hudco

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act, 1956, as amended (the "**Companies Act**") and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled "History and Certain Corporate Matters" on page 70.

Registered and Corporate Office: HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India.
Telephone: +91 11 2464 9610-27; **Facsimile**: +91 11 2464 8427
Compliance Officer: Mr. Rajinder Paul; **Telephone**: +91 11 2464 8426; **Facsimile**: +91 11 2464 8427
E-mail: taxfreebonds@hudco.org; **Website**: www.hudco.org

PUBLIC ISSUE BY HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED ("COMPANY" OR THE "ISSUER") OF TAX FREE BONDS OF FACE VALUE OF ₹ 1,000 EACH IN THE NATURE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") ISSUED AT PAR IN ONE OR MORE TRANCHES FOR AN AMOUNT AGGREGATING UP TO ₹ 5,000 CRORES ("SHELF LIMIT")*, ON TERMS AND CONDITIONS AS SET OUT IN SEPARATE TRANCHE PROSPECTUSES FOR EACH TRANCHE ISSUE, WHICH SHOULD BE READ TOGETHER WITH THIS DRAFT SHELF PROSPECTUS AND THE SHELF PROSPECTUS.

**** In terms of the CBDT Notification (defined hereinafter), in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended ("**SEBI Debt Regulations**") and pursuant to notification No. 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India, by virtue of powers conferred upon it by item (h) of sub-clause (iv) of clause (15) of section 10 of the Income Tax Act, 1961, as amended.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to "Risk Factors" on page 10 and "Recent Developments" in the Tranche Prospectus for the relevant Tranche Issue. This document has not been and will not be approved by any regulatory authority in India, including the National Housing Bank ("**NHB**"), the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Shelf Prospectus read together with the Shelf Prospectus and the relevant Tranche Prospectus for a Tranche Issue does contain and, will contain all information with regard to the Issuer and the relevant Tranche Issue, which is material in the context of the relevant Tranche Issue, that the information contained in this Draft Shelf Prospectus and together with the Shelf Prospectus and the relevant Tranche Prospectus for a Tranche Issue will be true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Draft Shelf Prospectus read with the Shelf Prospectus and the relevant Tranche Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect at the time of the relevant Tranche Issue.

CREDIT RATING

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated August 16, 2013. India Ratings and Research Private Limited (formerly Fitch Ratings India Private. Limited) ("**IRRPL**") has assigned a rating of 'IND AA+' to the Bonds vide letter dated August 19, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For the rationale for this rating, see Annexure B of this Draft Shelf Prospectus. This rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. This rating is subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings.

PUBLIC COMMENTS

This Draft Shelf Prospectus has been filed with the BSE Limited ("**BSE**"), the Designated Stock Exchange pursuant to the provisions of the SEBI Debt Regulations. This Draft Shelf Prospectus is open for public comments for seven Working Days (i.e. until 5 p.m.) from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange (the date of filing being August 30, 2013).

LISTING

The Bonds are proposed to be listed on the BSE, the Designated Stock Exchange for the Issue. The BSE has given its -principle listing approval through its letter dated [●], 2013.

LEAD MANAGERS TO THE ISSUE

AXIS CAPITAL LIMITED
1st floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai- 400025
Telephone: (+91 22) 4325 2525
Facsimile: (+91 22) 4325 3000
Email ID: hudcotaxfree@axiscap.in
Website: www.axiscap.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000012029

EDELWEISS FINANCIAL SERVICES LIMITED
14th Floor, Edelweiss House,
Off CST Road, Kalina, Mumbai – 400098
Telephone: (+91 22) 4086 3535
Facsimile: (+91 22) 4086 3610
Email ID: hudco.tfbonds@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Ms. Sujaya Moghepadhye
Compliance Officer: Mr. B. Renganathan
SEBI Registration Number: INM0000010650

HDFC BANK LIMITED
Investment Banking Division, Trade World,
A Wing, 1st Floor, Kamala Mills Compound,
S. B. Marg, Lower Parel (West),
Mumbai - 400 013
Telephone: (+91 22) 3383 9197
Facsimile: (+91 22) 4080 4114
Email ID: hudcotaxfreebonds2013@hdfcbank.com
Website: www.hdfcbank.com
Investor Grievance ID: investor.redressal@hdfcbank.com
Contact Person: Mr. Amit Kumar Singh
Compliance Officer: Mr. Manoj Nadkarni
SEBI Registration Number: INM000011252

KARVY INVESTOR SERVICES LIMITED
701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Off Bandra Kurla Complex, Bandra (East)- Mumbai – 400051
Telephone: (+91 22) 6149 1500
Facsimile: (+91 22) 6149 1515
Email ID: hudco2013@karvy.com
Website: www.karvy.com
Investor Grievance ID: igmbd@karvy.com/ cmg@karvy.com
Contact Person: Mr. Sumit Singh
Compliance Officer: Mr. V Madhusudhan Rao
SEBI Registration Number: INM000008365

LEAD MANAGERS TO THE ISSUE

RR INVESTORS CAPITAL SERVICES PRIVATE LIMITED
47, M.M. Road,
Rani Jhansi Marg, Jhandewalan, New Delhi - 110055
Telephone: (+91 11) 2363 6362/6263
Facsimile: (+91 11) 2363 6746
Email ID: hudcotaxfree2013@rrfcl.com
Website: www.rrfinance.com/www.rrfcl.com
Investor Grievance ID: investors@rrfcl.com
Contact Person: Mr. Anurag Awasthi
Compliance Officer: Mr. Sandeep Mahajan
SEBI Registration Number: INM000007508

REGISTRAR TO THE ISSUE

KARVY COMPUTERSHARE PRIVATE LIMITED
Plot No. 17 to 24
Vithal Rao Nagar
Madhapur
Hyderabad 500 081, India
Telephone: +91 40 4465 5000
Facsimile +91 40 2343 1551
Email ID: hudco.bonds@karvy.com
Website: http:\\karisma.karvy.com
Investor Grievance ID: einward.ris@karvy.com
Contact Person : Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

DEBENTURE TRUSTEE

SBICAP TRUSTEE COMPANY LIMITED
Apeejay House, 6th Floor
Dinshaw Wacha Road
Churchgate, Mumbai - 400020
Telephone: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Email ID: corporate@sbicaptrustee.com
Website: www.sbicaptrustee.com
Investor Grievance ID: investor.cell@sbicaptrustee.com
Contact person: Mr. Ajit Joshi
SEBI Registration No: IND000000536

ISSUE PROGRAMME**

ISSUE OPENS ON: [●] | **ISSUE CLOSES ON: [●]**

*** The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.*

A copy of the Shelf Prospectus and the Tranche Prospectus(es) shall be filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, in terms of section 56 and section 60 of the Companies Act along with the requisite endorsed/certified copies of all requisite documents. For more information, see the section titled "Material Contracts and Documents for Inspection" on page 158.

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DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to "our Company" or "we" or "us" or "our" or "HUDCO" are to Housing and Urban Development Corporation Limited, a public limited company incorporated under the Companies Act.

Unless the context otherwise indicates or implies or defined specifically in this Draft Shelf Prospectus, the following terms have the following meanings in this Draft Shelf Prospectus, and references to any statute or rules or regulations or guidelines or policies includes any amendments or re-enactments thereto, from time to time.

Company Related Terms

Term	Description
"Issuer", "HUDCO", "our Company" or "the Company"	Housing and Urban Development Corporation Limited, a public limited company incorporated under the Companies Act and having its registered office and corporate office of our Company, situated at 'HUDCO Bhawan', Core- 7A, India Habitat Centre, Lodhi Road, New Delhi – 110003.
Articles/ Articles of Association/AoA	Articles of association of our Company.
Board/ Board of Directors	Board of directors of our Company.
Equity Shares	Equity shares of our Company of face value of ₹ 1,000 each.
Memorandum/Memorandum of Association/MoA	Memorandum of association of our Company.
"Registered Office" or "Corporate Office" or "Registered Office and Corporate Office"	The registered office and corporate office of our Company, situated at 'HUDCO Bhawan', Core- 7A, India Habitat Centre, Lodhi Road, New Delhi – 110003.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
Statutory Auditors/Auditors	The statutory auditors of our Company being Dhawan & Co., Chartered Accountants.

Issue Related Terms

Term	Description
Allotment/ Allot/ Allotted	The allotment of the Bonds to the Allottees, pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying details of Bonds allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue.
Applicant/Investor	A person who applies for issuance of Bonds pursuant to the terms of the relevant Tranche Prospectus and Application Form.
Application	An application to subscribe to Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the relevant Tranche Prospectus.
Application Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form.
Application Form	The form used by an Applicant for applying for the Bonds under the Issue through the ASBA or non-ASBA process, in terms of the respective Tranche Prospectus(es).
"ASBA" or "Application Supported by Blocked Amount"/ ASBA Application	An Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorizing the SCSB to block the Application Amount in the specified bank account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant.
ASBA Applicant	Any Applicant who applies for Bonds through the ASBA process.
Application Interest	Interest payable on application money in a manner as more particularly detailed in "Terms of the Issue – Interest" on page 113.
Base Issue Size	As specified in the Tranche Prospectus.
Banker(s) to the Issue/ Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as bankers to the Issue, with whom the Escrow Account will be opened and in this case being [●].
Basis of Allotment	The basis on which Bonds will be allotted to successful Applicants under the Issue and which is described in the section titled "Issue Procedure – Basis of Allotment" on page 147.
Bond Certificate(s)	Certificate issued to the Bondholder(s) in case the Applicant has opted for physical bonds based on request from the Bondholders pursuant to Allotment.
Bondholder(s)	Any person holding the Bonds and whose name appears on the beneficial owners

Term	Description
	list provided by the Depositories (in case of bonds in dematerialized form) or whose name appears in the Register of Bondholders maintained by the Issuer (in case of bonds in physical form).
Bonds	Tax free secured redeemable non-convertible debentures of face value of ₹ 1,000 each, having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961 proposed to be issued by Company under the respective Tranche Prospectus.
BSE	BSE Limited.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
CARE	Credit Analysis and Research Limited.
Category I	• Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Category II	• Companies within the meaning of section 3 of the Companies Act*; • Statutory bodies/corporations*; • Cooperative banks; • Public/ private/ religious trusts; • Limited Liability Partnerships; • Regional rural banks; • Partnership firms in the name of partners; and • Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws. * *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the Companies Act.*
Category III	The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; and • Hindu Undivided Families through the Karta.
Category IV	The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; and • Hindu Undivided Families through the Karta.
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are applied in physical form or rematerialized and held by such Bondholder for each series of Bonds under each Tranche Issue(s).
Consortium Members	[●].
Credit Rating Agencies	For the present Issue, Credit Rating Agencies are CARE and IRRPL (formerly Fitch Ratings India Private Limited).
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, within three months from the Deemed Date of Allotment.
Debenture Trustee/ Trustee	Trustee for the Bondholders in this case being SBICAP Trustee Company Limited.
Debt Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchanges in connection with the listing of the debt securities of our Company.

