

46th HUDCO



Annual Report 2015-16





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2015-2016



HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

AN ISO 9001:2008 CERTIFIED COMPANY

CIN: U74899DL1970GOI005276

VISION

*“To be among
the World’s leading knowledge hubs and
techno-financial organizations for
clean, green and sustainable
habitat development.”*

MISSION

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

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EWS Housing Project under BSUP at Vadodara, Gujarat

Financial and Operational Highlights

FINANCIAL HIGHLIGHTS

(₹ in crore)

PARTICULARS	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Income	2778.63	2923.24	2993.85	3427.77	3302.20
Profit After Tax	630.33	700.56	726.34	777.63	783.79
Share holders' fund	5988.89	6513.96	7123.33	7781.17	8445.81
Share Capital - Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserves & Surplus	3986.99	4512.06	5121.43	5779.27	6443.91
Borrowings	18822.47	18867.43	21304.75	23467.65	25608.96
Loans Outstanding	23783.05	25936.52	29341.82	32464.86	35394.94
Earning per share (Rs.)* (Face value of ₹ 10/- per share)	3.15	3.50	3.63	3.88	3.92
Gross Operating Margin	1109.28	1298.43	1243.32	1571.17	1297.44
Sales Turnover/Net Block	38.36	40.34	43.25	44.81	44.13
PAT per Employment (₹ In Lakh)	65.05	73.90	79.29	87.18	90.82

* The face value of equity shares of Company has been sub-divided from ₹ 1000/- to ₹ 10/- in the Extra-ordinary General Meeting held on 28th March, 2016.

OPERATIONAL HIGHLIGHTS

PARTICULARS	2011-12	2012-13	2013-14	2014-15	2015-16
No. of Schemes Sanctioned	130	140	134	162	202
Loan Sanctioned (₹ in crore) including HUDCO NIWAS	20511	23974	17491	21096	30774.44
Amount Released (₹ in crore) including HUDCO NIWAS	6905	6079	7438	8101	8248
Dwelling Units					
- Total	422524	439286	1434102	484128	457793
- % of EWS & LIG	96.37	96.81	98.46	82.95	99
Sanitation Units	-	-	-	-	-
No. of Urban Infrastructure Projects	61	76	72	121	170
UI Loan Sanctioned (₹ in crore)	14204	16337	7848	13426	11984

Board of Directors



Dr. M Ravi Kanth
Chairman & Managing Director



Shri Nand Lal Manjoka
Director (Corporate Planning)



Shri Rakesh Kumar Arora
Director (Finance)



Smt. Jhanja Tripathy, IRAS
Govt. Nominee Director and
JS&FA, MoHUPA



Shri Rajiv Ranjan Mishra, IAS
Govt. Nominee Director and JS(H), MoHUPA



Shri Anand K Pandit
Part-time Non-official Director
(w.e.f. 17.06.2016)



Shri Mukesh Arya
Part-time Non-official Director
(w.e.f. 17.06.2016)

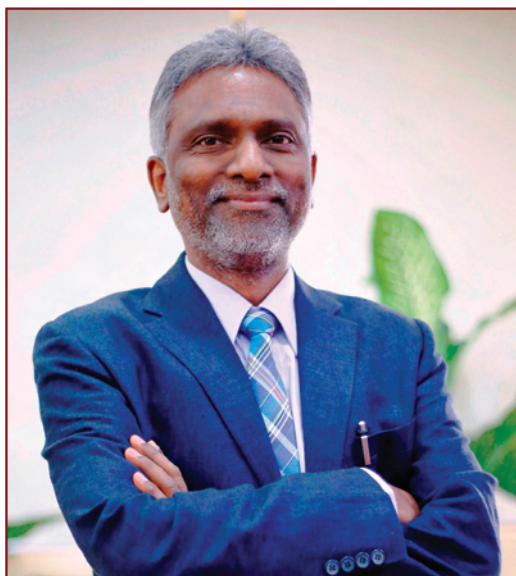


Prof. Chetan V Vaidya
Part-time Non-official Director
(w.e.f. 22.06.2016)



