



# 47th HUDCO Annual Report 2016-17







**47<sup>th</sup>**  
**Annual Report**  
**2016-2017**



**HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED**

**AN ISO 9001:2008 CERTIFIED COMPANY**

**CIN: L74899DL1970GOI005276**



## **VISION**

*“To be a leading  
techno-financial institution promoting  
sustainable habitat development for  
transforming the lives of people.”*



## **MISSION**

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

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## Financial and Operational Highlights

### FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Revenue from Operations	2864.55	2945.03	3346.55	3204.81	3498.85
Gross Income	2923.24	2993.85	3427.77	3302.20	3584.84
Profit before Tax (excluding other Income, Extraordinary and Exceptional Items)	983.30	1067.15	1089.30	975.19	1039.77
Profit After Tax	700.56	726.34	777.63	783.79	841.81
Share Capital - Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserves & Surplus	4512.06	5121.43	5779.27	6443.91	7165.35
Share Holders' Fund	6513.96	7123.33	7781.17	8445.81	9167.25
Net Worth (Average)	6251.43	6818.65	7452.25	8113.49	8806.53
Total Borrowings	18867.43	21304.75	23467.65	25608.96	28432.43
Long Term Borrowings (excluding current maturity)	13504.40	18868.21	18315.14	21342.02	24953.67
Loan Outstanding	25936.52	29341.82	32464.86	35394.94	39390.97
Borrowings/Net Worth (%) **	216.02	276.71	245.77	263.04	283.35
PAT/Net Worth (%)	11.21	10.65	10.43	9.66	9.56
Dividend /PAT (%)	21.41	13.77	12.86	12.76	13.07*
Dividend/Net Worth (%)	2.40	1.47	1.34	1.23	1.25*
Earning per share (₹) *** (Face value of ₹ 10 per share)	3.50	3.63	3.88	3.92	4.21

\* Including proposed final dividend of ₹ 10.01 crore subject to approval of the shareholders in the Annual General Meeting, which is in addition to the interim dividend of ₹100.01 crore already declared and paid in the month of March, 2017, thereby making the total dividend for the financial year 2016-17 to ₹110.02 crore.

\*\* Long Term borrowings (excluding current maturity)

\*\*\* The Face Value of Equity Shares of company has been sub-divided from ₹1000/- to ₹ 10/- in the Extraordinary General Meeting held on 28<sup>th</sup> March, 2016. Accordingly, Paid up Equity Shares of the company stands changed from 2,00,19,000 shares of ₹ 1000/- each to 200,19,00,000 shares of ₹ 10/- each.

### OPERATIONAL HIGHLIGHTS

PARTICULARS	2012-13	2013-14	2014-15	2015-16	2016-17
No. of Schemes Sanctioned	140	134	162	202	178
Loan Sanctioned (₹ In crore)	23974	17491	21096	30774.44	31861.97
Amount Released (₹ In crore)	6079	7438	8101	8248	9145
Disbursement (from Loan sanctioned during current year)/Loan sanctioned (%)	10.7	14.6	11.6	13.3	18.5
<b>Dwelling Units</b>					
- Total	439286	1434102	484128	457793	271498
- % of EWS & LIG	96.81	98.46	82.95	99	96
Sanitation Units	-	-	-	-	-
Urban Infrastructure Projects	76	72	121	170	149
UI Loan Sanctioned (₹ In crore)	16337	7848	13426	11984	24290.71