Term	Description
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the Bonds for each Tranche Issue. All benefits relating to the Bonds including interest on Bonds (as specified for each tranche by way of Tranche Prospectus) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Demographic Details	The demographic details of an Applicant, such as his address, bank account details for printing on refund orders and occupation.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which Application Amounts are transferred from the Escrow Account to the Public Issue Account or the Refund Account, as appropriate, following which the Board of Director, or any duly constituted committee of the Board of Directors, or the Chairman and Managing Director, shall Allot the Bonds to the successful Applicants, provided that the sums received in respect of the Issue will be kept in the Escrow Account up to this date.
Designated Stock Exchange	BSE.
Draft Shelf Prospectus	This draft shelf prospectus dated August 29, 2013 filed by the Company with the Designated Stock Exchange for the purpose of seeking comments in accordance with the regulation 6(2) of SEBI Debt Regulations on August 30, 2013.
DSE	Delhi Stock Exchange Limited.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Application or an invitation in the Issue and in relation to whom, the Shelf Prospectus and the Tranche Prospectus(es) constitutes an invitation to purchase the Bonds.
Escrow Accounts	Accounts opened with the Escrow Collection Bank(s) into which the Members of the Syndicate and the Trading Members, as the case may be, will deposit Application Amounts from non-ASBA Applicants and in whose favour non-ASBA Applicants will issue cheques or bank drafts in respect of the Application Amount while submitting the Application Form, in terms of the Shelf Prospectus, the respective Tranche Prospectuses and the Escrow Agreement.
Escrow Agreement	Agreement dated [●] entered into amongst the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of the amounts collected from the Applicants (other than ASBA Applicants) on the terms and conditions thereof.
FIIs	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India.
Issue	Public issue by our Company of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, aggregating up to ₹ 5,000 crores*. *** In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***
Issue Closing Date	The Issue closing date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue or such other date as may be decided.
Issue Opening Date	The Issue opening date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue or such other date as may be decided.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.
IRRPL	India Ratings and Research Private Limited.
Lead Managers/LMs	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited,

Term	Description
	Karvy Investor Services Limited and RR Investors Capital Services Private Limited.
Limited Liability Partnerships	Limited liability partnerships registered under the Limited Liability Partnership Act, 2008.
Market Lot	One Bond.
Maturity Amount/ Redemption Amount	In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with interest that may have accrued as on the Redemption Date.
Members of the Syndicate	The Lead Managers, the Consortium Members (for the purpose of marketing of the Issue), brokers and sub – brokers.
Notification/CBDT Notification	Notification No. 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2008.
NSE	National Stock Exchange of India Limited.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue and the SCSBs, as the case may be, on the Designated Date.
QFI(s)	Qualified Foreign Investors, as defined under the RBI A.P. (DIR Series) Circular No. 8 dated August 9, 2011 issued by the RBI.
Record Date	15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for Bonds issued under the relevant Tranche Prospectus. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the Record Date.
Redemption Date/ Maturity Date	For Tranche [●] Series [●] Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche [●] Series [●] Bonds, the date falling 15 years from the Deemed Date of Allotment; and for Tranche [●] Series [●] Bonds, the date, falling 20 years from the Deemed Date
Reformatted Audited Financial Statements	Financial information of the Company from the reformatted audited financial statements of our Company for the financial years ended March 31, 2013, March 31, 2012, March 31, 2011, March 31, 2010 and March 31, 2009 on which the Auditor's have submitted a report. For details, see the section titled "Annexure A – Financial Statements" on page 160.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount (excluding Application Amounts from ASBA Applicants) shall be made.
Refund Bank	The Bankers to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
Refund Interest	Interest paid on Application Amounts liable to be refunded, in a manner as more particularly detailed in "Terms of the Issue –Interest" on page 113.
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act and as more particularly detailed in the section titled "Terms of the Issue – Register of Bondholders" on page 111.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understating dated August 27, 2013 entered into between our Company and the Registrar to the Issue.
Residual Shelf Limit	In relation to each Tranche Issue, this shall be the Shelf Limit less the aggregate amount of Bonds allotted under all previous Tranche Issue.
Security	The security for the Bonds, being a floating first *pari-passu* charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Series Bond holder(s)	A holder of the Bond(s) of a particular Series issued under a Tranche Issue.
Series of Bonds	A series of Bonds which are identical in all respects including, but not limited to terms and conditions, listing and ISIN number (in the event that Bonds in a single Series of Bonds carry the same coupon rate) and as further referred to as an individual Series in the relevant Tranche Prospectus.
"Self Certified Syndicate Banks" or "SCSBs"	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to

Term	Description
	time.
Shelf Limit	The aggregate limit of the Issue being ₹ 5000* crores to be issued under the Shelf Prospectus, through one or more tranches. ***** *In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***
Stock Exchanges	The NSE and the BSE.
Syndicate ASBA	An Application submitted by an ASBA Applicant through the Members of the Syndicate and Trading Members instead of the Designated Branches of the SCSBs.
Syndicate ASBA Application Locations	Application centres at cities specified in the SEBI Circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the Members of the Syndicate and Trading Members shall accept ASBA Applications.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Trading Members	Intermediaries registered as brokers or sub-brokers under the Securities and Exchange Board of India (Brokers and Sub Brokers) Regulations, 1992 and with the BSE under the applicable byelaws, rules, regulations, guidelines, circulars issued by the BSE from time to time, and duly registered with the BSE for collection and electronic upload of Application Forms on the electronic application platform provided by the BSE.
Tranche Issue	Issue of the Bonds pursuant to the terms and conditions of each Tranche Prospectus.
Tranche Prospectus	The tranche prospectus(es) containing the details of Bonds including interest, other terms and conditions, recent developments, general information, objects, procedure for application, statement of tax benefits, regulatory and statutory disclosures and material contracts and documents for inspection of the relevant Tranche Issue.
"Transaction Registration Slip" or "TRS"	The slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the Bonds.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer.
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
CAGR	Compounded Annual Growth Rate.
CBDT	Central Board of Direct Taxes.
CBO	Community-based organisations.
CDSL	Central Depository Services (India) Limited.
CJM	Chief Judicial Magistrate
CRAR	Capital to Risk Assets Ratio.
CSR	Corporate Social Responsibility.
CrPC	The Code of Criminal Procedure, 1973.
DIN	Director Identification Number.
Depository(ies)	CDSL and NSDL.
Depositories Act	Depositories Act, 1996.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996.

Term/Abbreviation	Description/ Full Form
DRR	Debenture Redemption Reserve.
DRT	Debt Recovery Tribunal.
DTC	Direct Tax Code.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999.
FIMMDA	Fixed Income Money Market and Derivative Association of India.
FIR	First Information Report.
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HUF	Hindu Undivided Family.
IAS	Indian Administrative Service.
IA&AS	Indian Audits and Accounts Service.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	Income Tax Act, 1961.
Indian GAAP	Generally accepted accounting principles followed in India.
IPC	The Indian Penal Code, 1860
IT	Information technology.
JV	Joint Venture.
LIBOR	London Inter-Bank Offer Rate.
MoF	Ministry of Finance, GoI.
MoHUPA	Ministry of Housing and Urban Poverty Alleviation, GoI.
MCA	Ministry of Corporate Affairs, GoI.
NBFC	Non Banking Finance Company, as defined under applicable RBI guidelines.
NECS	National Electronic Clearing System.
NEFT	National Electronic Fund Transfer.
NGO	Non-governmental organisations
NSDL	National Securities Depository Limited.
NR or “Non-resident”	A person resident outside India, as defined under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PFI	Public Financial Institution, as defined under Section 4A of the Companies Act.
PPP	Public Private Partnership.
RBI	Reserve Bank of India.
“₹” or “Rupees” or “Indian Rupees” or “Rs.”	The lawful currency of India.
RTGS	Real Time Gross Settlement.
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Business / Industry Related Terms

Term/Abbreviation	Description/ Full Form
ADB	Asian Development Bank.
ALCO	Asset Liability Management Committee.
BSUP	Basic Services to the Urban Poor.
DFI	Development Finance Institution.
DPE	Department of Public Enterprises, Government of India.
DPR	Detailed Project Report.
ECBs	External Commercial Borrowings.
EWS	Economically weaker sections.
HFC	Housing Finance Companies.
FCNR	Foreign Currency Non-Resident.
HSMI	Human Settlement Management Institute.
HPEC	High Powered Expert Committee
ILCS	Integrated low cost sanitation scheme.

Term/Abbreviation	Description/ Full Form
ISO	International Organization for Standardization.
IHSDP	Integrated Housing and Slum Development Programme.
JNNURM	Jawaharlal Nehru National Urban Renewal Mission.
LIG	Low income group.
NCD	Non-Convertible Debenture.
NHB	National Housing Bank.
NPAs	Non-Performing Assets.
PSU	Public Sector Undertaking.
RAY	Rajiv Awas Yojna.
SPV	Special Purpose Vehicle.
UIG	Urban infrastructure and governance.
UIDSSMT	Urban Infrastructure Development Scheme For Small And Medium Towns Scheme
VAMBAY	Valmiki-Ambedkar Awas Yojna.
Yield	Ratio of interest income to the daily average of interest earning assets.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled "Capital Structure", "Regulations and Policies", "History and Certain Corporate Matters", "Statement of Tax Benefits", "Our Management", "Financial Indebtedness", "Outstanding Litigation and Material Developments" and "Issue Procedure" on pages 41, 66, 70, 45, 74, 85, 97 and 122, respectively will have the meanings ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATON

Certain Conventions

All references in this Draft Shelf Prospectus to “India” are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Draft Shelf Prospectus is derived from our Reformatted Audited Financial Statements. In this Draft Shelf Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The current financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year” and “Fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the Indian GAAP financial statements included in this Draft Shelf Prospectus will provide meaningful information is entirely dependent on the reader‘s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Shelf Prospectus should accordingly be limited.

Currency and Unit of Presentation

In this Draft Shelf Prospectus, references to “₹”, “Indian Rupees”, “INR”, “Rs.” and “Rupees” are to the legal currency of India and references to “US$”, “USD”, and “U.S. dollars” are to the legal currency of the United States of America and references to “Yen” and “JPY” are to the legal currency of Japan. For the purposes of this Draft Shelf Prospectus data will be given in ₹ in Crore. In the Draft Shelf Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Any industry and market data used in this Draft Shelf Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Draft Shelf Prospectus is meaningful depends on the reader‘s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (₹) of the USD and JPY as at March 31 for the last 5 years and as at the three months ended June 30, 2013 are provided below:

Currency	June 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
USD	59.69	54.39	51.16	44.65	45.14	50.95
JPY	0.60	0.58	0.62	0.54	0.48	0.52

(Source: RBI reference rates)

FORWARD LOOKING STATEMENTS

Certain statements contained in this Shelf Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- our ability to manage our credit quality;
- interest rates and inflation in India
- growth prospects of the Indian housing and urban infrastructure sector and related policy developments;
- changes in the demand and supply scenario in housing and urban infrastructure sector in India;
- general, political, economic, social and business conditions in Indian and other global markets;
- our ability to successfully implement our strategy, growth and expansion plans;
- competition in the Indian and international markets;
- availability of adequate debt and equity financing at reasonable terms;
- performance of the Indian debt and equity markets;
- changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India; and
- other factors discussed in this Draft Shelf Prospectus, including in the section titled "Risk Factors" on page 10.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "Our Business" on page 53. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

RISK FACTORS

You should carefully consider all the information in this Draft Shelf Prospectus, including the risks and uncertainties described below, and in the sections titled "Our Business" on page 53 as well as the financial statements contained in this Draft Shelf Prospectus, before making an investment in the Bonds. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following or any other risks actually occur, our business, prospects, results of operations and financial condition could be adversely affected and the price of, and the value of your investment in, the Bonds could decline and you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where such implications are not quantifiable and hence any quantification of the underlying risks has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate the ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Bonds.

Unless otherwise stated, our financial information used in this section is derived from our Reformatted Audited Financial Statements.

RISKS IN RELATION TO OUR BUSINESS

1. ***If the level of NPAs in our loan portfolio were to increase, our financial condition would be adversely affected.***

The HFC Directions, which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to identification of NPAs and income recognition against NPAs. As at March 31, 2013, our gross NPAs were ₹ 1,513.66 crores or 5.69% of our outstanding portfolio which includes loans extended by us and investments in bonds, compared to ₹ 1,518.25 crores or 6.07% as at March 31, 2012. Further, as at March 31, 2013, our net NPAs constituted 0.83% of our outstanding portfolio which includes loans extended by us and investments in bonds, compared to 1.44% as at March 31, 2012. There is no assurance that the NPA level will continue to stay at its current level. If the quality of our loan portfolio deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may get adversely affected. We have diversified our loan portfolio in the three years ended March 31, 2013 and intend to continue our efforts to originate new loans. We cannot therefore assure you that there will not be significant additional NPAs in our loan portfolio in the future on account of existing loans and new loans made. Further, the HFC Directions on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations.

