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H U D C O

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 Fourth Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 30th September 2004 at 12.30 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 :-

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 authorised to fix the remuneration of Statutory Auditors @ Rs 3 lacs as Statutory Audit Fees from the financial year 2003-2004."

B. SPECIAL BUSINESS

4. **Amendment in Object Clause III(B)(1) of the Memorandum of Association- Regarding Foreign Currency Borrowings.**

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

   "RESOLVED THAT pursuant to section 17 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or re-enactment thereof from

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time to time) approval of the company be and is hereby accorded, for amendment in the object clause (incidental or ancillary) of Memorandum of Association of the company in the following manner:

Substitute/replace the following as new clause III (B) (1) in place of existing clause:

"To borrow, for the purposes of the Company, in foreign currency from any Bank or Financial Institution or eligible entities in India or in any foreign country."

By Order of the Board

Place : New Delhi
Dated: 06.09.2004

MK Gupta
Company Secretary

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.

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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. The reply of the Management on Statutory Auditors' Report, C&AG comments and review of accounts alongwith Management's reply thereto shall be placed on the table during the Annual General Meeting.

3. 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.

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ANNEXURE

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 4

HUDCO, in the past decade, has grown at a very appreciable rate. To support the levels of sanctions and releases, the borrowing programme has also to commensurate with the rate of growth. In past the borrowings have been through a basket of options available in the market viz. Term loans from banks and Financial Institutions, Bonds, Public Deposit Scheme.

Of late, the borrowing programme of HUDCO is being affected by the Exposure norms of RBI wherein Banks cannot invest more than 15% of their net owned funds in a single entity. With most of the Banks and Financial Institutions already reaching the Exposure ceiling, there is a need to explore the possibility of diversifying the investor base as well as identifying cheaper source of funds.

The recent global changes have made it possible for the corporate to access cheaper source of funds even in the overseas market. In the post-liberalisation era, this route has been rendered easy for Indian corporate too, specially after the directions given by RBI regarding borrowing from overseas market.

Many corporate including Public Sector Undertakings have explored the External Commercial Borrowing (ECB) route and have taken full advantage of the current low rate regime prevailing in the international market.

Presently the foreign currency by HUDCO requires previous approval of the Hon'ble president of India. Obtaining the Presidents' approval requires considerable time period. The change in the market conditions may turn unfavourable for HUDCO, if the approval is not granted within a short period.

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In view of the above, your Directors, therefore, recommend the passing of the resolution for amendment of clause III(B)(1) of the Memorandum of Association, as set out in the Notice, at item No. 4 for the approval of the Shareholders.

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

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DIRECTOR'S REPORT FOR THE YEAR 2003-2004

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DIRECTORS' REPORT

To the Members
Housing and Urban Development Corporation Ltd.

Your Directors' have immense pleasure in presenting the thirty fourth Annual Report on the business and operations of the Company together with audited accounts for the year ended 31st March, 2004. The company has performed exceedingly well during the year on various operational fronts and business parameters.

HUDCO — 'A CONSISTENT ACHIEVER'

HUDCO, through its outstanding operational performance, is consistently achieving heights and becoming self confident, embracing its role as an emerging Nation's superpower. Be it the field of housing or urban infrastructure or any scheme for up-liftment of the poor masses in the country, HUDCO has always been in the forefront with new initiatives, motherly dedication and firm determination.

The professional touch, it has imparted, in its functioning and the innovative steps taken by it, has earned the organization a nation wide recognition as a premier institution in housing and urban development. HUDCO's achievements are impressive. It is continuously working hard for urban and rural excellence throughout the country.

The performance of HUDCO for the year has been encouraging with significant growth under all parameters. The demand for housing is phenomenal and is virtually unlimited with more and more people aspiring to own houses. With the recent step of lowering the interest rates on housing loans, the dreams of many people are likely to be realized. Through commitment and missionary zeal, your Company's sincere endeavor is to help people in realising their dream of owning a house.

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HUDCO is taking various corrective measures with right attitude, proactive approach and appropriate values for flourishing business through stress on speedy and efficient appraisal of schemes, sanctions and releases through flexibility, adaptability and delegation alongwith accountability. HUDCO has accorded top most priority to recoveries as a result of which, significant progress has been made in debt recoveries.