## Board of Directors



**Dr. M Ravi Kanth**  
Chairman & Managing Director



**Shri Nand Lal Manjoka**  
Director Corporate Planning



**Shri Rakesh Kumar Arora**  
Director Finance



**Shri Rajiv Ranjan Mishra, IAS**  
Govt.Nominee Director and AS(H), MoHUA



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



**Shri Mukesh M. Arya**  
Part-time Non-official Independent Director



**Prof. Chetan V. Vaidya**  
Part-time Non-official Independent Director



**Shri Amarishkumar G. Patel**  
Part-time Non-official Independent Director



**Smt. Pratima Dayal**  
Part-time Non-official Independent Director  
(w.e.f. 18.04.2017)



**Dr. Sudip Kumar Nanda**  
Part-time Non-official Independent Director  
(w.e.f. 18.04.2017)



## CHAIRMAN'S MESSAGE



### Ladies & Gentlemen,

On behalf of the Board of Directors and on my own behalf, I extend a very warm and hearty welcome to you all on the occasion of the 47<sup>th</sup> Annual General Meeting (AGM) of your Company.

Under the disinvestment programme of Government of India, your Company's went for a maiden Public Offer of 20,40,58,747 equity shares, being 10.19% of equity shareholding of President of India, in the month of May, 2017. The Initial Public Offer got a overwhelming response from investors, as the issue received over 20 lakh applications and was over-subscribed to the extent of 79.60 times as per the bid book of BSE & NSE. The Company's equity shares were listed on BSE Limited and National Stock Exchange of India Limited on 19<sup>th</sup> May, 2017. The entire proceeds collected in the offer went directly to the President of India, being the selling shareholder; as such the Company did not receive any proceeds from the offer. After, the IPO, the shareholding of the Government of India has reduced from 100% to 89.81%, the balance being 10.19% being held by the Public. On behalf of the Board, I extend my gratitude to the investing community, including Qualified Institutional Buyers and High Net worth individuals and other intermediary agencies involved in the IPO.

This is an occasion to share the highlights of HUDCO's performance during 2016-17, business environment, issues and future outlook for the Company. The operational and financial highlights of HUDCO depict an ascending growth path in all respects. The Directors' Report, the audited financial statements of the Company for the period ended

March 2017, along with the Auditors' Report thereon, have already been provided to you.

### 1. Economic Environment

As per the data released by the Central Statistics Organisation (CSO), GDP growth rate was placed at 7.1% in 2016-17 compared to 7.9% in 2015-16 pointing towards a slowdown in the pace of growth. The RBI data on sectoral deployment of bank credit reflected a slowdown in the credit growth in Retail Housing and Infrastructure Sectors. The CPI based inflation started falling since second half of 2016 following which RBI had effected reduction in policy repo rate by 25 basis points twice during the year - in April and October 2016. In November 2016, the Government announced the demonetisation measures. In the aftermath of demonetization, the banking sector witnessed a surge in deposits which led to an increase in liquidity of the banking system. As a result, banks reduced their interest rates and the other institutions followed the suit.

### 2. Sectoral Overview and Government Policy Initiatives

On the policy front Government announced certain policy measures for the housing sector in the Union Budget 2017-18. Affordable Housing was granted 'Infrastructure Status'. With infrastructure status, affordable housing developers would be eligible for several government incentives, subsidies, tax benefits, and institutional funding. Further, under the scheme for profit-linked income tax deduction for promotion of affordable housing, area statement was changed from built up area to carpet area. Apart from these, Government in December 2016 announced a scheme for interest subsidy for the MIG segment of the population named Credit Linked Subsidy Scheme-II for Middle Income Group (MIG). All these had a favourable effect on the housing and urban infrastructure sectors.