The HFC Directions also prescribe the provisioning required in respect to our outstanding loan portfolio. Should the overall credit quality of our loan portfolio deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. Our provisions were ₹ 1,173.96 crores in the year ended March 31, 2012 and ₹ 1,303.31 crores in the year ended March 31, 2013, which represented 77.32% and 86.10% respectively of our gross NPAs in those periods. If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit and adversely impact our results of operations. Further, there is no assurance that we will be able to recover the outstanding amounts due under any defaulted loans.

2. ***We may not be able to foreclose on or realise the value of our collateral on a timely basis, or at all, when borrowers default on their obligations to us and this may have a materially adverse effect on our business, results of operations and financial condition.***

Most of our loans to various government entities are secured by guarantees from the relevant state governments with or without their respective budgetary allocations to repay outstanding debt facilities as of each financial year, or mortgage of properties with a minimum security cover of 125% of the total loan amount. Further, our loans to entities in the private sector are secured by mortgages of the respective project properties providing us with a minimum security cover of 150% of the total loan amount, personal guarantees and contributions by promoters, as deemed fit by us. An economic downturn could result in a fall in relevant collateral values, which, should we need to foreclose on the collateral, may result in us not being able to recover all of the outstanding amounts due under defaulted loans.

There is no assurance that we will be able to realise the full value of our security, due to, among other things, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security, adverse court orders and fraudulent transfers by borrowers. In the event that a specialised regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. There can therefore be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us.

In addition, the RBI has developed a corporate debt restructuring process to enable timely and transparent debt restructuring of corporate entities that are beyond the jurisdiction of the Board of Industrial and Financial Reconstruction, the Debt Recovery Tribunal and other legal proceedings. The applicable RBI guidelines contemplate that in the case of indebtedness aggregating ₹ 10 crores or more, lenders for more than 75% of such indebtedness by value and 60% by number may determine the restructuring of such indebtedness and such determination is binding on the remaining lenders. In circumstances where other lenders account for more than 75% of such indebtedness by value and 60% by number and they are entitled to determine the restructuring of the indebtedness of any of our borrowers, we may be required by such other lenders to agree to such debt restructuring, irrespective of our preferred mode of settlement of our loan to such borrower. In addition, with respect to any loans granted by us through a consortium, a majority of the relevant lenders may elect to pursue a course of action that may not be favorable to us. Any such debt restructuring could lead to an unexpected loss that could adversely affect our business, results of operations and financial condition.

3. ***Our business is vulnerable to interest rate volatility and we will be impacted by any volatility in such interest rates in our operations, which could cause our net interest margins to decline and adversely affect our profitability.***

Our results of operations are substantially dependent upon the level of our net interest income. Interest rates are highly sensitive to many factors beyond our control, including the RBI's monetary policies and domestic and international economic and political conditions. Although our average cost of funds has decreased from 9.42% for the year ended March 31, 2012 to 8.08% for the year ended March 31, 2013. Changes in interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. While upto 82.66% of our loan assets (excluding investments in bonds) had a fixed rate of interest as of March 31, 2013, our business is still affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the repricing of our assets. Whilst we hedge our interest rate exposure to some of our floating rate liabilities, we are also exposed to interest rate fluctuations on our un-hedged floating rate loans as our interest expense may increase before we can raise interest rates on our floating rate loans which are reviewed periodically. Further, there can be no assurance that we will be able to manage our interest rate risk adequately in the future. If we are unable to do so, this would have an adverse effect on our net interest margin and hence our profitability.

Further, since around 82.66% of our Housing Finance and Infrastructure Finance portfolio are in the nature of fixed interest rate loans (which are also subject to reset after every three years), any increase in interest rates may adversely affect the demand for the products in our loan portfolio, which in turn may affect our interest income and have a material adverse effect on our business, results of operations and financial condition.

In addition, in a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any such declines in our net interest margins in the future can have a material adverse effect on our business, results of operations and financial condition.

4. ***We may not be able to successfully manage and maintain our growth, which could have a material adverse effect on our results of operations and financial condition.***

Our business has rapidly grown since our inception in 1970 and we have expanded our operations over the years. We have experienced growth in terms of our operating income, our loan portfolio and the number of our offices and employees. Our net profits increased at a CAGR of 12.85% from the year ended March 31, 2009 to the year ended March 31, 2013. Our future growth depends on a number of factors, including the increasing demand for housing and urban infrastructure loans in India, competition and regulatory changes. We cannot assure that we will be able to continue to sustain our growth at historical rates in the future.

As we continue to grow, we must continue to improve our managerial, technical and operational knowledge, the allocation of resources and our management information systems. In addition, we may be required to manage relationships with a greater number of customers, third party agents, lenders and other parties. We cannot assure you that we will not experience issues such as capital constraints, operational difficulties, difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business. Any of these issues may adversely affect the implementation of our expansion plans in a timely manner and there can be no assurance that any expansion plans, if implemented, will be successful.

5. ***Any inability to meet our debt finance obligations may have an adverse effect on our business and results of operations.***

As of June 30, 2013 we had outstanding indebtedness of ₹ 18,123.49 crores. Our indebtedness could have several important consequences, including but not limited to, the following:

- we may be required to dedicate a portion of our cash flow toward repayment of our existing debt, which will reduce the availability of our cash flow to fund asset liability mismatch, capital expenditures and other general corporate requirements;
- our ability to obtain additional financing in the future may be impaired;
- fluctuations in market interest rates may adversely affect the cost of our borrowings;
- there could be a material adverse effect on our business, prospects, results of operations and financial condition if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness; and
- we may be more vulnerable to economic downturns which may limit our ability to withstand competitive pressures and result in reduced flexibility in responding to changing business, regulatory and economic conditions.

Our ability to meet our debt service obligations and to repay our future outstanding borrowings will depend primarily upon the cash flow generated by our business, as well as funding from capital markets. In the event that we fail to meet our debt service obligations, the relevant lenders could declare us defaulting on our obligations, accelerate the payment of our obligations or foreclose on security provided by us. We cannot assure investors that in the event of any such steps by our lenders, we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations.

Additionally, as of June 30, 2013, ₹ 3,143.10 crores, amounting to 17.34% of our total indebtedness was at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Furthermore, there can also be no assurance that any future hedging arrangements we enter into will successfully protect us from losses due to fluctuations in interest rates because we do not hedge all of our floating rate debt.

6. ***We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We may face potential liquidity risks due to mismatch in the maturity of our assets and liabilities. As is typical for a company in the business of lending, a portion of our funding requirements is met through short/medium term funding sources such as bank loans, cash credit or overdraft facilities. Our inability to obtain additional credit facilities or renew our existing credit facilities for matching tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance.

7. ***Financing of Indian housing and urban infrastructure sector is very competitive and increasing competition may result in declining margins and market shares.***

Interest rate deregulation, entry of commercial banks in the business of financing housing and urban infrastructure sector and other liberalisation measures affecting the business of financing of housing and urban infrastructure sector, together with increased demand for home finance, have increased competition significantly.

Historically, financing of housing and urban infrastructure sector was dominated by HFCs and DFIs. While liberalisation has resulted in significant growth in the market, it has also provided increased access for borrowers to alternative sources of housing and urban infrastructure finance funding, in particular, from commercial banks. Most of the commercial banks have wider range of products and services, greater financial resources and a lower average cost of funds than HFCs or DFIs by having access to retail deposits and greater marketing capabilities due to their more extensive branch networks. By comparison, HFCs or DFIs are more reliant on sources of funding with higher costs, such as syndicated loans and debentures for their funding requirements, which affects their competitiveness in the market when compared to banks. As a result, HFCs or DFIs have lost market share to commercial banks in the Indian housing and urban infrastructure finance sector.

As a result of increased competition, housing and urban infrastructure loans are becoming increasingly standard and terms such as floating rate interest options, monthly rest periods and no pre-payment penalties are becoming increasingly common. In addition, commercial banks and HFCs, including ourselves, have begun to include the cost of registration, stamp duty and other associated costs as part of the loan disbursement, which has benefited the borrower by increasing affordability. We cannot assure you that we will be able to retain our market share in the increasingly competitive housing and urban infrastructure finance sector. Increasing competition may have an adverse effect on our net interest margins and other operating income, and if we are unable to compete successfully, our market share will decline as the origination of new loans declines.

8. ***We may be unable to secure funding at competitive rates, which could adversely affect our growth, expansion and results of operations.***

Our business funding consists of funds raised through the domestic debt markets through issue of debt securities and loans from various banks and financial institutions, including, among other institutions, Bank of India, Bank of Maharasthra, Canara Bank, Syndicate Bank and Vijaya Bank. For further details, please see the section titled “Financial Indebtedness” on page 85.

While most of our debt securities are on a fixed rate basis, most of the banking sector loans are linked to floating rate benchmarks. Our cost of funds from banks and the domestic debt market is influenced by our current domestic credit rating from IRRPL and/ or CARE. For details, see the section titled “Our Business – Our credit ratings” on page 62. The credit rating of our unsecured bonds programme was downgraded in 2002-03 to AA- by CRISIL. While this downgrading was only for our unsecured bonds programme, there can be no assurance that our credit rating in general will not be downgraded in future. Further, a significant factor taken into account for our current domestic credit ratings is the substantial exposure of our loan portfolio to state government entities running and administering various urban infrastructure projects and social housing schemes If our relationship with such state governments change for any reason and our exposures to them are reduced, there can be no assurance that our domestic credit rating would not be revised by IRRPL and/or CARE and any such revision may result in an increase in the cost of our funding.

9. ***We are currently involved in certain criminal proceedings, and any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.***

We, and some of our employees, are presently involved in three criminal proceedings which have been filed against us in various forums, which are in relation to, among other things, allegations of conspiracy in the sanctioning of loans, non-compliance with provisions of the Contract Labour Act, conspiracy in relation to non-disbursal of loans sanctioned by our Company in a timely manner and allegations of fabrications of evidence. For details of these cases, see the section titled “Outstanding Litigation and Material Developments – Criminal Proceedings against our Company” on page 97. In the event that these proceedings are decided in favour of the complainants, our business, results of operations and financial condition could be adversely affected.

10. ***Our business may be adversely affected by future regulatory changes.***

Our housing and urban infrastructure business is regulated by the NHB. For further details, see the section titled “Regulations and Policies” on page 66. We are also subject to the corporate, taxation and other laws in effect in India which require continued monitoring and compliance. The introduction of additional government control or newly implemented laws and regulations including, among other things, in relation to provisioning for NPAs, recoveries, capital adequacy requirements, exposure norms, etc., depending on the nature and extent thereof and our ability to make corresponding adjustments, may result in a material adverse effect on our business, results of operations and financial condition and our future expansion plans in India. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests, could adversely affect our results of operations. While we will take adequate measures, we cannot assure you that we will be able to timely adapt to new laws, regulations or policies that may come into effect from time to time with respect to the financing of housing and urban infrastructure sector in general. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, results of operations and financial condition.

11. ***We have a limited history with respect to operating through joint ventures and certain other business lines and are subject to all of the risks and uncertainties associated with commencing new business lines in general.***

In order to diversify our business-lines in the urban infrastructure sector, we have entered into four joint ventures in 2005 and 2006 for construction activities and to provide consultancy and technical services. For further details, see the section titled "History and Certain Corporate Matters – Our Joint Ventures" on page 71. Furthermore, by virtue of an amendment to the 'Main Objects' clause of our Memorandum of Association through a resolution of our shareholders passed on May 7, 2013, we have decided to undertake venture capital business in the housing and urban development sectors and set up a mutual fund investing in housing and urban development programmes in India.

Compared to our experience in the business of financing housing and urban infrastructure projects, we have limited operational experience in operating through joint ventures and in the venture capital and mutual funds space. These businesses involve various risks, including, but not limited to, execution and financing risks. Our successes in operating through our new business lines will depend, among other things, on our ability to attract suitable joint venture partners and build relationships with industry partners. Additionally, we are subject to business risks and uncertainties associated with any new business enterprises, including the risk that we will not achieve our objectives within the estimated time period, or at all.

