

44th
Annual Report
2013-2014



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
financial facilitating
organizations for habitat settlement*

MISSION

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

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Night View of Sabarmati River Front at Ahmedabad

OPERATIONAL AND FINANCIAL HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
No. of Schemes Sanctioned	145	134	130	140	134
Loan Sanctioned (₹ in crore)	16623.76	19762	20511	23974	17491
Amount Released (₹ in crore)	3098.02	5104	6906	6079	7438
Dwelling Units					
- Total	297407	295732	422524	439286	1434102
- % of EWS & LIG	77.02	93.43	96.37	96.81	98.46
Sanitation Units	0	0	0	0	0
Urban Infrastructure Projects	70	72	61	76	72
UI Loan Sanctioned (₹ in crore)	13907.41	14469	14204	16337	7848

FINANCIAL HIGHLIGHTS

(₹ in crore)

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Income	2528.35	2278.59	2778.63	2923.24	2993.85
Profit after Tax	495.31	550.03	630.33	700.56	726.34
Share Holders' Fund	5097.09	5520.97	5988.89	6427.11	7056.77
Share Capital-Equity	2001.90	2001.90	2001.90	2001.90	2001.90
Reserve & Surplus	3095.19	3519.07	3986.99	4512.06	5121.43
Borrowings	15520.48	15778.66	18822.47	18867.43	21304.75
Loan Outstanding	20276.52	21197.83	23783.05	25936.52	29341.82
Earning per share (₹) (Face Value of ₹ 1,000 per share)	247.42	274.75	314.87	349.95	362.83
Gross Margin	813.21	832.61	944.50	1046.95	1120.29
Net Profit/Net Worth (%)	9.72	9.96	10.52	10.90	10.29
PBDIT/ Total Employment	0.78	0.84	0.97	1.11	1.22

BOARD OF DIRECTORS



Dr. M. Ravi Kanth
Chairman & Managing Director



N L Manjoka
Director (Corporate Planning)



Anil Kumar Kaushik
Director (Finance)



K B S Sidhu
Govt. Nominee Director and
JS (Housing) MoHUPA



Jhanja Tripathy
Govt. Nominee Director and
JS & FA MoHUPA



Prof. Dinesh Mehta
Part-time Non-Official Director



Virender Ganda
Part-time Non-Official Director



Prof. Sukhadeo Thorat
Part-time Non-Official Director



CHAIRMAN'S SPEECH



HUDCO Design Award

First Prize Under Category: Green Buildings, MON-CHASA: A Community Initiative of Rural Tourism, West Bengal

CHAIRMAN'S SPEECH



Ladies & Gentlemen,

On behalf of Board of Directors of HUDCO and on my personal behalf, I take great pleasure in extending a very hearty and warm welcome to all of you at this 44th Annual General Meeting (AGM) of your Company. I would like to congratulate all the stakeholders for yet another successful year of growth and achievements of your Company. It is my privilege to address this august gathering and highlight the performance of HUDCO during the year 2013-14 and, also give you a brief perspective about your Company.

HUDCO, as a pioneer techno-financial CPSE in the housing and urban development sector has also associated with Government Programmes like JNNURM, RAY, RRY and would like to play a vital role in development of Smart Cities and 'Housing for All by 2022' programmes of the Government. The performance of the company during the year 2013-14 was encouraging and we expect excellent rating from GOI's Department of Public Enterprises. Amidst a challenging economic context, performance achieved is more heartening and satisfying with the growing contribution towards Housing and Urban Infrastructure sectors of the economy.

The Directors' Report, the audited final accounts of the Company for the period ended March 2014, along with the Auditors' Report thereon, have already been provided to you and with your consent, I take it as read.

I would like to give a clear description on the events that have unfolded in the recent past impacting your company, the economy and the contribution of HUDCO to the sector.

1. ECONOMIC ENVIRONMENT

The growth performance of the Indian Economy remained subdued in 2013-14 with the real GDP growth of sub - 5 per cent. The major growth indicators like index of industrial production and service sector have recorded lower-growth rates. The inflation level remained elevated in 2013-14 due to a host of factors. The Reserve Bank of India affected moderate reduction in the

policy rates in order to revive growth in the economy, which resulted in marginal softening of interest rates during 2013-14.

2. **SECTORAL OVERVIEW AND GOVERNMENT POLICY INITIATIVES**

In tune with the overall economic sentiments, activities in housing, real estate and infrastructure sectors have been on a low-key and the property prices have moderated during the fiscal year and as per the NHB-RESIDEX for all the four quarters, there has been a general decline in prices of residential properties in some cities/smaller towns, while the increase in other cities is marginal. In view of the increased urbanization, the housing requirements in urban areas have been witnessing upward trend over the years. As per the estimates of the Technical Group on Urban Housing Shortage (2012-17), the housing shortage in urban areas is 18.78 million units, out of which 17.96 million units (95.62%) are for the EWS/LIG segment.

On the policy front, key developments in recent past are as follows: (i) The NHB has floated a joint-venture mortgage guarantee company—the India Mortgage Guarantee Corporation Pvt. Ltd, which offers mortgage guarantees against housing loan defaults (ii) Affordable housing in partnership (iii) Rajiv Rinn Yojana for housing the urban poor (iv) Extension of JNNURM upto March, 2015 (v) The report of the task force on Rental Housing has been submitted and action plan is likely to be unfolded and (vi) Real Estate (Regulation and Development) Bill for systematic growth of the sector. To provide Housing for All by 2022, a detailed plan and schemes are likely to be announced shortly and HUDCO would play a very significant role in this endeavour.

