



48TH ANNUAL REPORT 2 0 1 7 - 1 8





For outstanding work in Hindi, HUDCO received 'Rajbhasha Kirti Puraskar -2017' on 14th September, 2017 from the Hon'ble President of India.

48th
Annual Report
2017-2018



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	2013-14	2014-15	2015-16	2016-17	2017-18
Revenue from Operations	2945.03	3346.55	3204.81	3498.85	4075.42
Gross Income	2993.85	3427.77	3302.20	3584.84	4172.84
Profit before Tax (excluding other Income, Extraordinary and Exceptional Items)	1067.15	1089.30	975.19	1039.77	992.40
Profit After Tax	726.34	777.63	783.79	841.81	799.06
Share Holders' Fund	7123.33	7781.17	8445.81	9167.25	9821.74
Share Capital - Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserves & Surplus	5121.43	5779.27	6443.91	7165.35	7819.84
Net Worth (Average)	6818.65	7452.25	8113.49	8806.53	9494.50
Total Borrowings	21304.75	23467.65	25608.96	28432.43	37408.02
Long Term Borrowings (excluding current maturity)	18868.21	18315.14	21342.02	24953.67	28637.98
Borrowings/Net Worth* (%)	276.71	245.77	263.04	283.35	301.63
PAT/Net Worth (%)	10.65	10.43	9.66	9.56	8.42
Loan Outstanding	29341.82	32464.86	35394.94	39390.97	49530.27
Dividend /PAT (%)	13.77	12.86	12.76	**13.07	13.78
Dividend/Net Worth (%)	1.47	1.34	1.23	**1.25	1.16
Earning per share (₹) *** (Face value of ₹ 10 per share)	3.63	3.88	3.92	4.21	3.99

* Long Term Borrowings (excluding current maturity)

** Including final dividend of ₹ 10.01 crore approved by the shareholders in the Annual General Meeting thereby making the total dividend for the financial year 2016-17 to ₹ 110.02 crore

*** The Face Value of Equity Shares of company has been sub-divided from ₹ 1000/- to ₹ 10/- in the Extraordinary General Meeting held on 28th 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	2013-14	2014-15	2015-16	2016-17	2017-18
No. of Schemes Sanctioned	134	162	202	178	116
Loan Sanctioned (₹ In crore)	17491	21096	30774	31862	38648
Amount Released (₹ In crore)	7438	8101	8250	9145	16565
Dwelling Units					
- Total	1434102	484128	457879	271498	1548602
- % of EWS & LIG	98.46	82.95	93.68	96	99.93
Sanitation Units	0	0	0	0	0
Urban Infrastructure Projects	72	121	170	149	92
UI Loan Sanctioned (₹ In crore)	7848	13426	11984	24290.7	22878

BOARD OF DIRECTORS



Dr. M Ravi Kanth
Chairman & Managing Director



Shri Nand Lal Manjoka
Director Corporate Planning



Shri Rakesh Kumar Arora
Director Finance & CFO



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



Shri Rajiv Ranjan Mishra, IAS
Govt.Nominee Director and AS(H), MoHUA
(upto 31.05.2018)



Shri Amrit Abhijat, IAS
Govt.Nominee Director and JS(HFA), MoHUA
(w.e.f. 01.06.2018)



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



Dr. Sudip Kumar Nanda
Part-time Non-official Independent Director

CHAIRMAN'S MESSAGE



Dr. M. Ravi Kanth
Chairman & Managing Director

Dear Shareholders, Ladies & Gentlemen,

On behalf of the Board of Directors and on my own behalf, it gives me immense pleasure to welcome you all on the occasion of the 48th Annual General Meeting (AGM) of HUDCO. The annual report for the financial year ending 31st March, 2018, along with the Director's Report, Audited Annual Accounts and the Auditor's Report of your Company have already been provided to you.

I take great pride in informing you that your Company for the year 2017-18, has registered a landmark performance in its operations. Your Company has achieved the highest ever annual disbursement and sanctions in its chequered history of 48 years of existence. The sanctions accorded have been for a total loan amount of ₹ 38,648 crore and the disbursement made has been ₹ 16,565 crore. I am happy to inform that your Company, after the successful maiden Public offer of 20,40,58,747 equity shares, being 10.19% of equity share holder of President of India, has got listed on BSE Limited and National Stock Exchange of India Ltd on 19th May, 2017. On behalf of the Board, I thank

the entire investing community, including Qualified Institutional Buyers and High Net worth Individuals and other inter-mediary agencies involved in the IPO for the confidence reposed in HUDCO.

HUDCO's operational performance during the year clearly depicts that your Company is on the path of setting higher performance standards for itself. I would like to share the highlights of HUDCO's performance during 2017-18, the business environment, challenges faced and future outlook of the Company.

1. Economic Environment

Macroeconomic developments in 2017-18 have been marked by many swings. As per the Economic Survey 2017-18, while in the first half, India's economy temporarily "decoupled," decelerating as the rest of the world accelerated, in the second half of the year, the economy witnessed robust signs of revival especially in the last quarter, when GDP grew by an impressive 7.7%. As per the provisional estimates of GDP released by Central Statistics Office (CSO), for the year 2017-18 as a whole, the GDP grew by 6.7%. Reflecting the cumulative efforts to improve the business climate, India jumped 30 spots on the World Bank's 'Ease of Doing Business' rankings.