12. ***We have high loan concentrations with our top ten borrowers contributing to 34.67% of our total loans outstanding as on March 31, 2013 and default by any one of them could significantly affect our business.***

We have significant exposures to state governments as well as their agencies in relation to our loans portfolio. As of March 31, 2013, aggregate loans to our ten largest borrowers amounted to ₹ 9,224.75 crores, representing approximately 34.67% of our total loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of ₹ 1,957.14 crores, representing 7.36% of our total loans outstanding as of such date. Further, our increasing dependence on state governments and their agencies which have weak financials has also been highlighted by CARE and IRRPL as a significant risk for our loans portfolio. Whilst we are currently allowed by the NHB to extend an exposure of upto 50% of our net owned funds to Government agencies (under individual borrower exposure, only for housing and housing related infrastructure) and 15% for other projects/borrowers and upto 100% of our net owned funds to the individual state governments (under group exposure) and 25% for other borrowers (under group exposure), any deterioration in the credit quality of these assets could have a significant adverse effect on our business, prospects, results of operations, and financial condition.

13. ***We are subject to certain restrictive covenants in our loan documents, which may restrict our operations and ability to grow and may adversely affect our business.***

There are certain restrictive covenants in the agreements we have entered into with our lenders. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, among other things, selling, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion or taking up an allied line of business. Such restrictive covenants in our loan agreements may restrict our operations or ability to expand and may adversely affect our business. For details of these restrictive covenants, see the section titled "Financial Indebtedness" on page 85.

14. ***One of our Directors may have interests in companies/entities similar to ours, which may result in a conflict of interest that may adversely affect future financing opportunity from referrals.***

Mr. Naresh Salecha, our government-nominee Director, is also on the board of directors of National Buildings Construction Corporation Limited and Hindustan Prefab Limited, which is engaged in business lines similar to ours. For further information with respect to directorships of our Directors, please see the section titled "Our Management" on page 74.

Such directorship of Mr. Salecha, and any other directorships in companies that operate in similar business lines as ours which our Directors may have, from time to time, may result in potential conflict of interest situations. While, our Board continues to adhere to the requirements of the Companies Act, there can be no assurance that these or other conflicts of interest will be resolved in a timely and efficient manner.

15. ***We are involved in certain legal proceedings, which, if determined against us, could adversely impact our business and financial condition.***

We are a party to various legal proceedings which are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities, and if determined against our Company, could have an adverse impact on the business, financial condition and results of operations of our Company. Materially, we are currently involved in three criminal proceedings as well as numerous civil proceedings pending in various civil courts and debt recovery tribunals for recoveries of our outstanding loans, arbitration matters, contempt petitions, income tax proceedings, public interest litigations and various other writ petitions pending in various high courts in the country. For further details, see the section titled "Outstanding Litigation and Material Developments" on page 97. We can give no assurance that these legal proceedings will be decided in our favor. Any adverse decision may have a significant effect on our business, prospects, financial condition and results of operations.

16. ***We have experienced incidents of fraud in the past and may experience such frauds in the future as well, which may have an adverse effect on our business, results of operation and financial condition.***

Our housing finance business is susceptible to fraud committed by our borrowers. Although we have taken measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud. Since our inception, till March 31, 2013, we have experienced a few instances of fraud. Whilst we have regularly taken various steps to strengthen internal control, credit appraisal, risk management and fraud detection procedures, there can be no assurance that they will be sufficient to prevent further cases of fraud. This may have an adverse effect on our business, results of our operations and financial condition.

17. ***In the event of our failing to meet the capital adequacy and statutory liquidity requirements on account of any changes in the existing regulatory policy, our results of operation and financial condition could be severely affected.***

As at March 31, 2013, we have a CRAR of 23.24%, which exceeds the extant NHB requirement of 12%. This ratio is used to measure a finance company's capital strength and to promote the stability and efficiency of the finance system. We currently have low levels of subordinated debt and rely predominately on our Equity Share capital, NCDs and internal accruals to support our growth and maintain a prudent capital base.

Should we be required to raise additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels, we cannot guarantee that we will be able to obtain this capital on favourable terms, in a timely manner or at all. Furthermore, a significant reason as to our existing high CRAR is our substantial exposure to loans granted and guaranteed by the Central/state governments, since extant prudential norms by the NHB on capital adequacy accord a "zero" risk-weight to such loans guaranteed by state governments. In the event of any change in the legal regime governing capital adequacy by virtue of which a higher risk-weightage is accorded to loans granted by companies guaranteed by state governments, our CRAR may be adversely affected. If we fail to meet the capital adequacy and statutory liquidity requirements, NHB may take certain actions, including but not limited to restricting our asset growth which could materially and adversely affect our reputation, results of operations and financial condition.

Further, the NHB makes periodic inquiries and conducts inspections or investigations concerning our compliance with applicable regulations. While we cannot predict the outcome of any future inspection or enquiry, we do not believe that any currently ongoing inspection or enquiry will have a material adverse effect on our business, results of operations or financial condition.

18. ***In the event that our contingent liabilities were to materialise, our financial condition could be adversely affected.***

Our total contingent liabilities that have not been provided for as of March 31, 2013, were ₹ 546.42crores. The details are as follows:

(*In ₹crore*)

	Particulars	**2012-13**
A	Claims of Contractors not acknowledged as debts Counter claims of the Company	0.72 0.63
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid ₹ 245.38 crore (previous year ₹ 245.38 crore) under protest	481.04
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid ₹ 0.25 crore (previous year ₹ 0.04 crore) under protest	5.77
E	Counter claims of various parties for damages against Company's claim in Civil Courts	0.00
F	Estimated amount of commitments remaining to be executed on capital account	26.03
G	Estimated amount of other commitments on account of maintenance of HUDCO Flats	0.62

For further details on contingent liabilities, see the section titled "Annexure A – Financial Statements" on page 160.

In the event that any of the said contingent liabilities fructify, the same could adversely affect the financial condition of our Company.

19. ***We may be required to bear additional tax liability for previous assessment years, which could adversely affect our financial condition.***

According to extant guidelines from the NHB, an HFC is not permitted to recognise income if the amount due in respect of a loan has not been paid by the borrower for 90 days or more and such amount is considered an NPA. However, under section 43D read with rule 6EB of the Income Tax Rules, the definition of an NPA under the Income Tax Act is different from that provided by extant guidelines of the NHB in force at present.

While we have been following the guidelines of the NHB on income recognition, if the interpretation of the income tax department is different to ours, we may be required to bear additional tax liabilities for previous assessment years, as well as an increased tax liability in the future as a result of our income being recognized by the income tax department at a higher level than the income offered for taxation under the guidelines set out by the NHB.

20. ***We are subject to risks arising from exchange rate fluctuations and devaluation of the Indian rupee against any foreign currencies which could increase our cost of finance, thereby adversely affecting our results of operation and financial condition.***

We are exposed to risks related to exchange rate fluctuations, particularly with respect to the U.S. dollar and the Japanese Yen, because we report our results in Indian rupees but have debt which is denominated in U.S. dollars and Japanese Yen. As a result, changes in currency exchange rates may affect our results of operations. As at June 30, 2013, 430.94 crores, or approximately 2.38% of our total indebtedness of ₹ 18,123.49 crores was denominated in U.S. dollars and ₹ 254.47 crores, or approximately 1.40% of our total indebtedness of ₹ 18,123.49 crores was denominated in Japanese Yen. In order to reduce our currency exchange risks, we currently have hedging arrangements in relation to a significant portion of these external commercial borrowings. However, an indebtedness of ₹ 29.85 crores denominated in U.S. dollars and ₹ 129.41 crores denominated in Japanese Yen is currently not subject to any hedging arrangements. For further details, please see the section titled "Financial Indebtedness" on page 85. There can be no assurance that our existing hedging measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar and the Japanese Yen or other relevant foreign currencies. Any depreciation of the Indian rupee against the U.S. dollar, the Japanese Yen or other foreign currencies may adversely affect our results of operations if we are unable to pass on the costs of foreign exchange variations to our customers.

21. ***Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers, which would result in lower demand for our housing finance portfolio, and thereby, adversely affect our business.***

The growth in the financing of housing sector in India in the last decade is in part due to the introduction of tax benefits for homeowners. Tax benefits on borrowed capital for the repairs, renewals, construction, re-construction or acquisition of house property have been allowed up to certain limits. There can be no assurance that the GoI will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the GoI will not introduce tax efficient investment options which are more attractive to borrowers than investment in property. The demand for housing and/or housing finance may be reduced if any of these changes occur, thereby adversely affecting our business.

22. ***The upgrade of our Information Technology systems is due, and in the event such upgrade is unsuccessful or delayed, our business could be significantly affected.***

The upgrade of our information technology systems is due. We are yet to appoint a vendor for the upgrade of our information technology such that the timeliness and quality of information available for the purposes of more effective decision making can be improved. We cannot assure you that a vendor for the upgrade will be hired any time soon. Further, there can be no assurance that the new systems will be successfully integrated into our existing systems, that our employees can be successfully trained to utilise the upgraded systems, that the upgraded systems, if installed and operational, will not become quickly outdated or that the upgraded systems will bring about the anticipated benefits.

23. ***Our Registered Office is not owned by or leased to us, and in the event we are unable to continue to operate from such premises, our business, financial condition and results of operation may be adversely affected.***

The land on which our Registered Office is located was allotted to the India Habitat Centre, a registered society, ("**IHC**") by the Land & Development Office ("**L&DO**"), Ministry of Urban Development, GoI in 1988 for the construction of buildings. IHC was thereafter required to enter into a lease deed with L&DO, and furthermore, enter into a tripartite sub-lease agreement with our Company and the L&DO, GoI. While IHC has entered into a lease deed with the L&DO, the subsequent tripartite sub-lease deed with the IHC and the L&DO has not yet been entered into by us.

A refusal by IHC to enter into a tripartite sub-lease with us may compel us to relocate our Registered Office to different premises at terms and conditions which may be less favourable than our current arrangements. Further, in the event, IHC offers to enter into a tripartite sub-lease deed with us, it may not be on terms and conditions that are acceptable to us.

24. ***With regard to the composition of our Board, we are currently not in compliance, and have not been able to comply on certain occasions in the past, with guidelines issued by the Department of Public Enterprises.***

With regard to the composition of our Board, we are currently not in compliance, and have not been able to comply on certain occasions in the past, with the provisions of the Office Memorandum dated May 14, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, GoI ("**DPE Corporate Governance Guidelines**"). Our statutory auditors have, in certain occasions in the past, qualified their annual corporate governance reports of our Company stating that our Board was not in compliance with the DPE Corporate Governance Guidelines. Our Company has responded to this qualification by stating that the power to appoint Directors on its Board vests with the GoI and that this non-compliance had been duly brought to the attention of the GoI on numerous occasions.

Furthermore, as on date, less than 50% of the members of our Board are independent Directors, which makes us non-compliant with the DPE Corporate Governance Guidelines. There can be no assurance, given the fact that our Company does not have the power to appoint Directors on its Board, that such non-compliance will be rectified in a timely manner, or that, upon the expiration of the terms of any of our current independent Directors or the appointment of functional directors, suitable and timely replacements will be appointed by the GoI.

25. ***Our statutory auditors have qualified their audit report on our financial statements in the past and any qualifications in the auditor's report in the future may impact our results of operations.***

Our statutory auditors have included qualifications in their audit report with respect to certain matters in the financial statements for the Fiscals 2009, 2010, 2011, 2012 and 2013 in relation to our Company. For details, please see the section titled "Annexure A – Financial Statements" on page 160.