Shri Amarishkumar G. Patel
Part-time Non-official Director
(w.e.f. 16.08.2016)

CHAIRMAN'S SPEECH



Dr. M Ravi Kanth
Chairman & Managing Director

Ladies & Gentlemen

It is my privilege to extend a warm welcome to all of you for the 46th Annual General Meeting (AGM) of your Company and I would like to place on record my appreciation to all the stakeholders and acknowledge your continuous support that contributed in realising yet another 'year of excellence' for HUDCO, in the service of the nation. HUDCO is expected to get 'Excellent' Rating, for the fifth consecutive year, for its best performance vis-à-vis MoU parameters for 2015-16. A look at the highlights of HUDCO's performance during 2015-16 reveals that your company has set newer and higher standards, by surpassing past performance of its own. It is time now to share the highlights of HUDCO's performance during 2015-16, the business environment, issues to be tackled and future outlook for the company. The Director's Report, the audited final accounts of the Company for 2015-16, along with the Auditor's Report thereon, have already been provided.

1. Economic Environment

The Indian economy has emerged as the fastest growing major economy in the world. During 2015-16, as per the Central Statistics Organisation (CSO) data, the economy has registered a GDP growth rate of 7.6% as compared to 7.2% in 2014-15. The year witnessed an improvement in

India's economic fundamentals with clear signs of improvement in macro-economic parameters like inflation, fiscal deficit and current account balance. This is even more commendable as the global economy grew only at a modest pace.

2. Emerging issues in housing and urban infrastructure

As per Census 2011, a few States like Maharashtra, Mizoram, Tamil Nadu and Goa have already attained urbanization levels of more than 35%. With this rapid pace, the magnitude of urban housing requirements has been increasing, mainly for the poorer sections of the society. According to government estimates, the total urban housing shortage at the beginning of the XII Plan was 18.78 million units and the housing requirement is projected to reach 20 million by 2022, which would in turn require ₹ 12 lakh crore investments at an average unit cost of ₹ 6 lakh.

The housing and infrastructure sectors are the priority areas for the Government of India. On the policy front, the Government has launched Pradhan Mantri Awas Yojana (PMAY) – the Housing for All (Urban) by 2022. The mission seeks to address the housing requirement of urban poor including slum dwellers. To revitalise the urban sector, Government of India has unveiled several initiatives like 'Development of 100 Smart Cities, 'Atal Mission for Rejuvenation and Urban Transformation (AMRUT)' for 500 cities, etc. All these programmes are likely to catalyse huge investment- flow into the urban housing & infrastructure sector across the country.

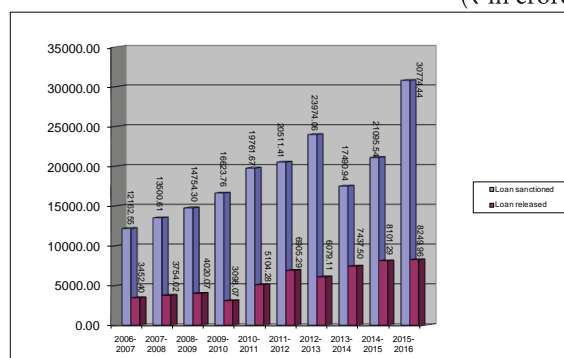
With the easing of inflation and moderation in inflationary expectations during the year, RBI effected a cut of around 125 basis points in the policy repo rate between January 2015 and February 2016. Subsequently, the interest rates and home loan rates softened to some extent. Despite lower interest rates, there was only a marginal growth in gross bank credit which grew by 9% in 2015-16 compared to 8.6% in 2014-15. The sluggish growth was because the banks did not pass on the entire benefit to borrowers. Moreover, banks were unwilling to lend credit in the market on account of rising non-performing assets (NPA). The financial sector also witnessed a build-up in the NPAs of many banks and financial institutions during the year.