The consumer price index based inflation or the retail inflation stayed lower during the initial months of the FY but rose gradually later on, to reach a peak of 5.21% in December 2017 and subsequently levelled off thereafter to 4.28% in March 2018. On the monetary policy front, the Reserve Bank of India (RBI) reduced the policy repo rate once during the financial year in August 2017 by 25 basis points from 6.25% to 6.00%. The RBI data on sectoral deployment of bank credit revealed a somewhat slower credit growth in retail housing sector by the banks compared to the previous fiscal.

Going forward, economic activity is expected to gather further pace in 2018-19, benefitting from a conducive domestic and global environment. The International Monetary Fund (IMF), in its 'World Economic Outlook' (July 2018) has projected a growth rate of 7.3 percent in 2018-19 and 7.5 percent in 2019-20 for India.

2. Sectoral Overview and Government Policy Initiatives

The Union Budget 2018-19 has exhibited the continued thrust being laid by the Government on Affordable housing sector. There has been a major increase in budgetary allocation for almost all the flagship programmes of the Government in the urban sector. This has been further complemented by the Government by announcing timely and much-needed policy measures, such as, bringing out a convergence of the Priority Sector Lending (PSL) guidelines for housing loans with the PMAY guidelines by raising the housing loan limits for eligibility under PSL and also raising the existing family income limits in line with PMAY guidelines, creation of a National Urban Housing Fund of ₹ 60,000 crore to finance the PMAY scheme, enlarging the areal coverage under

CLSS by incorporating notified areas/industrial areas and also increasing the eligible carpet area under MIG category of beneficiary households, etc. Efforts to enlist the vacant land of PSUs for affordable housing is another major initiative that is expected to facilitate affordable housing delivery. The ongoing initiative to chart out a new urbanisation policy in tandem with the changing times would go a long way in providing a direction for urbanisation, for their integrated development and to gainfully harness the positive benefits of urbanisation for the welfare of citizens at large.

3. Emerging Issues in Housing and Urban Infrastructure

Urbanization is a key indicator of economic development and should be seen as a positive factor for overall development. The economic surge in the country has largely been driven by India's urban centres, leading to an exponential growth of the cities, especially in the last decade. As per Census of India 2011, about 377.10 million population (31.2%) constitute urban and about 833.40 million (68.8%) reside in rural areas. At current rate of growth, urban population in India is estimated to reach a staggering 575 million by 2030 and 875 million by 2050 (MoHUA, annual report 2017-18). This transition needs to be accompanied by a commensurate increase in the supply of basic urban services, necessitating huge investments in infrastructure development. The increasing requirement of funding to improve the housing and urban infrastructure conditions provide a huge scope for HUDCO's lending operations. With a number of flagship programmes such as PMAY, Smart Cities, AMRUT, HRIDAY, etc., on active mode of implementation, HUDCO's role and contribution in providing techno-financial support would continue to rise.

4. Operational and Financial Performance

During the financial year 2017-18, HUDCO has once again demonstrated its ability to mould its efforts and activities in line with emerging market challenges and trends registering an excellent performance consistently. Since its inception in April, 1970 and till March 2018, HUDCO has sanctioned a total of 17,168 housing and urban infrastructure projects, with a total loan component of ₹ 1,91,905 crore and has made a cumulative disbursement of ₹ 1,35,233 crore. HUDCO has sanctioned more than 18.02 million houses in the country in both rural and urban areas so far.

- In respect of housing, during the year 2017-18, HUDCO has sanctioned 24 housing projects, with a loan amount of ₹ 15,770 crore.
- In respect of urban infrastructure, during the year 2017-18, HUDCO has sanctioned 92 projects, with a total loan amount of ₹ 22,878 crore.
- Your Company has Posted Profit after Tax (PAT) of ₹ 799 crore during 2017-18.
- The total Net Worth of the company stood at ₹ 9,821.74 crore as on March 31, 2018 as against ₹ 9,167.25 crore as on March 31, 2017.
- Interim dividend pay-out for the financial year 2017-18 will be ₹ 110.10 crore excluding dividend distribution tax of ₹ 22.42 crore.
- At the end of the financial year 2017-18, ending on 31st March, 2018, HUDCO reported Gross NPA and Net NPA of ₹ 3,127.47 crore and ₹ 674.63 crore, which constituted 6.28% to total loan portfolio and 1.42% to net loan outstanding respectively.

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 State Government/State Government Agencies for fulfilling housing needs of 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. During the year 2017-18, of the total 15,48,387 number of housing units were sanctioned by HUDCO as part of project lending operations (excluding individual loans), about 99.94% has been for EWS and LIG category households.

6. Credit Rating of HUDCO

The domestic debt instruments of the Company continued to enjoy 'AAA' rating— the highest rating assigned by three Credit rating agencies, namely, M/s India Rating & Research Pvt. Limited (IRRPL), M/s CARE Ratings and M/s ICRA Limited.