Significantly, in respect of their audit report for the financial statements for Fiscal 2013, our Statutory Auditors have included the following qualification:

"Basis for Qualified Opinion

a. *During the year, Company decided to make additional provision of Rs. 65 crore for Non Performing Assets beyond the NHB norms. As a result, the adhoc provision for the same stood at Rs. 380 crore as at 31st March, 2013 as against Rs. 315 crore as at 31st March, 2012 and profit for the year is lower by Rs. 65 crore. [Refer Point 3(b) of Note 25 (Annexure V)].*

b. *The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [Refer Significant Accounting Policy 2(b) of Note 1(Annexure V)].*

Matter of Emphasis

c. *We draw attention to the following points:*

   i) *Some of the balances of loan Accounts are subject to confirmation/reconciliation. [Refer Point 3(a) of Note 25(Annexure V)]*
   ii) *In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [Refer Point 2(b) of Note 25(Annexure V)].*
   iii) *Further, as indicated in Point 2(b) of Note 25, the Company has charged interest amounting to Rs. 20.57 crore(Rs.15.02 crore as at 31st March, 2012) for the year ended 31st March, 2013 , as per Board Resolution passed in 2009. The balance outstanding is Rs. 233.71 crore (debit) in "HUDCO AGP Surplus Account" and shown it under other income-interest on construction project and informed the same to the concerned Ministry. Specific confirmation from the Ministry is awaited.*
   iv) *The Institute of Chartered Accountants of India(ICAI) has given its opinion vide their letter dated 23.5.2013, as requested by the company on expenditure on account of Corporate Social Responsibility(CSR) accounting that unspent expenditure on CSR activities should not be recognized as provision, but a reserve may be created as an appropriation of profits. Accordingly, CSR provision of Rs. 19.87 crore ,amount unspent as at 1.4.2012 has been reversed to the credit of the statement of profit & loss through prior period account and CSR reserve of Rs. 19.87 crore has been created as appropriation of profit and which resulted increase in profit before tax amounting to Rs. 19.52 crore. [Refer Point 22(a) of Note 25(Annexure V)].*
   v) *Due to change in Accounting policy relating to reimbursement of Mobile phones to the employees, the profit for the year is lower by Rs. 0.02 crore (Net of tax)[Refer Point 8 of Note 25(Annexure V)].*

d. *Our opinion is not qualified in respect of Matter of Emphasis.*"

We cannot assure you that our auditors will not qualify their audit reports on the audited financial statements in the future. Any qualifications in our auditors' reports in the future may impact our results of operations.

26. ***Our profits and cashflows could be adversely affected upon the approval of the 'Voluntary Retirement Scheme 2013' by our shareholders.***

Our Board has, by its resolution dated April 23, 2013, approved the Voluntary Retirement Scheme 2013 ("**HUDCO VRS Scheme**"), providing for voluntary retirement benefits for certain of its wholetime employees. The HUDCO VRS Scheme provides, *inter alia*, lumpsum ex-gratia payments to eligible employees in lieu of their voluntary retirement. While the financial impact of the HUDCO VRS Scheme, once approved by our shareholders is contingent on the number of eligible employees chosing to avail of voluntary retirement, the implementation of this scheme may have a material adverse effect on our cashflows, profits, results of operations and financial condition.

27. ***We have negative cash flows in recent periods and an inability to generate and sustain positive cash flows in the future may adversely affect our business, results of operation and financial condition.***

We have had negative cash flows in recent periods, the details of which are as under:

(*In ₹ crore*)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Net cash used in operating activities	429.3	896.21	414.26	NA	NA
Net cash used in investing activities	NA	NA	NA	NA	NA
Net cash used in financing activities	2,181.93	NA	NA	3,706.61	NA

For further details, see the section titled "Annexure A – Financial Statements" on page 160.

Negative cash flow over a long period and inability to generate and sustain positive cash flows in the future may adversely affect our business, results of operation and financial condition.

28. ***Office copies of some of the forms required to be filed with the RoC in the past with regard to certain corporate actions are not traceable in our office as also with the RoC, which may affect our compliance with the Companies (Central Government) General Rules and Forms, 1956.***

Some of our forms with the RoC with regard to certain corporate actions in the past are not traceable and we may not have filed some or all of such forms with the RoC. For instance, we are unable to trace forms in respect of increase in our authorised share capital and the allotment of equity shares. We have not been able to obtain copies of such relevant documents, including from the RoC. Consequently, we may not be in compliance with Companies (Central Government) General Rules and Forms, 1956 in respect of such periods in the past.

29. ***We benefit from certain tax benefits available to us as a public financial institution and if these benefits are no longer available to us, our business, financial condition, results of operations may be adversely affected.***

We currently receive tax benefits by virtue of our status as a public financial institution which have enabled us to reduce our effective tax rate. In the Fiscals 2009, 2010, 2011, 2012 and 2013, our effective tax liability, calculated on the basis of our tax liability as a percentage of profit before tax, was lesser as compared to statutory corporate tax rates (including surcharge and cess) for such periods. The availability of such tax benefits is subject to the policies of the GoI, among other things, and there can be no assurance as to any tax benefits that we will receive in the future. If the laws or regulations regarding these tax benefits are amended, our taxable income and tax liability may increase, which would adversely impact our financial condition and results of operations. In addition, it is likely that the Direct Tax Code, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to us. If the laws or regulations regarding the tax benefits applicable to us were to change, our taxable income and tax liability may increase, which would adversely affect our financial results.

30. ***Loss of our key management personnel may have an adverse affect on our business, results of operations, financial condition and ability to grow.***

Our future performance depends on the continued service of our Board and key management personnel. We face a continuous challenge to recruit and retain a sufficient number of suitably skilled management personnel, particularly as we continue to grow. There is significant competition for skilled management personnel in our industry, and it may be difficult to attract and retain the key management personnel we need in the future. While we have employee friendly policies including an incentive scheme to encourage employee retention, the loss of key management personnel may have an adverse affect on our business, results of operations, financial condition and ability to grow.

31. ***In the event that our insurance is not adequate to protect us against all potential losses to which we are exposed; our business, profitability and financial condition may be adversely affected.***

We insure the property in relation to our Registered Office and our corporate office, and other office properties which are renewed on an annual basis. Further, in case of mortgage and hypothecation based loans, the relevant loan agreements stipulate that the borrowers obtain insurance for the relevant project properties.

However, such insurance may not be adequate to cover all losses or liabilities that may arise including when the loss is not easily quantified. Even if we make a claim under an insurance policy, we may not be able to successfully assert our claim for any liability or loss under such insurance policy. Further, with respect to insurance of the project properties, some of the borrowers may not have renewed the insurance on a regular basis.

32. ***The proposed adoption of IFRS may result in our financial condition and results of operations appearing materially different than under Indian GAAP.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, GoI ("**MCA**"), through a press note dated January 22, 2010. Through a press release dated February 25, 2011 and a subsequent press release dated March 31, 2011, the MCA announced that it will implement the converged accounting standards in a phased manner after various issues, including tax-related issues, are resolved. The MCA is expected to announce the date of implementation of the converged accounting standards at a later date.

Our cash flows, results of operations, financial condition or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. In addition, in our transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems consequent to the listing of the Bonds and the reporting requirements applicable to listed companies in India under the Debt Listing Agreements already entered into with the Stock Exchanges and to be entered into with the BSE for listing of the Bonds. Moreover, our transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

RISKS IN RELATION TO THE BONDS

33. ***Foreign investors, including NRIs and FIIs subscribing to the Bonds are subject to risks in connection with exchange control regulations and fluctuations in foreign exchange rates.***

The Bonds will be denominated in Indian rupees and the payment of interest and redemption amount shall be made in Indian rupees. Various statutory and regulatory requirements and restrictions apply in connection with the Bonds held by NRIs and FIIs. The amounts payable to NRIs and FIIs holding the Bonds, on redemption of the Bonds and/or the interest paid/payable in connection with such Bonds would accordingly be subject to extant exchange control regulations. Any change such regulations may adversely affect the ability of such NRIs and FIIs to convert such amounts into other currencies, in a timely manner, or at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by NRIs and FIIs on redemption or payment of interest on the Bonds by us.

34. ***The Bonds are classified as 'tax free bonds' eligible for tax exemption under Section 10(15)(iv)(h) of the Income Tax Act, up to an amount of interest on such bonds.***

The Bonds are classified as 'tax free bonds' issued in terms of Section 10(15)(iv)(h) of the Income Tax Act and the CBDT Notification. In accordance with the said section, the amount of interest on such bonds shall be entitled to exemption under the provisions of Income Tax Act. Therefore only the amount of interest on bonds is exempt and the amount of investment will not be considered for any deduction/ exemption under the Income Tax Act. For further details, see the section titled "Statement of Tax Benefits" on page 45.

35. ***There is no guarantee that the Bonds issued pursuant to this Issue will be listed on the BSE in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the BSE.

36. You may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including, *inter-alia* our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/or the interest accrued thereon in a timely manner, or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the holders of the Bonds on the assets adequate to ensure 100% asset cover for the Bonds, the realizable value of the secured assets, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Bonds. A failure or delay to recover the expected value from a sale or disposition of the secured assets could expose you to a potential loss.

37. Any downgrading in credit rating of our Bonds may affect the trading price of the Bonds.

The Bonds proposed to be issued under this Issue have been rated by CARE and IRRPL. CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated August 16, 2013. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated August 19, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

We cannot guarantee that this rating will not be downgraded. The ratings provided by CARE and IRRPL may be suspended, withdrawn or revised at any time. Any revision or downgrading in the above credit rating may lower the value of the Bonds and may also affect our Company's ability to raise further debt.

38. Changes in interest rates may affect the prices of the Bonds.

All securities where a fixed rate of interest is offered, such as the Bonds, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of the Bonds.

39. A debenture redemption reserve will be created, only up to an extent of 25% for the Bonds and in the event of default in excess of such reserve, Bondholders may find it difficult to enforce their interests.

The Department of Company Affairs has specified, through circular No. 11/02/2012-CL-V(A) dated February 11, 2013 that in furtherance of section 117C of the Companies Act, a Public Financial Institution shall create a debenture redemption reserve to the extent of 25% of the value of the debentures issued through a public issue. Therefore, we will maintain a debenture redemption reserve only to the extent of 25% of the Bonds issued, or such a percentage as may be required under the applicable law as amended from time to time, and the Bondholders may find it difficult to enforce their interests in the event of or to the extent of a default in excess of such reserve.

40. Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law.

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

EXTERNAL RISKS

41. A slowdown in economic growth in India could cause our business to be adversely affected.

We are incorporated in India, and substantially all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Any slowdown in economic growth in India could adversely affect us, including our ability to grow our asset portfolio, the quality of our assets, and our ability to implement our strategy.

In recent years, India has been one of the fastest growing major economies in the world, recording a GDP growth rate at factor cost of 8.60% during the Fiscal 2011. According to RBI’s Third Quarter Review of Monetary Policy 2012-2013, the baseline projection of GDP growth rate from fiscal 2012 to fiscal 2013 was revised downwards from 5.8 per cent to 5.5. per cent. The current challenges for the economy are high oil and other commodity prices and inflation, which followed by RBI’s anti-inflationary monetary stance, have the potential to moderate growth. A slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults. Any slowdown in the growth or negative growth of sectors where we have a relatively higher exposure could adversely impact our performance. Any such slowdown could adversely affect our business, prospects, results of operations and financial condition.

42. Increased volatility or inflation of commodity prices in India could adversely affect our Company’s business.

In recent months, consumer and wholesale prices in India have exhibited marked inflationary trends, with particular increases in the prices of food and crude oil. Any increased volatility or rate of inflation of global commodity prices, in particular oil metals and metal products prices, could adversely affect our Company's borrowers and contractual counterparties. This may lead to slowdown in the growth of the infrastructure and related sectors could adversely impact our Company’s business, results of operations and financial condition.

43. Political instability or changes in the GoI could adversely affect economic conditions in India and consequently, our business.

The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation and encouraged infrastructure projects.

A significant change in the GoI’s policies in the future, particularly in respect of financing of housing and urban infrastructure sector, could affect business and economic conditions in India. This could also adversely affect our business, prospects, results of operations and financial condition.

44. Natural calamities could have a negative impact on the Indian economy and could cause our business to be adversely affected.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. These along with prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, thereby affecting our business.

45. Difficulties faced by other banks, financial institutions or the Indian financial sector generally could cause our business to be adversely affected.