### 3. Emerging Issues in Housing and Urban Infrastructure

Rapid pace of urbanization, population growth, huge housing shortage and inadequate infrastructure are the key growth drivers for the housing and urban infrastructure sectors in India. The urban housing shortage was estimated at 18.8 million units by the Technical Group on Urban Housing Shortage (2012-17), of which 95.6% is in Economically Weaker Section (EWS) / Low Income Group (LIG) segments, requiring huge financial investments. As per the High Powered Expert Committee (HPEC), fund requirement for urban infrastructure the period 2012-31 has been estimated at ₹ 39.2 lakh crore. The Government has been trying to address the housing and urban infrastructure gaps by launching several schemes such as Pradhan Mantri Awas Yojna (PMAY - urban and rural), Smart Cities, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Heritage City Development & Augmentation Yojana (HRIDAY) and such other schemes. Under PMAY, HUDCO has been identified as one of the Central Nodal Agencies (CNA) alongwith NHB to channelize the subsidy and also monitor the progress of the scheme. There exists significant opportunities for an increased level of business under the Credit-linked subsidy scheme (CLSS) component of PMAY. Further, extension of CLSS to MIG (I) and MIG (II) segments would increase the number of beneficiaries as well as the quantum of loan.

### 4. Operational and Financial Performance

The year 2016-17 was a very challenging year because of the difficult economic and market scenario in various sectors, especially the financial sector. Against this background, it is a matter of great pride that HUDCO has achieved the highest ever loan sanctions since inception i.e. ₹ 31,862 crore and has made the highest ever annual disbursement of ₹ 9,095 crore. On both sanction and disbursement, HUDCO has surpassed the MoU targets for 2016-17. On a cumulative basis, till March 2017, HUDCO has sanctioned a total of 17,087 housing and urban infrastructure projects with a loan component of ₹ 1,66,151 crore, of which an amount of ₹ 1,18,672 crore has been disbursed. Cumulatively, HUDCO has sanctioned more than 16.49 million houses in the country in both rural and urban areas so far.

- a) In respect of housing, during the year 2016-17, HUDCO has sanctioned 29 housing projects, with a loan amount of ₹ 7,571 crore.



- b) In respect of urban infrastructure, during the year 2016-17, HUDCO has sanctioned 149 projects, with a total loan amount of ₹ 24,291 crore.
- c) HUDCO has achieved all the targets as per Memorandum of Understanding for the financial year 2015-16 at the 'Excellent level' and thus gaining the full 100% score for all round performance. Based on the continued consistent performance, HUDCO is likely to be accorded 'Excellent' Rating' by the Department of Public Enterprises (DPE) for sixth year in a row, as HUDCO has surpassed the 'Excellent level' as fixed in the MoU targets on all the 14 parameters as per MoU for 2016-17 as well.
- d) Your Company has Posted Profit after Tax (PAT) of ₹ 841.81 crore during 2016-17, highest ever since inception (previous year ₹ 783.79 crore), recording a growth of 7.40%.
- e) The total Net Worth of the company stood at ₹ 9167.25 crore as on March 31, 2017 as against ₹ 8445.81 crore as on March 31, 2016.
- f) Total dividend pay-out for the financial year 2016-17 will be ₹ 110.02 crore excluding dividend distribution tax of ₹ 22.40 crore.
- g) During 2016-17, HUDCO has reported Gross NPA of ₹ 2386.23 crore constituting 6.02% to total loan portfolio and Net NPA of ₹ 433.53 crore constituting 1.15% to Net loan outstanding. Through persistent efforts, HUDCO has been able to reduce the project loan defaults to the tune of ₹ 396.16 crore during 2016-17. The Total loan default stood at 15.33% of loan outstanding as on 31st March, 2017.

## 5. Social Orientation of HUDCO's business

A significant emphasis is laid in HUDCO operations on addressing the housing requirements of weaker sections of the society. HUDCO offers loan assistance to the Economically Weaker Sections (EWS) and Low Income groups (LIG) at a comparatively lower rate of interest. Such loans are offered for a longer duration as well. HUDCO also does not charge application fee or front end fee for the EWS and LIG category housing projects. During the year 2016-17, including retail lending portfolio, 53.68% of the housing sanctions has been for the EWS and LIG category, and 81.69% of the housing disbursement has gone for EWS and LIG category beneficiaries. During the year 2016-17, as part of project lending, HUDCO sanctioned a total of 2,59,829 units for EWS and LIG category beneficiaries.