3. Operational & Financial performance

- As on 31st March, 2016, HUDCO has cumulatively financed 17,000 housing and urban infrastructure projects, with sanctions of ₹ 1,61,871 crore and disbursements of ₹ 1,09,438 crore. HUDCO has supported more than 16.57 million houses in the country, in both rural and urban areas so far, thus making it the largest facilitator of housing delivery in the country.
- During the year 2015-16, HUDCO sanctioned loans of ₹ 30,774 crore which was the highest ever sanction since its inception in 1970 (₹ 18,790 crore for housing and ₹ 11,984 crore for urban infrastructure schemes). A total of

202 schemes were sanctioned (32 housing, 170 urban infrastructure) for projects such as housing, water supply, sewerage, drainage, industrial infrastructure, power, transport, etc.

- During 2015-16, major housing schemes sanctioned were 1.6 lakh housing units for weaker sections under the 2 BHK housing programme in Telangana and the EWS housing programme in rural areas for 2 lakh households in Andhra Pradesh. Some of the infrastructure projects sanctioned, include Water Supply Distribution Network project in Greater Hyderabad area, water supply and sewerage schemes for Nellore town, airport projects at Bhogapuram in Vizianagaram.
- 2015-16 also witnessed a disbursement of ₹ 8250 crore, which is the highest ever in the last 46 years of HUDCO's operations (₹ 3186 crore for housing, ₹ 5064 crore for urban infrastructure).
- Your company has posted a net profit of ₹ 783.79 crore during 2015-16, which is the highest ever net profit so far, as against ₹ 777.63 crore in the previous year.
- The total net worth of the company stood at ₹ 8445.81 crore as on 31st March, 2016. The total dividend pay-out for the financial year 2015-16 will amount to ₹ 120.37 crore (including dividend distribution tax of ₹ 20.36 crore).
- The Company vigorously followed up with the defaulting agencies for recovery of its dues. Though NPA levels across the industry were alarmingly high, HUDCO, through its timely follow ups, identification and initiation of action against defaulters and careful appraisal and monitoring of projects, could bring down the Gross NPA to 6.68% of total loan portfolio and Net NPA to 2.06% of net outstanding loan, thus, maintaining it at almost the same level as last year.



Operational Growth of HUDCO

4. Social Orientation of HUDCO's business

HUDCO has a motto of 'profitability with social justice' and the company's operations reveal its social orientation. During 2015-16, a significant proportion of housing sanctions (67%) and housing disbursements (79%) were for the EWS & LIG segments of the population. In terms of dwelling units, during the same period, HUDCO has sanctioned 4.57 lakh units for affordable housing, including Economically Weaker Section (EWS) and Low Income Group (LIG) beneficiaries.

5. Credit Rating of HUDCO

The credibility of HUDCO in the domestic market is quite well established as the domestic debt instruments of HUDCO continue to enjoy "AAA" rating – the highest rating on standalone basis, has been assigned for the first time by three major rating agencies of the country; namely M/s India Ratings & Research Private Limited (Fitch Group), M/s Care Ratings and M/s ICRA Limited.

6. HUDCO's Role in Government of India schemes for housing & urban transformation

HUDCO has been actively supporting in the implementation of Action Plan Schemes of Government of India, from time to time. Under Pradhan Mantri Awas Yojana (PMAY)- Housing for All by 2022, HUDCO has been identified as one of the Central Nodal Agencies (CNA) to channelize the subsidy and also monitor the progress of the Scheme. Under PMAY, HUDCO has been appointed as an appraisal agency for the three components, i.e. in-situ slum redevelopment (using land as a resource), Affordable Housing in Partnership (AHP), Beneficiary Led Construction (BLC) projects. During 2015-16, HUDCO has appraised 42 projects with a total project cost of ₹ 6432.43 crore and central share of ₹ 1564.47 crore for construction of 1.11 lakh dwelling units, covering 38 cities/towns. HUDCO would continue its efforts to explore funding and consultancy assignments under 'Development of 100 Smart Cities, 'Atal Mission for Rejuvenation and Urban Transformation (AMRUT)' for 500 cities and Heritage City Development & Augmentation Yojana (HRIDAY).