We are exposed to the risks of the Indian financial sector which in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years particularly in managing risks associated with their portfolios and matching the duration of their assets and liabilities, and some co-operative banks have also faced serious financial and liquidity crises. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, prospects, results of operations and financial condition.

46. ***The proposed new Indian taxation system could adversely affect our Company's business and the price of the Bonds.***

In its Union Budget for Fiscal 2010, the GoI proposed two major reforms in Indian tax laws, namely the goods and services tax and the direct taxes code, which were proposed to be effective starting April 1, 2010 and April 1, 2012, respectively. Subsequently, in the Union Budget for Fiscal 2011, the effective date for the goods and services tax has been deferred by one year. In an endeavour to roll out goods and services tax, the Union Budget for Fiscal 2012 proposed the introduction of the Constitution Amendment Bill in the Parliament. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, surcharge and cess currently being collected by the GoI and state governments. The direct taxes code was introduced in Parliament in August 2010. It aims to reduce distortions in tax structure, introduce moderate levels of taxation and expand the tax base. The code also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies. It seems to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax, fringe benefit tax and wealth tax and facilitate voluntary compliance.

As the taxation system is going to undergo significant overhaul, its long-term effects on our Company are unclear as of the date of this Draft Shelf Prospectus and there can be no assurance that such effects would not adversely affect our Company's business and future financial performance.

47. ***Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Bonds.

48. ***The market value of your investment may fluctuate due to the volatility of the Indian securities market.***

Indian stock exchanges (including the NSE and the BSE) have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokers. If such or similar problems were to re-occur, this may have effect on the market price and liquidity of the securities of Indian companies, including the Bonds. In addition, the governing bodies of Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. In the past, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases have had a negative effect on market sentiment.

THE ISSUE

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores. Our Company proposes to raise ₹ 5,000 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

***** ***In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The following is a summary of the terms of the Bonds, for an amount not exceeding the Shelf Limit. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled "Terms of the Issue" on page 109.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Security name	[●]% HUDCO Tax Free 2013 Bonds Series [●]
Issuer	Housing and Urban Development Corporation Limited.
Type of instrument	Tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
Nature of instrument	Secured.
Seniority	Senior.
Mode of issue	Public issue.
Eligible Investors	See the section titled "Issue Procedure – Who can apply" on page 122.
Listing	The Bonds shall be listed on the BSE within 12 Working Days from the Issue Closure Date.
Rating of the instrument	'CARE AA+' from CARE and 'IND AA+' from IRRPL. These credit ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by assigning rating agencies and should be evaluated independently of any other ratings. For the rationale for these ratings, see Annexure B on page 285.
Issue size	As specified in the relevant Tranche Prospectus with aggregate issuance amount in all Tranche Prospectus taken together, not exceeding the Shelf Limit.
Option to retain oversubscription	As specified in the relevant Tranche Prospectuses.
Objects of the Issue	See the section titled "Objects of the Issue" on page 43.
Details of utilisation of proceeds	See the section titled "Objects of the Issue" on page 43.
Coupon rate	See the section titled "Terms of the Issue – Interest" on page 113.
Step up/ step down coupon rates	See the section titled "Terms of the Issue – Interest" on page 113.
Coupon payment frequency	Annual.
Coupon payment dates	See the section titled "Terms of the Issue – Payment of Interest on Bonds" on page 115.
Coupon type	Fixed.
Default interest	See the section titled "Terms of the Issue – Events of Default" on page 117.
Day count basis	Actual/ actual.
Interest on Application Amounts	See the section titled "Terms of the Issue – Interest on Application Amounts" on page 114.
Tenor	10 years, 15 years and 20 years from the Deemed Date of Allotment.
Redemption Dates	For Tranche [●] Series [●] Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche [●] Series [●] Bonds, the date falling 15 years from the Deemed Date of Allotment; and for Tranche [●] Series [●] Bonds, the date falling 20 years from the Deemed Date of Allotment
Redemption Amount	In respect of Bonds Allotted to a Bondholder, the face value of the Bonds along with interest that may have accrued as on the Redemption Date.
Issue Price (in ₹)	₹ 1,000.
Face Value (in ₹)	₹ 1,000.
Minimum application size	As specified in the Tranche Prospectus for a particular Series.

	The minimum number of Bonds per application form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not on the basis of any specific option.
Issue opening date	As specified in the Tranche Prospectus.
Issue closing date*	As specified in the Tranche Prospectus. The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.
Pay-in date	Application Date.
Deemed date of Allotment	The date on which the Board or a duly constituted committee thereof, or the Chairman and Managing Director approves the Allotment of the Bonds for each Tranche Issue. All benefits relating to the Bonds including interest on Bonds (as specified for each Tranche by way of Tranche Prospectus) shall be available to the investors from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.
Issuance mode of the instrument	Dematerialised form or physical form** as specified by an Applicant in the Application Form.
Trading	In dematerialised form only.
Depositaries	NSDL and CDSL.
Business day convention	See the section titled "Terms of the Issue – Effect of holidays on payments" on page 115.
Record Date	15 (fifteen) days prior to the relevant interest payment date or relevant Redemption Date for Bonds issued under the relevant Tranche Prospectus. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the Record Date.
Security	The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Transaction documents	The Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es) read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other security documents, if applicable, and various other documents/ agreements/ undertakings, entered or to be entered by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Escrow Agreement, the Memorandum of Understanding with the Registrar and the Memorandum of Understanding with the Lead Managers.
Events of default	See the section titled "Terms of the Issue – Events of Default" on page 117.
Roles and responsibility of the Debenture Trustee	See the section titled "Terms of the Issue – Debenture Trustee" on page 120.
Governing law and jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between the Company and the Bondholders will be subject to the jurisdiction of competent courts in New Delhi.
Security cover	At least 100% of the outstanding Bonds at any point of time.
Debenture Trustee	SBICAP Trustee Company Limited.
Registrar	Karvy Computershare Private Limited.
Modes of payment	Through various available modes as detailed in the section titled "Issue Procedure – Payment Instructions" on page 132.
Lead Managers	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited.

* *The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.*

** *In terms of Regulation 4(2)(d) of the Debt Regulations, our Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request.*

SPECIFIC TERMS FOR EACH SERIES OF BONDS

The terms of each series of Bonds are set out below:

Options	Series of Bonds*		
	Tranche [●] Series [●] Bonds	**Tranche [●] Series [●] Bonds**	**Tranche [●] Series [●] Bonds**
Tenor	10 years (One hundred and twenty months from the Deemed Date of Allotment).	15 years (One hundred and eighty months from the Deemed Date of Allotment).	20 years (Two hundred and forty months from the Deemed Date of Allotment).
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.	20 years from the Deemed Date of Allotment.
Redemption Amount (₹/ Bond)	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.
Frequency of interest payment	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Minimum Application size	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
In multiples of	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Face Value (₹/ Bond)	₹ 1,000.	₹ 1,000.	₹ 1,000.
Issue Price (₹/ Bond)	₹ 1,000.	₹ 1,000.	₹ 1,000.
Modes of interest payment	Through various available modes.**	Through various available modes.**	Through various available modes.**
Coupon Rate (%) p.a.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Annualised Yield	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Put and call option	None.	None.	None.

* *The number of Series of Bonds will be decided at the time of filing the Tranche Prospectus (es). Our Company shall allocate and Allot Bonds of Series [●] Bonds maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond series.*

** *For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 116.*

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our financial information for the years ended March 31, 2013, 2012, 2011, 2010 and 2009. The summary financial information presented below should be read in conjunction with the section titled "Annexure A – Financial Statements" on page 160.

Statement of Assets & Liabilities

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
I	**EQUITY AND LIABILITIES**					
(1)	**Share Holders' Funds**					
	(a) Share Capital	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
	(b) Reserves and Surplus	4,512.06	3,986.99	3,519.07	3,095.19	2,665.96
	Sub-Total (1)	**6,513.96**	**5,988.89**	**5,520.97**	**5,097.09**	**4,667.86**
(2)	**Non-current Liabilities**					
	(a) Long-term Borrowings	13,504.40	13,713.59	9,531.54	11,255.93	14,718.72
	(b) Deferred Tax Liabilities (Net)	416.39	350.37	281.85	237.36	234.39
	(c) Other Long-term Liabilities	104.15	51.74	119.71	128.90	196.08
	(d) Long-term Provisions	219.23	211.83	163.40	143.01	168.43
	Sub-Total (2)	**14,244.17**	**14,327.53**	**10,096.50**	**11,765.20**	**15,317.62**
(3)	**Current Liabilities**					
	(a) Short-term Borrowings	48.54	-	100.00	220.00	-
	(b) Trade Payable	18.78	31.10	10.72	10.46	10.15
	(c) Other Current Liabilities	5,894.90	6,928.91	6,861.00	4,821.53	5,264.41
	(d) Short-term Provisions	228.80	217.05	147.74	69.14	53.22
	Sub-Total (3)	**6,191.02**	**7,177.06**	**7,119.46**	**5,121.13**	**5,327.78**
	Total (1+2+3)	**26,949.15**	**27,493.48**	**22,736.93**	**21,983.42**	**25,313.26**
II	**ASSETS**					
(1)	**Non-current Assets**					
	(a) Fixed Assets					
	(i) Tangible Assets	71.06	71.37	74.20	68.88	71.95
	(ii) Intangible Assets	-	0.01	0.01	0.01	0.02
	(iii) Capital work-in-progress	17.65	13.87	11.81	9.58	9.07
		88.71	**85.25**	**86.02**	**78.47**	**81.04**
	(b) Non-current Investments	683.98	813.98	1,223.98	1,298.98	1,523.98
	(c) Long-term Loans and Advances	21,141.78	19,111.64	16,366.74	14,803.89	16,482.28
	(d) Other Non-current Assets	-	-	6.40	1.85	-
	Sub-Total (1)	**21,914.47**	**20,010.87**	**17,683.14**	**16,183.19**	**18,087.30**
(2)	**Current Assets**					
	(a) Current Investments	-	410.00	75.00	225.00	519.21
	(b) Trade Receivable	10.60	12.52	16.57	12.15	21.82
	(c) Cash and Bank Balances	696.77	2,778.84	716.20	755.86	1,052.38
	(d) Other Current Assets	4,327.31	4,281.25	4,246.02	4,807.22	5,632.55
	Sub-Total (2)	5,034.68	7,482.61	**5,053.79**	**5,800.23**	**7,225.96**
	Total (1+2)	**26,949.15**	**27,493.48**	**22,736.93**	**21,983.42**	**25,313.26**

Statement of Profits

(₹ in crore)

S. No	PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
I	**Income**					
II	Revenue from Operations	2,866.35	2,738.36	2,263.46	2,421.80	2,697.93
III	Other Income	56.89	40.27	15.13	106.55	15.25
IV	**Total Revenue (II+III)**	**2,923.24**	**2,778.63**	**2,278.59**	**2,528.35**	**2,713.18**
V	**Expenses**					
(i)	Finance Cost	1,567.92	1,629.08	1,273.27	1,413.76	1,904.14
(ii)	Employee Benefits Expense	122.30	110.52	114.45	92.48	75.75
(iii)	Depreciation and Amortisation	4.96	4.60	11.42	4.52	4.67
(iv)	Other Expenses	50.68	50.64	29.40	23.27	24.28
(v)	Provision on Loans	133.00	37.18	27.80	210.67	-65.35
(vi)	Provision on Debtors/recoverables, other loans and advances	2.39	6.71	1.43	0.14	0.15
(vii)	Provision on Investment	-	-	-	-	0.16
	Total Expenses (V)	**1,881.25**	**1,838.73**	**1,457.77**	**1,744.84**	**1,943.80**
VI	**Profit before exceptional, extraordinary Items and tax (IV-V)**	1,041.99	939.90	820.82	783.51	769.38
VII	Exceptional Items	-	-	-	-	-
VIII	**Profit before extraordinary Items and tax (VI-VII)**	**1,041.99**	**939.90**	**820.82**	**783.51**	**769.38**
IX	Extraordinary Items	-	-	-	-	-
X	Prior period adjustments	19.71	0.07	0.29	0.87	6.25
XI	Deferred Tax Liability for prior years transferred to General Reserve	-	-	-	-	(120.96)
XII	**Profit Before Tax (VIII-IX-X)**	**1,061.70**	**939.97**	**821.11**	**784.38**	**654.67**
XIII	**Tax Expense**					
(i)	Current tax	-295.50	(250.00)	(223.79)	(267.71)	(184.41)
(ii)	Deferred tax	**(66.01)**	(68.52)	(44.49)	(2.97)	(71.07)
(iii)	Fringe benefit tax	-	-	-	-	(0.85)
(iv)	Adjustment of tax of earlier years (Net)	0.37	8.88	(2.80)	(18.39)	2.65
	Total Tax Expense XII (i+ii+iii)	**(361.14)**	**(309.64)**	**(271.08)**	**(289.07)**	**(253.68)**
XIV	**Profit for the period (XI+XII)**	**700.56**	**630.33**	**550.03**	**495.31**	**400.99**
XV	**Earnings per Share (Face value ₹ 1000)**					
	(Refer S.No 16 of Note No 26 - Explanatory Notes)					
	(1) Basic	**349.95**	314.87	274.75	247.42	200.30
	(2) Diluted	**349.95**	314.87	274.75	247.42	200.30