## 6. Credit Rating of HUDCO

HUDCO continues to enjoy 'AAA' rating (outlook- stable) – the highest rating on standalone basis in respect of domestic debt instruments assigned by three credit rating agencies namely M/s India Ratings & Research Private Limited (Fitch group), M/s Care Ratings and ICRA Limited.

## 7. HUDCO's Role in Government of India schemes - for promoting housing for all & urban development

HUDCO has always been actively supporting in the implementation of Action Plan Schemes of Government of India. Under Pradhan Mantri Awas Yojana - Urban (PMAY-U), 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) and Beneficiary Led Construction (BLC) projects. During the year 2016-17, HUDCO has appraised 92 projects with a total project cost of ₹ 5240.82 crore and central share of ₹ 2232.07 crore for construction of 1.50 lakh dwelling units, covering 83 cities/towns.

HUDCO has also supported effective implementation of the PMAY (Urban) programme by providing loan assistance to meet the State/ULB share of the project cost. During the year 2016-17, HUDCO had sanctioned a total of 5 projects in 4 States namely Tamil Nadu, Jharkhand, Uttarakhand and Andhra Pradesh a total loan assistance of ₹2748.60 crore for taking up 2,01,446 housing units. Of the sanctioned loan, an amount of ₹820 crore has been disbursed in 2016-17 itself.

The Credit Linked Subsidy Scheme (CLSS) component of the Pradhan Mantri Awas Yojana (PMAY-Urban) envisages expanding institutional credit flow to the housing needs of the urban poor, as a demand side intervention. HUDCO has been designated as one of the Central Nodal Agencies (CNA) under CLSS to channelize the subsidy. Till March 2017, HUDCO has signed 53 MoUs for EWS/LIG, and 22 MoUs for MIG category with Primary Lending Institutions (PLIs) viz Banks. A total of ₹11.66 crore of subsidy has been disbursed to 759 beneficiaries for EWS/LIG category. In fact, continuing the emphasis, till 21st August, 2017, HUDCO, as a CNA has signed MoUs with 108 PLIs (of which 62 for EWS/LIG and 46 for MIG category) and HUDCO is making all out efforts for increased level of disbursement of subsidy for a larger number of beneficiaries under the CLSS programme.

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) as well as under Swachh Bharat Mission.

### Major initiatives in 2016-17

Based on the vigorous efforts to improve lending activities in the North Eastern region, HUDCO has sanctioned a major housing scheme with a loan amount of ₹ 361 crore for upgradation of 3,000 houses for rural poor households in Sikkim. HUDCO's efforts to support the successful implementation of PMAY(Urban) has yielded fruits through the larger quantum of loan sanctions accorded for meeting the States/ULBs share of project cost under PMAY (Urban) programme. During the year 2016-17, in addition to PMAY (Urban), HUDCO has also been actively engaged for evolving strategies and methods for providing a larger support for successful implementation of the urban missions of Smart Cities, AMRUT, HRIDAY, SBM and NULM. As a part of business development initiative, HUDCO has executed an agreement in May, 2016 with Madhya Pradesh Housing & Infrastructure Development Board (MPHIDB), whereby HUDCO would provide its consultancy services for identified projects.

## 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's own functionaries. A total of 32 training programmes were organised, imparting training to 1008 national and international professionals. The training programmes included capacity building programmes for ULBs, International and in-house training programmes.

HUDCO Award for Best Practices was given to agencies in various fields to improve living environment. Further, under its collaborative research activities, HSMI sanctioned eight new research projects in 2016-17, encompassing various issues like Rental housing options in India, Study on shelters and livelihood of Delhi's homeless, Institutional housing finance for urban poor and informal sector etc.

HUDCO, being an associate member of CITYNET since 1993, HSMI has been engaged with CITYNET through research and training activities. A Research study was undertaken on "Transit Corridor Development" under the CITYNET National Chapter.