The Union Budget 2014-15 has announced a number of proposals for the housing and infrastructure sectors. These include allocation of Rs 8000 crore for the year 2014-15 to Rural Housing Fund (RHF) to NHB for supporting Rural Housing in the country. HUDCO has supported Rural Housing in the states of Andhra Pradesh, Karnataka, Rajasthan, Haryana, Kerala and Tamil Nadu and sanctioned an amount of ₹ 6154 crore in 2013-14. During the current year, efforts will be made to draw funds from Rural Housing Fund of NHB for funding rural housing projects. The other budget proposals, include ₹ 4000 crore allocation to NHB, for cheaper credit for affordable housing for the urban poor, deduction limit on account of interest on loan in respect of self-occupied houses raised from existing ₹ 1,50,000 to ₹ 2,00,000, ₹ 7060 crore allocated for development of 100 smart cities, and 'slum development' has been included in Corporate Social Responsibility (CSR). These proposals are likely to infuse momentum to housing and urban infrastructure sector in the country during the current year.

3. **EMERGING ISSUES AND CHALLENGES**

Cities have been at the heart of country's economic success. Urban India accounted for over 62% of the country's GDP in 2009-10 and this share is expected to rise to about 75% by 2030. Thus, cities will matter more in the future as they steer economic growth. Today, more than half of the world is urban. In India, urban population has grown from 286 million in 2001 to 377 million in 2011, accounting for 31.16% of the country's population and is expected to reach 600 million by 2031. This scenario poses huge challenge as well as opportunities for HUDCO in terms of provision of housing to the masses and related infrastructure. As per 2011 Census, 17.4% of urban households live in slums. This huge population is also contributing significantly to the growth of our economy. Therefore, the 'urbanization dividend' can be reaped only if the cities are evolved into inclusive centres of growth. Toward the same, 12th Five Year Plan has emphasised on inclusive development. For urban infrastructure sector, there exists a huge physical and financial shortfall. The financial shortfall has been estimated to be around ₹ 40 lakh

crore by the Isher Judge Ahluwalia Committee. Therefore, the city/town level civic infrastructure also provides significant opportunity and challenge to HUDCO.

The Government of India always have high expectations from HUDCO and also has been supporting HUDCO in many ways. HUDCO has played a significant role in the implementation of Action Plan Schemes of Government of India such as JNNURM, SJSRY, RAY, etc. The Credit Risk Guarantee Scheme (CRGS) for the housing loans upto ₹ 5 lakh for catering to the needs of the urban poor is a major credit enhancement measure taken by the MoHUPA through NHB. HUDCO is expected to play a lead role to provide access to housing finance to the poor. For provision of affordable housing of 18.78 million predominantly for urban poor and 32 million houses for rural poor, HUDCO would play a vital role in this domain. HUDCO has stabilized itself and consolidated its strengths over the years and is now poised to look beyond its routine business targets and aim for a quantum jump. Towards the same, HUDCO has set five goals under 'MISSION 5 ONES': i) One Million Houses per year, ii) One lakh crore cumulative releases, iii) One thousand crore profit after tax, iv) One hundred urban local bodies to be assisted per year and v) One percent reduction in Gross NPA per year. The employees have been inspired to work towards these identified goals.

4. OPERATIONAL AND FINANCIAL PERFORMANCE

HUDCO has continued to exhibit accelerated growth in its performance with a significant emphasis on housing and provision of core infrastructure. For housing sector, the focus has been on weaker sections and in respect of infrastructure, on utility and social infrastructure that directly affect the life of common citizens. During the year 2013-14, HUDCO has sanctioned 134 schemes for a loan amount of ₹ 17,491 crore against MoU target of ₹ 15,000 crore and released an amount of ₹ 7438 crore against MoU target of ₹ 6602 crore.

HUDCO has sanctioned ₹ 9643 crore and released ₹ 2842 crore for 62 housing schemes during 2013-14. Total 1.43 million housing units were financed during the year, out of which 1.41 million housing units belong to Economically Weaker Sections (EWS) and Low Income Group (LIG) category which is 98.60% of the total sanctioned housing units and in line with HUDCO's motto of "Profitability with Social Justice".

HUDCO has sanctioned ₹ 7848 crore for 72 Urban Infrastructure Projects during the year and has released an amount of ₹ 4596 crore. These sanctions cover a wide spectrum of projects: Core Infrastructure, Social Infrastructure, Energy, Urban Transport and Industrial Estates.

It is pleasant to report that your Company has achieved profit before tax, after prior-period adjustment, of ₹ 1094.35 crore during 2013-14 as against ₹ 1061.70 crore during the previous year. The net profit stood at ₹ 726.34 crore during the year as against ₹ 700.56 crore in the previous year. The total net worth stood at ₹ 7056.77 crore as on 31.03.2014. You will be pleased to note that the Board of Directors of your Company has recommended a final dividend of ₹ 100.01 crore for the year ended 31.03.2014 to the shareholders.

Operational Growth of HUDCO (₹ in crore)