7. New Initiatives

As part of promoting innovative products and initiatives, the company has launched two new products during the year 2015-16, namely: (1) Scheme for providing concessional funding to public agencies for taking up senior citizens' homes with appropriate senior citizen-friendly design and related facilities; (2) Programme Assistance to State/Urban Local Bodies (ULBs) for development of housing and urban infrastructure for facilitating the State Governments/ULBs to leverage substantial quantum of long term loan.

8. Human Settlement Management Institute (HSMI)

HSMI, the Research & Training wing of HUDCO, intensified its efforts to provide capacity building to the professionals engaged in housing & urban development, including HUDCO's borrowing agencies, Urban Local Bodies (ULBs) and HUDCO own functionaries. During 2015-16, 17 Training programmes, including 15 capacity building programmes for Urban Local Bodies, one for National Real Estate Development Council (NAREDCO) and one International training programme, were conducted and training was imparted to 497 professionals with 2494 mandays. Besides, awards were given for 'Best Practices to Improve the Living Environment in the Habitat Sector'. An International training programme supported by the Ministry of External Affairs on the theme of 'Planning and Management of Urban Services' was organised and a study was undertaken on 'Improvement of Public Transportation system, the missing links', under the CITYNET National Chapter.

Under its Research & Development initiative, HSMI sanctioned projects for application of Non-Conventional Energy – Roof Top Solar Power Plants for providing heating to 7 night shelters in the cities of Delhi and Ajmer. Further, during the year, HUDCO Chairs were renewed and expanded with a total of 15 Chairs operational, including one new Chair for University of Hyderabad and another for Indian Institute of Dalit Studies.

9. Human Resources Management

HUDCO recognizes the efforts of its employees at all levels in furthering the interest of the organisation and the same is demonstrated by overall harmony and cordial relations prevalent in the company. The company groomed its employees by imparting training programmes covering a wide range of functional areas. Through 29 different training programmes, out of which, 4 were International Training Programmes, during the year 2015-16, a total of 501 mandays of training was imparted to 221 HUDCO employees. We also conducted Team building workshops to instil team spirit and work-life balance workshops to aid the employees for managing their life better, with least stress and more harmony.

10. Corporate Social Responsibility (CSR)

CSR has always been a part of HUDCO's operations. Making CSR mandatory has only given a further boost to the company's overall CSR activities. During the year 2015-16, a total of 19 projects, with an amount of ₹ 11.86 crore were sanctioned, out of which, an amount of ₹ 7.86 crore has been released to various agencies for implementation of the proposals, including the proposals sanctioned in the earlier years. Some of the key CSR projects funded during the year were for various activities in many states; namely, for Construction of Night Shelters and public toilets, Development & Up-gradation of Parks and Dr. K L Rao Park maintenance for three years at Vijayawada; Development, Beautification and Maintenance of Shambuni Chervu, Palakol and Maintenance of Central Bus Depot & IBT Complex in Agartala, Skill Development Training programmes for dependents of Safai Karamcharis and specially-abled persons in different locations of various states.

11. MoUs signed by HUDCO

- MoU signed with Madhya Pradesh Housing & Infrastructure Development Board for cooperation in the field of consultancy and capacity building;
- MoU with Telangana Drinking Water Supply Corporation Ltd. to provide safe drinking water to the people of Telangana through its flagship programme - "Mission Bhagiratha" ;
- MoU with Telangana State Housing Corporation Ltd. for construction of houses for weaker section families.

12. Awards & Accolades

I am delighted to convey that during the year, HUDCO received following Awards:

- 'Governance Now PSU Award-2015' for Value Growth in Mini Ratna – I category;
- '5th Annual Greentech CSR Award 2015' – winner of Gold award in Services sector for outstanding achievement in Corporate Social Responsibility;
- Award from National Safai Karamcharis Finance & Development Corporation (NSKFDC), Ministry of Social Justice & Empowerment in recognition of contribution to social sector during CSR Coclave-2015.
- 'Swachh Bharat Award' given by Indian Book of Records and Swachh Bharat Trust.