## 9. Human Resource Management

HUDCO is endowed with a highly talented, dedicated and committed team of professionals at all levels. The Company duly acknowledges that high employee engagement levels are one of the key factors in attaining the goals of the organization and in maintaining its consistent growth. With a view to maximise the potential capacity of each employee, HUDCO relies on upgrading the skills of employees in tune with the changing market dynamics through the tool of training programmes. During the year 2016-17, 256 employees were imparted training in India and abroad in various strategic, functional and behavioural areas. Further, HUDCO accomplished a major task of infusing fresh talent into the company which shall be a vital resource to invigorate the organisation. In the year 2016-17, 56 Trainee Officers with specialisation in areas like projects, finance, law, architecture, urban planning have been inducted.

## 10. Corporate Social Responsibility (CSR)

During the year 2016-17, HUDCO has extended support for the projects of Night Shelters for shelterless for the marginalised sections of the society in urban areas of various states, sanitation projects, skill training and maintenance of public spaces/facilities etc. in various states/cities. HUDCO has released a total of ₹ 5.70 crore towards implementation of proposals such as, construction of toilets, solid waste management under Swachh Bharat, skill training under Skill India, renewable energy projects such as LED and solar lighting and construction of night shelters

## 11. Awards and Accolades

I am delighted to convey that during the year, HUDCO has received several awards in recognition of its services in various fields like:

- GEM of India Award/ Arch of Excellence Award (Individual Category)
- Bureaucracy Today – CSR Excellence Award 2016 aimed at honoring the efforts of CPSEs for effective Corporate Social Responsibility
- Governance Now PSU Award 2016 - the 'value growth award' was conferred on HUDCO for being a growth-oriented company
- Kalinga Khordha Samman of Khordha Zilla Lok Utsav – 2016

## 12. Corporate Governance

Your Company is fully committed to adopt and implement best practices on Corporate Governance. HUDCO believes in total transparency in all its operations with special emphasis on financial prudence, accountability and enhancing customers' satisfaction by safeguarding stakeholder's interest & maximizing their wealth.

## 13. Future Outlook

With its long standing and experience in the housing and urban infrastructure sector, HUDCO can reap benefits from the Government's programme of 'Pradhan Mantri Awas Yojna'. Development of 100 smart cities will also open additional opportunities in lending as well as consultancy business for HUDCO. Other urban sector Government schemes like Swachh Bharat Mission (SBM), Atal Mission for Rejuvenation & Urban Transformation (AMRUT), National Heritage City Development and Augmentation Yojna (HRIDAY) would also open up business opportunities for HUDCO. All these programmes are likely to catalyse huge investment flow in the urban housing and infrastructure sector. With the huge magnitude of investment requirements in the India's infrastructure and housing sector, HUDCO can play a key role in these sectors.

Banks and Financial Institutions are offering stiff competition to HUDCO in project financing over time. The rates offered by Banks & Financial Institution are very competitive. The Financial sector is also witnessing high level of NPAs. The rising NPAs/Defaults would require additional provisioning which would have impact on profitability.

## 14. Acknowledgements

On behalf of the Board of Directors, I am grateful for the co-operation, guidance and support extended by the Government of India particularly the Ministry of Housing and Urban Affairs, Ministry of Rural Development, Department of Investment and Public Asset Management (DIPAM) - Ministry of Finance, National Housing Bank, Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs. I am also thankful to the State Governments, Housing Boards, Development Authorities, Municipal/Local Bodies and other Borrowers for their continued support and valuable suggestions. I also place on record my special thanks to all the stakeholders of the company for extending their valuable support and cooperation.

I am also thankful to all the employees of the Company at all levels for their dedication and commitment to achieve the excellent performance year after year and wish for their continued support in future as well.

Thank you for your kind support.

Sd/-

Place : New Delhi  
Date : 25<sup>th</sup> August, 2017

Dr. M. Ravi Kanth, IAS (r) KL:86  
Chairman & Managing Director