CASH FLOW STATEMENT

(₹ in crore)

S.No	Particulars	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
(i)	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1042.00	939.90	820.82	783.51	769.38
	Add/ (Less): Adjustments for:					
(ii)	Depreciation	4.96	4.60	11.42	4.52	4.67
(iii)	Financial Charges written off	-	-	-	22.87	9.56
(iv)	Provision on loans & advances	135.07	43.82	29.23	210.78	(66.05)
(v)	Provision on Investment	-	-	-	-	0.17
(vi)	Provision for leave encashment	5.25	1.68	5.47	7.75	1.31
(vii)	Provision for post retirement medical benefit	17.58	8.67	8.72	(2.11)	4.28
(viii)	Provision for Gratuity	-	-	-	(4.72)	(3.97)
(ix)	Provision for welfare expenditure	0.31	0.02	-	(0.15)	0.01
(x)	Provision for LTC	(2.07)	2.28	(3.20)	3.79	0.98
(xi)	Provision for pay revision	-	-	-	(24.00)	15.79
(xii)	Provision for Provident Fund	(4.61)	(5.21)	13.94	-	-
(xiii)	Provision for Corporate Social Responsibilities (CSR)	-	19.87	-	-	-
(xiv)	Prior Period Adjustments (Net)	19.71	0.07	0.29	0.87	6.25
(xv)	Deferred Tax Liability for prior years Adjustments	-	-	-	-	(120.96)
(xvi)	Profit on sale of investments	-	-	-	(0.19)	(0.19)
(xvii)	Loss/ (Profit) on sale of Fixed Assets (Net)	(0.02)	(0.03)	(0.01)	(0.03)	(0.04)
(xviii)	Translation/exchange (Gain)/Loss on Foreign Currency Loan	(15.20)	40.28	9.61	(75.16)	246.29
(xix)	Miscellaneous expenditure	-	0.00	0.00	(2.47)	(1.95)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1202.98**	**1055.95**	**896.29**	**925.26**	**865.53**
	Adjustment for					
(i)	Decrease/(Increase) in Loans	(2211.36)	(2544.04)	(989.84)	2189.57	(288.69)
(ii)	(Increase)/Decrease in Current Assets, other Loans & Advances	(270.88)	(466.85)	(235.02)	(133.88)	(259.13)
(iii)	Increase/(Decrease) in Current Liabilities and Provisions	570.92	808.08	(298.99)	(311.23)	(418.60)
(iv)	CASH GENERATED FROM OPERATIONS	(708.34)	(1146.86)	(627.56)	2669.72	(100.89)
(v)	Direct taxes paid(Net of refunds)	278.50	250.34	211.58	252.06	210.57
(vi)	KFW Reserve	0.01	0.31	1.72	2.81	8.15
(xii)	General Reserve	-	-	-	-	120.96
(xiii)	Deferred Tax Assets adjustments	-	-	-	-	-
	NET CASH FLOW FROM OPERATING ACTIVITIES	**(429.83)**	**(896.21)**	**(414.26)**	**2924.59**	**238.79**
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
(i)	Sale / (Purchase) of Investment	540.00	75.00	225.00	519.40	19.39
(ii)	Purchase of fixed assets	(8.48)	(3.88)	(19.00)	(2.01)	(9.38)
(iii)	Sale of Fixed assets	0.08	0.08	0.04	0.09	0.09
	NET CASH FLOW FROM INVESTING ACTIVITIES	**531.60**	**71.20**	**206.04**	**517.48**	**10.10**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
(i)	Proceed from borrowings (Net)	2,019.21)	3003.52	248.58	(3653.69)	100.06
(ii)	Corporate Dividend Tax Paid	(22.71)	(17.85)	(9.81)	(7.69)	(11.57)
(iii)	Dividend Paid	(140.01)	(110.02)	(59.08)	(45.24)	(68.11)
	NET CASH FLOW FROM FINANCING	**(2181.93)**	**2875.65**	**179.69**	**(3706.62)**	**20.38**

S.No	Particulars	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
	ACTIVITIES					
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(2080.16)**	**2050.64**	**(28.53)**	**(264.55)**	**269.27**
	* CASH & CASH EQUIVALENTS - OPENING BALANCE	2,606.93	556.29	584.82	849.36	580.09
	* CASH & CASH EQUIVALENTS - CLOSING BALANCE	526.77	2606.93	556.29	584.81	849.36
	NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS	**(2080.16)**	**2050.64**	**(28.53)**	**(264.55)**	**269.27**

SUMMARY OF BUSINESS

Overview

We are a techno-financial institution engaged in the financing and promotion of housing and urban infrastructure projects throughout India. We were established on April 25, 1970 as a wholly owned government company with the objective to provide long term finance and undertake housing and urban infrastructure development programmes. We are a public financial institution under section 4A of the Companies Act and have been conferred the status of Mini-ratna. We have a pan-India presence through our wide network of zonal, regional and development offices. We believe our organization occupies a key position in the GoI's growth plans and implementation of its policies for the housing and urban infrastructure sector.

Our business is broadly classified into the following two business platforms:

- Housing finance, wherein the beneficiaries of our financing include State government agencies and borrowers belonging to all sections of the society in urban and rural areas.

- Urban infrastructure finance, wherein the beneficiaries of our financing include projects relating to social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others.

We also provide consultancy services in the field of urban and regional planning, design and development, environmental engineering, social development, government programmes and others.

Our business is supported by capacity building activities through HSMI, and alternative building materials and cost-effective technology promotion.

As on June 30, 2013, we have provided finance for over 15.59 million dwelling units and over 1694 urban infrastructure projects in India. Further, as on June 30, 2013, we have sanctioned loans of ₹ 46,879 crores for housing and ₹ 86,017 crores for urban infrastructure on a cumulative basis, of which ₹ 32,263 crores and ₹ 54,373 crores has been disbursed respectively.

As part of consultancy services, up to September 30, 2012, we had appraised 1,246 projects with a project cost of ₹ 25,714.96 crores under JNNURM.

We have established a track record of consistent financial performance and growth. Certain of our key growth and efficiency indicators for the last three Fiscals are set forth below:

Certain Key Operational Indicators	Fiscal 2013	Fiscal 2012	Fiscal 2011
Loan book (loan outstanding including investment in bonds) (₹ in crores)	26,606.52	25,003.06	22,492.82
Long term debt to equity ratio	2.60	3.17	2.86
CRAR (%)	23.24	31.37	39.81
Net NPA (%)	0.83	1.44	0.19
Net interest margin* (₹ in crores)	1,286.38	1,147.90	958.22

**Net interest margin = Interest income (comprising of interest on loans, bonds, staff advances, loan against public deposits and fixed deposits with banks) minus (-) Interest expenditure (comprising of interest on secured loans, unsecured loans and other interest)*

Our total income and profit after tax for the last three Fiscals are as set forth below:

(₹ in crores)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
Total income	2,923.24	2,778.63	2,278.59
Profit after tax	700.56	630.33	550.03

Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals.

(in ₹ crore except percentages)

Particulars	Fiscal 2013 (Audited)	Fiscal 2012 (Audited)	Fiscal 2011 (Audited)
Paid up equity share capital	2,001.90	2,001.90	2,001.90
Net worth	6,427.11	5,930.73	5,464.02
Total Debt *(of which)*			
Non Current Maturities of			
- Long Term Borrowing	13,504.40	13,722.99	9,531.54
- Short Term Borrowing*	2,127.91	1,144.02	100.00
- Current Maturities of Long Term Borrowing	3,235.12	5,099.48	6,147.12
Net Fixed Assets (Net Block including CWIP)	88.71	85.25	86.02
Non Current Assets	21,914.47	20,010.87	17,683.11
Cash and Cash Equivalents	526.77	2,606.93	556.29
Current Investments	-	410.00	75.00
Current Assets	5,034.68	7,482.61	5,053.82
Current Liabilities	6,191.02	7,167.66	7,119.46
Interest Income	2,830.99	2,701.32	2,213.65
Interest Expense	1,544.61	1553.42	1255.43
Provisioning & Write-offs**	135.39	43.89	29.23
Profit after tax (PAT)	700.56	630.33	550.03
Gross NPA (%)	5.69	6.07	5.46
Net NPA (%)	0.83	1.44	0.19
Tier I Capital Adequacy Ratio (%)	23.24	31.37	39.81
Tier II Capital Adequacy Ratio (%)	0.00	0.00	0.0

* *Short term borrowings including cash credit/overdraft facilities*

***Provisioning and write-offs relate to provision on loans, debtors and investments.*

Strengths and competitive advantages

We believe our core strengths to maintain and improve our market position in the provision of housing and urban infrastructure finance, are as follows:

Key strategic position in the GoI's plans for growth of the housing and urban infrastructure sector

We are a government owned company that provides long term finance for construction of houses for residential purposes, finance or undertake housing and urban infrastructure development programmes and administer the moneys received from time to time from Government of India for implementation of such programmes. We believe we will continue to occupy a key strategic position in the GoI's ongoing plans to develop the Indian housing and urban infrastructure sector. In addition to providing finance for the GoI's schemes, we also monitor and assist the Government in implementation of such schemes such as JNNURM and RAY through appraisal, monitoring, skill development etc.

Annually, we enter into an MOU with the GoI that provides guidelines for our annual operational achievements of our business targets i.e. Housing Finance, Urban Infrastructure Finance, Consultancy Services and profitability. Under our current MOU, the GoI has agreed to a number of important measures that will facilitate the development of our business, reduce the risks we face and provide for our continued involvement in the GoI's housing and urban infrastructure plans.

Strong financial position

Our business is funded through equity from the GoI and market borrowings of various maturities, including bonds and term loans. Our relationship with the GoI currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies. Domestically, we hold AA+, a high credit rating, for long-term borrowing from each of CARE and IRRPL.

We have operated our financing business profitably since inception, including a profit after tax of ₹ 700.56 crores for Fiscal 2013 and ₹ 101.70 crores for the three months ended June 30, 2013. As on March 31, 2013, our Company had a net worth of ₹ 6,427.11 crores. Our sustained performance and profitability enabled to earn the Mini-ratna status, which was conferred, to us in the year 2004-05.

Pan-India presence

We have a pan-India presence. In addition to our Registered and Corporate Office and research and training wing in New Delhi, we have a zonal office in Guwahati, 20 regional offices in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Dehradun, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Kohima, Lucknow, Mumbai, Patna, Raipur, Ranchi and Thiruvananthapuram and 10 development offices in Agartala, Aizwal, Goa, Imphal, Itanagar, Kokrajhar, Puducherry, Portblair, Shillong and Shimla. We have extended finance for housing and urban infrastructure projects to customers in 33 states and union territories covering around 1,800 cities and towns.

