



42nd Annual Report 2011- 2012

**Housing and Urban Development
Corporation Limited**

(A Government of India Enterprise)
An ISO 9001:2008 Certified Company

42nd
Annual Report
2011-2012



HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED
AN ISO 9001:2008 CERTIFIED COMPANY

VISION

**To be among
the world's leading knowledge hubs
and
financial facilitating
organizations for habitat settlement**

MISSION

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

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Rehabilitation of Cloud Burst Victims, Leh

OPERATIONAL AND FINANCIAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
No. of Schemes Sanctioned	306	192	145	134	130
Loan Sanctioned (Rs. in crore)	13501	14754	16624	19762	20511
Amount Released (Rs. in crore)	3754	4020	3098	5105	6905
Dwelling Units					
Total	98868	114009	297407	295732	422524
% of EWS & LIG	84.4	84.91	77.02	93.43	96.37
No. of Urban Infrastructure Projects	150	103	70	72	61
UI Loan Sanctioned (Rs. in crore)	11349	13021	13907	14469	14204

FINANCIAL HIGHLIGHTS

(Rs. in crore)

PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
Gross Income	2610.19	2713.18	2528.35	2278.59	2778.63
Profit After Tax	373.73	400.99	495.31	550.03	630.33
Share holders' fund	4162.68	4647.46	5097.09	5520.97	5988.89
Share Capital - Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserves & Surplus	2188.79	2665.96	3095.19	3519.07	3986.99
Borrowings	18902.98	19249.32	15520.48	15778.66	18822.47
Loans Outstanding	21072.94	21426.97	19026.73	19988.77	22495.64
Earning per share (Rs.) (Face value of Rs 1000 per share)	186.99	200.30	247.42	274.75	314.87

BOARD OF DIRECTORS



V P Baligar
Chairman and Managing Director



Susheel Kumar
Part-time Official Director and
JS (Housing), MoHUPA



Sudha Krishnan
Part-time Official Director and
JS & FA, MoHUPA



Dr. Radha Binod Barman
Part-time Non-Official Director



Nasser Munjee
Part-time Non-Official Director



Nirmala Samant Prabhavalkar
Part-time Non-Official Director



Prof. Dinesh Mehta
Part-time Non-Official Director



Virender Ganda
Part-time Non-Official Director

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the Housing and Urban Development Corporation Limited will be held on Monday, the 9th July 2012, at 12.00 Noon at the Registered Office of the Company at HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi - 110003 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors, be and are hereby authorised for fixation of annual statutory audit fee payable to the Statutory Auditors for the financial year 2012-13."

By Order of the Board of Directors



H Verma

Company Secretary

Place : New Delhi

Dated : 25.06.2012

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.

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 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.
3. Pursuant to the Section 619(2) of the Companies Act, 1956, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and, in terms of Section 224(8) (aa) of the Companies Act, 1956, their remuneration shall be fixed by the Company in general meeting or in such manner as the Company in general meeting may determine. The members of the Company in the 41st Annual General Meeting held on 29.06.2011 authorised the Board of Directors for fixation of annual audit fee payable to the Statutory Auditors for the financial year 2011-2012. The Board of Directors in their 492nd meeting held on 31.10.2011 approved the audit fee payable to the Statutory Auditors as Rs. 6,75,000/- for the financial year 2011-2012. M/s Agiwal and Associates, Chartered Accountants were appointed as Statutory Auditors for the financial year 2011-12 by the C&AG of India. Further, since the Statutory Auditors of the Company for the financial year 2012-13 are yet to be appointed by the C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of the Statutory Auditors, as may be deemed fit by the Board, for the financial year 2012-13.

CHAIRMAN'S SPEECH

CHAIRMAN'S SPEECH



Ladies and Gentlemen,

It is a matter of great pleasure for me to welcome you on the occasion of the 42nd Annual General Meeting of HUDCO. The Annual Accounts along with Directors' Report, Auditors' Report and Management replies thereon have already been with you and with your permission, I take the aforesaid as read.

It is my privilege to share with you the highlights of the Company's activities and accomplishments during the year 2011-12.

1. ECONOMIC ENVIRONMENT

Expectations for the year 2011-12 were set high as the economy had achieved a growth rate of 8.4 % during the years 2009-10 and 2010-11. Various projections for GDP converged to a 9 % for the year 2011-12. However, due to weak global economic prospects, uncertainties and weakening domestic industrial growth, the estimated growth of GDP in 2011-12 was only 6.5% far short of expectations. Sustaining growth and maintaining price stability have been major macroeconomic concerns for the policy makers during the year.