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

Towards achieving the objective of 'Housing for All by 2022' and sustainable development of human settlements, Government of India has promoted programmes on mission mode in the housing and urban development sector. This include the PMAY (Urban) and PMAY (Gramin), development of 100 Smart Cities, Atal Mission for Rejuvenation and Urban Transformation (AMRUT) for 500 cities, Heritage City Development & Augmentation Yojana (HRIDAY), Swachh Bharat Mission, National Urban Livelihood Mission (NULM), etc.

HUDCO is providing a significant support for the implementation of these programmes. In respect of PMAY (Urban), HUDCO is already offering its services for project appraisal, propagation and dissemination of scheme details, monitoring and site inspections,

organizing awareness programmes on Government Schemes, organizing capacity building programmes for the Government/ State/ULB officials and handholding support to State Government for preparation of Detailed Project Reports (DPRs), besides providing loan as viability gap funding for projects, as required.

During 2017-18, HUDCO has undertaken Site Inspection and DPR scrutiny of 136 number of projects with a total project cost of ₹ 18,252.17 crore, having a Central Share of ₹ 4,550.37 crore, for construction of 3.09 lakh housing units in 27 States/Union Territories. This activity has resulted in generating a fee-based income of ₹ 2.26 crore during financial year 2017-18.

The Credit Linked Subsidy Scheme (CLSS) component of the Pradhan Mantri Awas Yojna (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, 2018, HUDCO has signed 80 MoUs with Primary Lending Institutions (PLIs). During the Financial Year 2017-18, a total of ₹ 50.74 crore of subsidy has been disbursed to 2605 number of beneficiaries for EWS/LIG/MIG category.

During 2017-18, HUDCO has sanctioned viability-gap funding to 4 PMAY (Urban) projects with a total project cost of ₹ 14,008.80 crore in the States of Uttar Pradesh, Telangana and Uttarakhand, offering a total loan of ₹ 4,219.50 crore for construction of 2.63 lakh housing units.

HUDCO, up to 31st March, 2018 has conducted site inspections of 547 Night Shelters under Shelter for Urban Homeless (SUH) component of Deendayal Antyodaya Yojna – National Urban Livelihood Mission (DAY – NULM) in respect of 20 States/UTs across the country.

Further, as part of fee based consultancy initiatives, HUDCO has undertaken Third Party Inspection monitoring in respect of 10 Delhi Police projects, out of the 18 Delhi Police Projects awarded.

8. Human Settlement Management Institute (HSMI)

Human Settlement Management Institute (HSMI) is HUDCO's Research & Training wing. Having established itself as an eminent institution to focus on contemporary issues of housing and urban development, HSMI continues its capacity building and best practices propagation role in the sector. A total of 23 Training Programmes have been conducted during the year 2017-18, imparting capacity building training to 902 professionals, with a total of 4921 mandays.

During the year 2017-18, HSMI organized 11 research seminars for presentation of research study reports. Further, as part of HUDCO Chair activities, HUDCO's HSMI supported 18 reputed institutions to undertake research and training activities in the habitat sector. As part of HUDCO Best Practices Awards to improve the living environment in the Habitat Sector, 10 'Best Practices Awards' and 6 'Certificates of Appreciation' were given to agencies during the year.

The Ministry of Housing and Urban Affairs has identified HSMI as Anchor Institution for carrying IBSA-HS activities as well as Nodal Resource Centre for undertaking various training and other activities for implementing action plan programmes of the Ministry. Besides, HUDCO, being an Associate Member of CITYNET since 1993, HSMI has been engaged with CITYNET through research and training activities. HUDCO has also established an India chapter of CITYNET, so that more Indian cities could benefit from HUDCO's vast experience in the area of common interest.

9. Human Resources Management

The backbone of any organisation is its human resources. Your Company has a high performing and motivated workforce equipped to deliver the results. The multi-disciplinary nature of composition of its talent pool makes it unique and underscores the collective actions and consistent contribution that makes our company's endeavours a grand success. The company grooms its employees by regularly imparting training covering a wide range of functional areas. As on 31st March, 2018, HUDCO has a total strength of employees as 869 against 875 in the previous year, which comprises of 253 women employees, representing 29 % of the total workforce. The newly recruited trainee officers have undergone extensive multi-departmental training in various activities during the year.

Besides, the pay scales of Board level and below Board level Executives and Non-Executives have been revised with effect from 1st January 2017, as per the guidelines issued by Department of Public Enterprises (DPE) and the total financial implication towards the same is ₹ 27.89 crore. Such timely interventions and alertness to actions indeed keep the morale of the employees high, and enables sustaining high performance levels consistently.

10. Corporate Social Responsibility (CSR)

In line with the thrust areas, during the year 2017-18, HUDCO has extended support for the sanitation projects contributing to Swachh Bharat, Night Shelter for the Shelterless in urban areas, skill training and education, etc., in various cities. Besides, disbursement of CSR assistance was also extended for the proposals sanctioned in the earlier years in line with the guidelines