The process of economic reforms in India has ushered in an economy, which has free and open market environment, governed by the market forces. Inspite of such intense competition, HUDCO has been able to fulfill its requisites with the mobilization of funds. Apart from the equity contribution by the Government, resources have been mobilized through number of sources like bond market, capital market and foreign markets.

HUDCO has continuously been taking positive steps to reduce the interest rates. The reduction in the interest rates necessitated the reduction in the cost of borrowings for which, HUDCO resorted to prepayment/resetting of high interest rates of the high cost borrowings of the earlier years from the Banks and Institutions. During the year, HUDCO reduced its lending rates for individual and other categories. During the year under report, HUDCO's bond programme was rated 'AAA (SO)' by M/s Credit Analysis & Research Ltd. (CARE) and that is considered to be the best rating, which represents that the investments are of the best quality, carrying negligible investment risk.

During the year 2003-2004, HUDCO's net profit has also shown a sizeable increase, as compared to profits of previous years. Department of Public Enterprise (DPE) has once again rated HUDCO as EXCELLENT, having regards to the HUDCO's commendable performance.

During the year, HUDCO has extended resurgent social support for rehabilitation of victims of natural calamities and had given technical assistance for using methods of constructions which are cyclone resistant.

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In Gujarat, HUDCO was identified as project implementation agency for construction of community assets buildings.

NEW INITIATIVES - THE NEXT STEP

Your Company continued its thrust on exploring and supporting innovative mechanisms towards achieving sustainable city level services.

HUDCO also signed an agreement with French Embassy for the conservation of heritage buildings of Ahmedabad. This is the first initiative taken by HUDCO for preserving the country's prominent historical monuments and unique architectural heritage.

HUDCO has also initiated action to support the development of tourism in the country and actions are being taken to develop Gangtok city, capital of Sikkim as a tourist spot. The plans inter-alia also include the construction of a community center in Gangtok. Basic motive behind such plans is to preserve the cultural heritage of Sikkim and adjoining states.

Another major initiative is to establish HUDCO HAATS in all the state capitals as 'permanent building technology exposition and housing guidance center'. These HAATS would provide necessary guidance on access to technologies and cost effective building materials, property advisory services and housing finance access etc.

Similarly, HUDCO has also initiated action(s) for establishment of 'India Education Centre' (IEC) in Noida (U.P.) for which, the land has already been acquired and the project is proposed to be completed in 2 years time period. The aforesaid center shall be an educational hub of international standards in Noida. An amount of Rs 502.78 lacs has already been incurred on the project (i.e. on Techno – economic feasibility study) and for purchase of land measuring 40,000 sq. mts. and further land is being acquired. The 'India Education Centre' is conceptualized as an experience,

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wherein different streams of education would come together and share common facilities like hostel, library, lecture theatre, auditorium, recreation and sports and canteen etc. The center would have the State of the Art facilities for global networking through high speed broadband internet communication, video-conferencing etc.

HUDCO has decided to set standards in real estate development through establishment of Habitat Centers in the States of Haryana, Uttar Pradesh and Kerala with the help of respective State Govts.

OPERATIONAL BRILLIANCE

HUDCO posed another year of brilliance in operational performance in 2003-04, despite the extreme competition in the market, declining of interest rates & people's reluctance in investment. HUDCO surpassed the targets set by the Government under the MoU proving its dedication, commitment and hardwork.

As on 31st March, 2004, cumulatively, HUDCO has sanctioned 15275 schemes, involving a total project cost of Rs 119121.44 crores (excludes HUDCO Niwas), with HUDCO's loan component of Rs 63471.64 crores. HUDCO's assistance, till date, has helped in the construction of 143.39 lac residential units, development of over 5.39 lac plots, provision of over 61.81 lac sanitation units and in the implementation of 2149 urban infrastructure schemes (including Sanitation Schemes), to improve the quality of living conditions in rural and urban areas.

Some of the initiatives taken by HUDCO are focused to provide housing for the poor through Government sponsored programmes such as Building Centre Movement, Night Shelter Scheme, 2 Million Housing, Nehru Rojgar Yojna (NRY), Integrated Low Cost Housing Scheme (ILCHS), Shelter Upgradation, Swarna Jayanti Swayam Rojgar Yojna (SJSRY) and Valmiki Ambedkar Avas Yojna (VAMBAY). These schemes have assumed national significance.

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