Inflation as measured by the Wholesale Price Index (WPI) was high during most of the fiscal year 2011-12, though by the end of the year there was a slowdown. To control inflation and curb inflationary trends, the Reserve Bank of India (RBI) followed a tight monetary policy by raising the key policy rates. During 2011-12, RBI raised policy rates 5 times, resulting in a cumulative increase of 1.75% in Repo and Reverse Repo Rates. As a result the interest rates had gone up to high levels across the board resulting in higher cost of funds.

2. SECTORAL OVERVIEW

The slowdown in GDP growth had ripple effects on the housing and infrastructure sectors as well. The sectoral slowdown was further exacerbated by a high interest rate regime that prevailed in the economy leading to downward pressure on credit demand and negative impact on asset quality. Thus, in this high interest rate regime coupled with a slowdown in the economy, sustaining business operations and maintaining the required margins turned out to be the major challenges for financial institutions including HUDCO. Despite these adverse economic and sectoral conditions, through its prudent business operations and risk management policies, cautious appraisal norms and skillful resource mobilization, HUDCO has countered these adverse conditions to achieve excellent performance levels in most of its business parameters.

The Ministry of Housing & Urban Poverty Alleviation (MoHUPA), Government of India has been devising policies and schemes for promoting affordable housing and tackling urban poverty. Some of the schemes to create affordable housing stock are Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Interest Subsidy for Housing the Urban Poor (ISHUP), Affordable Housing in Partnership (AHP) and Rajiv Awas Yojana (RAY). Further, in order to address the credit enablement of economically weaker section (EWS) and lower income group (LIG) households, the government has established a Credit Risk Guarantee Fund under RAY and has also approved the establishment of a Credit Risk Guarantee Fund Trust for low income housing (CGFT) to administer and oversee the operations of the scheme. All these efforts of the MoHUPA would go a long way in addressing the housing problems of the poor.

3. EMERGING ISSUES AND CHALLENGES

The world is urbanizing rapidly and India is also experiencing a demographic and economic transformation. However, urbanisation has been a mixed blessing. Urban population has been growing faster than the 'economic absorptive capacity' and fiscal means of cities in most developing countries. This has given birth to cities of unprecedented size facing multiple problems. Providing for the infrastructure needs of these cities is one of the biggest challenges facing countries today, the problem being more acute in the developing countries. A burgeoning population is putting increasing pressure on the existing facilities, leading to congestion, mushrooming of slums, pollution, degradation of health and hygiene, unemployment and urban poverty.

India's urban population is expected to double itself in three decades, growing from 286 million in 2001 to 600 million by 2031 and by 2039, the level of urbanisation is expected to reach 50% of total population of India. Already provisional figures from the Census of India 2011 place India's current urban population at 377 million, representing 31.16% of the total population. The cities are assessed to contribute more than 60% of GDP of India currently, and this is expected to increase to around 75% by 2031. In this context, there is an urgent need to assess and plan for a pattern of inclusive, equitable and sustainable urban growth. Turning around cities and releasing their dynamism is going to be critical to India's future growth.

The growing level of urbanization is also expected to pose more challenges for the provision of housing and infrastructure in the country. The funds requirement for addressing present urban housing shortage by 26.53 million, which is almost entirely in the EWS/LIG category, works out to be around Rs 6.5 lakh crore, assuming cost per unit of Rs 2.5 lakh. Further, as per the HPEC report headed by Dr. IJ Ahluwalia, the investment requirement for urban infrastructure over the 20 year period (2012-31) is estimated at about Rs 40 lakh crore. While these figures are daunting, these also provide immense opportunities for financing the key growth drivers of the economy, with prudent appraisal norms and careful due diligence.

4. OPERATIONAL AND FINANCIAL PERFORMANCE

HUDCO continued to lay a significant emphasis on facilitating delivery of a larger quantum of housing and provision of core infrastructure. Its focus has been on housing for weaker sections and in respect of infrastructure on utility and social infrastructure facilities that directly affect the day to day life of the citizens at large.

During the year, HUDCO sanctioned 130 schemes for a loan amount of Rs 20,511 crore as against Rs 19,762 crore in the previous year. The sanctioned schemes include a wide spectrum of projects covering housing and utility, social, economic and commercial infrastructure, urban transport and energy.

Out of the total loan amount sanctioned, Rs 6,307 crore has been sanctioned for housing and Rs 14,204 crore for infrastructure projects. An amount of Rs 6,905 crore was released during the year, which included Rs 1,918 crore for housing projects and Rs 4,987 crore for urban infrastructure projects.

It gives me immense pleasure to report that your Company has achieved profit before tax and after prior period adjustment of Rs 939.97 crore during the year as against Rs 821.11 crore in the previous year. The net profit stood at Rs 630.33 crore during the year, as against Rs 550.03 crore in the previous year. Your Directors are happy to report that this is the highest ever profit after tax recorded by HUDCO. The total reserves and surplus stood at Rs 3,986.99 crore as on 31.03.2012.