fixes the remuneration of M/s S.N. Dhawan & Co., Statutory Auditors at Rs 3 lakh (payable in one or more instalments plus service tax as applicable, and reimbursement of out-of-pocket expenses incurred) as Statutory Audit Fees for the financial year 2006-2007."

B. SPECIAL BUSINESS

4. Increase in the Borrowing Limits of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:



hudco

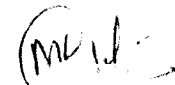
हडको न्यूनतम ब्याज दर पर वैयक्तिक आवास ऋण उपलब्ध कराता है।

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“Resolved that the consent of the company be and is hereby accorded under the provisions of section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of HUDCO to borrow money from time to time to the extent it deems requisite for the purpose of the business (apart from temporary loans obtained in the ordinary course of business) notwithstanding that such borrowings may exceed the aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose), provided that the total amount upto which moneys may be borrowed by the corporation shall not exceed Rs.40,000 crore (Rupees Forty Thousand crore only), including the sums already borrowed”

By Order of the Board



MK Gupta
Company Secretary

Place: New Delhi
Dated: 11.12.2006

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.
4. The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business for item No.4 is annexed hereto.

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.
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.

* Approval for extension of time for holding the 36th AGM was obtained from the Ministry of Company Affairs vide its letter no.H-13/2605276/94-IGC dated 27/09/2006.

ANNEXTURE TO THE NOTICE**Dated: 11th December 2006****Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956**
-----**Item No. 4**

The Board in its 402nd meeting held on 13.06.2006 vide item no.402.12 has approved resource mobilization programme of Rs.9000 crores for the year 2006-2007 (including the borrowings to be made for short term liquidity management). However, the net incremental borrowings of the Corporation are expected to be around Rs.6,500 crores during the FY 2006-07 to meet the loan releases target as per the MoU. If the above estimate comes as expected regarding incremental borrowings of Rs.6500 crores during the FY 2006-07, the total outstanding borrowings of the company is likely to be around Rs.27,750 crores as on 31.03.2007, which is well within the limit of Rs.30,000 crores approved by the shareholders u/s 293(1)(d) of the Companies Act, 1956. However, the balance amount left thereafter (Rs.2,250 crores) may not be sufficient to meet the borrowing requirements during FY 2007-08.

National Housing Bank, in its directions for Housing Finance Companies (issued vide directions No. NHB.HFC.DIR.4/CMD/2003 dated 31st January, 2003) has stipulated that "No Housing finance company shall have deposits inclusive of public deposits, the aggregate amount of which together with amounts, if any, held by it which are referred in clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the Reserve Bank of India Act, 1934 (2 of 1934) as also loans or other assistance from the National Housing Bank, is in excess of 16 times of its Net Owned Fund (NOF)."

Based on unaudited accounts, HUDCO's Net Owned Fund (NOF) stood at Rs. 3588.56 crores as on 31.03.2006. Therefore, the corporation can borrow upto a maximum of Rs. 57,416.96 crores, as per the limits stipulated by the NHB guidelines.

Your Directors, therefore, recommend the passing of the resolution for increase in the borrowing limits of Rs.30,000 crores to Rs.40,000 crores (so that the operations do not get hindered due to non-availability of borrowing powers), as set out in the Notice, at item No. 4 for the approval of the Shareholders.

None of the Director(s) is/are in any way concerned or interested in the above resolution(s).

DIRECTORS' REPORT

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36th DIRECTORS' REPORT

**To the Esteemed Members
Housing and Urban Development Corporation Ltd.**

Your Directors have absolute delight in presenting the Thirty Sixth Annual Report on the business, operations and achievements of HUDCO, together with audited accounts for the financial year ended 31st March, 2006.

HUDCO – The Catalyst of Growth

The world today is rapidly progressing through the process of globalization, technological advancement and integration of markets resulting into a new reality – a 'global village'. Over the last few decades, developing countries have been transformed from a world of villages to a world of cities and towns. Urbanisation has been proceeding at a rapid pace the world over and in India, growth of urban population during past decade indicates higher growth in metro cities. This trend of rapid urbanization has resulted in urban economic activities making up an increasing share of GDP in all countries. The enhancement of the productivity of urban areas is, therefore, the key to the economic growth of cities. It has been recognized that urbanization in India, too, has been a catalyst for economic growth. Over the next few decades India is expected to overtake fast developing countries and become the most populous country in the world. Keeping in view, the expected increase in

population and the fact that rate of urbanization is quite moderate in India, new urban areas are being planned and developed in adequate number(s) to accommodate fast growing urban population and to provide basic infrastructural services to all. The Government of India appreciated the prominence of urbanisation and current year's budget provides for establishment of "National Urban Renewal Fund", which focuses on housing, urban infrastructure development and poverty alleviation. HUDCO, by balancing its steps with the steps of the Government, has shown strong commitment in establishing a link between economic growth and urbanization. HUDCO facilitated adequate levels of urban infrastructure to remove the major constraints and improve urban productivity through financial, technical and other forms of support.

In order to supplement its efforts for urban development, the Government had shown immense faith in HUDCO for urban infrastructure financing in addition to financing for housing sector. HUDCO has been financing urban infrastructure projects since 1988-89 to take care of the city level need for water supply, sewerage, drainage and sanitation, roads, transportation, solid waste management, social infrastructure, integrated area development schemes, commercial project etc. Priority is given to schemes related to rehabilitation of un-serviced areas and augmentation of existing water supply. Environmental consideration plays an important role in financing of

infrastructure schemes. While sanctioning various projects across the country, greater emphasis has been laid down on the fact that remote and under developed regions are not left out, to ensure overall development of the country.

After its expedition of 35 years, HUDCO has earned the reputation of an institution with the rare distinction of being in the array of the largest facilitators in the arena of housing & urban development and is putting its best efforts in actualizing the vision of "Housing for All".

NEW INITIATIVES

Progress and development are the products of continuous zeal for excellence & growth and in today's competitive world, they can be achieved by not just attaining pre-designed goals but also by continuously innovating in the changing environment. To keep pace with the competitive world in the zest for excellence, HUDCO took the following new initiatives during the financial year 2005-06:

Construction of Kiosks for Urban Poor

HUDCO introduced the scheme of construction of Kiosks to provide loan facility to urban poor living below the poverty line in any urban area to not only enable them to construct Kiosks, vending platforms for petty items, etc., but

also provide employment opportunities. The main emphasis of this scheme is to encourage disabled and/or female members of the urban poor families to run Kiosks so that income of the family can be supplemented. HUDCO is sanctioning loan upto a maximum of Rs. 34,000 or 95% of the cost, whichever is lower, for each Kiosk.

Sanjha Swachha Abhiyan

HUDCO, as a part of its social responsibility, is determined to fulfill its commitment towards ensuring a clean habitat for the country.

Recently, Government has taken initiatives for providing better basic sanitation facilities to the general mass of the country by launching Community Toilet and Sanitation Programme - "Sanjha Swachhata Abhiyan (SSA)". This programme was launched on 30th January, 2006 at Jhajjar, Haryana. The main emphasis to initiate the SSA is to ensure clean habitat by way of housing and non-conventional locally available building materials, etc. HUDCO would be providing subsidy for the WC seats/bath complexes @ Rs. 20,000 per seat. The subsidy component of HUDCO for SSA 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, who are undertaking the construction work for the said project.