Established track record

Our 43 years of experience in the business of providing finance has helped us to establish a strong brand name which has further enabled us to extend our coverage of the market. Our products are availed by State Governments, both public and private sector and general public. As on June 30, 2013, we have provided finance for over 15.59 million dwelling units and over 1,694 urban infrastructure projects across social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others. Further, as on June 30, 2013 we have sanctioned loans of ₹ 46,879 crores for housing and ₹ 86,017 crores for urban infrastructure on a cumulative basis, of which ₹ 32,263 crores and ₹ 54,373 crores has been disbursed respectively.

Varied consultancy services in housing and urban infrastructure sector

We have a wide spectrum of consultancy services in the housing and urban infrastructure sector. We have provided consultancy services to more than 300 housing and urban infrastructure projects covering diversified field. Some of the key areas include low cost housing designs, demonstration housing projects, post disaster rehabilitation efforts, development plans, state urban development strategy, master plans, preparation of slum free city plans, DPRs for various towns under BSUP and IHSDP schemes of JNNURM, transport studies, environmental studies, urban design studies, preparation of river-front development plans and project management. Our consultancy services are suited to all such institution in the housing and urban infrastructure sector that do not have the expertise or manpower, or want to supplement their own efforts.

Wide pool of skilled and professional workforce

We have a wide pool of employees from diverse backgrounds ranging from finance, law, engineering, architecture, planning and designing, economics and sociology. Further our research and training, and building technology promotion activities enable us to further strengthen our business process with regard to providing finance and consultancy services.

Strategy

The key elements of our business strategy are as follows:

Enhance participation in implementation of government programmes on housing and urban infrastructure

We have in the past provided, and continue to provide, finance for the implementation of government programmes on housing and urban infrastructure. Our social housing category under the housing finance business has been specifically tailored for weaker section housing programme. We will enhance our participation in the implementation of the government programmes on housing and urban infrastructure by involving ourselves in other action schemes of the Central and State Governments where financing may be needed.

Increase financing of the housing and urban infrastructure projects

We seek to further increase financing of the housing and urban infrastructure projects in India with an emphasis on strategic, physical and geographic growth, and strengthening and expanding our relationships with our existing customers as well as identifying new avenues in the sector. Our geographic growth would be extended to smaller cities where we believe there is greater demand for finance for housing and urban infrastructure projects.

Develop strategic alliances with various agencies

We have a close relationship, developed over the years, with the Central and State Governments/Government agencies. Towards leveraging this close relationship, we intend to establish strategic alliances like JVs with the State Governments and its agencies to enhance our business in the financing as well as fee based activities.

Enhance income from fee-based activities

We have a very rich and varied expertise in the financing of housing and urban infrastructure projects, acquired over last 43 years, coupled with its multi-faceted talent pool, we are well positioned to significantly enhance our fee-based activities. This would further be supported through leveraging our close association with the State Government especially in regard to the major Government programmes like JNNURM and RAY. We seek to supplement our business in housing and urban infrastructure finance sector though consultancy.

GENERAL INFORMATION

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. For further details, see the section titled "History and Certain Corporate Matters" on page 70. Our Company was notified as a public financial institution under Section 4A of the Companies Act, on December 9, 1996. The President of India holds 100% of the paid up equity share capital of our Company, either directly or through nominee shareholders.

Registered and Corporate Office

HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003
Telephone: +91 11 2464 9610
Facsimile: +91 11 2464 8179
Website: www.hudco.org

Registration

Details	Registration/Identification number
Company registration number	005276
CIN	U74899DL1970GOI005276
NHB registration classifying the Company as housing finance company	01.0016.01

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower, 61, Nehru Place
New Delhi 110 019, India
Telephone: +91 11 2623 5704
Facsimile: +91 11 2623 5702

Compliance Officer

Mr. Rajinder Paul
Executive Director (Finance)
HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003
Telephone: +91 11 2464 9610
Facsimile: +91 11 2464 8427
E-mail: taxfreebonds@hudco.org

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, credit of Allotted Bonds in beneficiary accounts, Bond Certificates (for Applicants who have applied for Allotment in physical form), refund orders and interest on the Application Amounts.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on application, Depository Participant and the collection centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a)the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for number of Bonds applied for, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the BSE.

Chief Financial Officer

Our Company does not have a designated Chief Financial Officer. The finance functions of our Company are headed by Mr. Anil Kumar Kaushik, whose particulars are provided below.

Mr. Anil Kumar Kaushik
Director, Finance
HUDCO Bhawan, Core- 7A
India Habitat Centre
Lodhi Road
New Delhi - 110003

Lead Managers to the Issue

Axis Capital Limited
1st floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli, Mumbai- 400025
Telephone: (+91 22) 4325 2525
Facsimile: (+91 22) 4325 3000
Email ID: hudcotaxfree@axiscap.in
Website: www.axiscap.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000012029

Edelweiss Financial Services Limited
14th Floor, Edelweiss House,
Off CST Road, Kalina, Mumbai-400098
Telephone: +91 22 4086 3535
Facsimile: +91 22 4086 3610
Email ID: hudco.tfbonds@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Ms. Sujaya Moghepadhye
Compliance Officer: Mr. B. Renganathan
SEBI Registration Number: INM0000010650

HDFC Bank Limited
Investment Banking Division
Trade World, A Wing, 1st Floor
Kamala Mills Compound
S. B. Marg, Lower Parel (West)
Mumbai - 400 013
Telephone: +91 22 3383 9197
Facsimile: +91 22 4080 4114
Email ID: hudcotaxfreebonds2013@hdfcbank.com
Website: www.hdfcbank.com
Investor Grievance ID: investor.redressal@hdfcbank.com

Contact Person: Mr. Amit Kumar Singh
Compliance Officer: Mr. Manoj Nadkarni
SEBI Registration Number: INM000011252

Karvy Investor Services Limited
701, Hallmark Business Plaza
Sant Dnyaneshwar Marg
Off Bandra Kurla Complex
Bandra (East)- Mumbai-400051
Telephone: +91 22 6149 1500
Facsimile: +91 22 6149 1515
Email ID: hudco2013@karvy.com
Website: www.karvy.com
Investor Grievance ID: igmbd@karvy.com/
cmg@karvy.com
Contact Person: Mr. Sumit Singh
Compliance Officer: Mr. V Madhusudhan Rao
SEBI Registration Number: INM000008365

RR Investors Capital Services Private Limited
47, M.M. Road,
Rani Jhansi Marg, Jhandewalan
New Delhi – 110 055
Telephone: +91 11 2363 6362
Facsimile: +91 11 2363 6746
Email ID: hudcotaxfree2013@rrfcl.com
Website: www.rrfinance.com/www.rrfcl.com
Investor Grievance ID: investors@rrfcl.com
Contact Person: Mr. Anurag Awasthi
Compliance Officer: Mr. Sandeep Mahajan
SEBI Registration Number: INM000007508

Consortium Members

[●]

Debenture Trustee

SBICAP Trustee Company Limited
Apeejay House, 6th Floor
Dinshaw Wacha Road
Churchgate, Mumbai - 400020
Telephone: +91 22 4302 5555
Facsimile: +91 22 4302 5500
Email: corporate@sbicaptrustee.com
Investor Grievance ID: investor.cell@sbicaptrustee.com
Website: www.sbicaptrustee.com
Contact person: Mr. Ajit Joshi
SEBI Registration No: IND000000536

The Debenture Trustee has consented to act as a debenture trustee in relation to the Issue under regulation 4(4) of the SEBI Debt Regulation. See Annexure C on page 303 for the consent letter of the Debenture Trustee.

Registrar to the Issue

Karvy Computershare Private Limited
Plot No. 17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad 500 081, India
Telephone: +91 40 4465 5000
Facsimile +91 40 2343 1551

Email ID: hudco.bonds@karvy.com
Website: http:\\karisma.karvy.com
Investor Grievance ID: einward.ris@karvy.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration Number: INR000000221

Statutory Auditors

Dhawan & Co., Chartered Accountants
312, Wegmans House,
21Veer Savarkar Block,
Shakarpur, Vikas Marg, New Delhi – 110 092
Telephone: +91 11 2201 7651/ +91 11 2202 5360
Facsimile: +91 11 4244 5310
Email ID: dpa111@hotmail.com/ gogia.sunil@gmail.com
Firm registration no.: 002864N
Auditors since: July 29, 2013

Legal Counsel to the Company as to Indian law

Luthra & Luthra Law Offices
103, Ashoka Estate
24, Barakhamba Road
New Delhi 110 001
Telephone: + 91 11 4121 5100
Facsimile: + 91 11 2372 3909

Bankers to the Company

IDBI Bank Limited
3rd Floor, Indian Red Cross Society Building
Red Cross Road
New Delhi 110001
Telephone: +91 11 6628 1030
Facsimile: +91 11 2375 2730
Email: s.prasad@idbi.co.in
Contact person: Mr. Shantanu Prasad
Website: www.idbi.com

Axis Bank Limited
148, Statesman House
Barakhamba Road
New Delhi 110001
Telephone: +91 11 4742 5118
Facsimile: +91 11 4530 6565
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Amit Mishra/ Mr. Ashish Dhall
Website: www.axisbank.com

Vijaya Bank
D-65, Hauz Khas
New Delhi 110016
Telephone: +91 11 2696 1524/9614/3242
Facsimile: +91 11 2696 1524
Email: del.hauzkhas6015@vijayabank.co.in
Contact person: Mr. Rajeev Kumar
Website: www.vijayabank.com

ICICI Bank Limited
9A, Phelps Building
Connaught Place, New Delhi – 110 001
Telephone: +91 11 4308 4009
Facsimile: +91 11 4239 0070
Email: bhavit.sharma@icicibank.com
Contact person: Mr. Bhavit Sharma
Website: www.icicibank.com

IndusInd Bank Limited
Cash Management Services, Solitaire Park
No. 1001, Building no. 10, Ground Floor
Guru Hargovindji Marg
Andheri East, Mumbai 400 093
Telephone: +91 22 6772 3901 - 3917
Facsimile: +91 22 6772 3998
Email: sanjay.vasarkar@indusind.com
Contact person: Mr. Sanjay Vasarkar
Website: www.indusind.com

Yes Bank Limited
48, Nyay Marg
Chanakyapuri
New Delhi – 110 021
Telephone: +91 11 6656 9063
Facsimile: +91 11 4168 0144
Email: vikas.bansal@yesbank.in
Contact person: Mr. Vikas Bansal
Website: www.yesbank.in

Syndicate Bank
59, Shakuntala Apartment
Nehru Place
New Delhi – 110 019
Telephone: +91 11 2643 1534/ +91 11 2628 1659
Facsimile: + 91 11 2464 1388
Email: dl.9044delnp@syndicatebank.co.in
Contact person: Mr. J. Vishnu Vardhan
Website: www.syndicatebank.co.in

Union Bank of India
239, Vidhan Bhawan Marg
Nariman Point
Mumbai – 400 021
Telephone: + 91 11 2410 0083
Facsimile: + 91 11 2467 6843
Email: vkupadhyay@unionbankofindia.com
Contact person: Mr. Vivek Kumar
Website: www.unionbankofindia.co.in

United Bank of India
106-109, Ansal Tower
38 Nehru Place
New Delhi – 110 019
Telephone: +91 11 2642 0014
Facsimile: +91 11 2641 8981
Email: bmzcd@unitedbank.co.in
Contact person: Mr. K. R. Bhaskaran
Website: www.unitedbankofindia.com

State Bank of Hyderabad
Commercial Branch
74, Janpath
New Delhi – 110 001
Telephone: +91 11 2332 1699
Facsimile: +91 11 2332 9982
Email: sbhkgmarg@yahoo.co.in
Contact person: Mr. A. Siva Kumar
Website: www.sbhyd.com

Indian Bank
G-41, Connaught Circus
New Delhi – 100 001
Telephone: +91 11 2371 2160
Facsimile: +91 11 4734 0971
Email: sunil.jain@indianbank.co.in;
jaspalsinghkhurana@indianbank.co.in
Contact person: Mr. Sunil Jain/
Mr. Jaspal Singh Khurana
Website: www.indianbank.org.in

Escrow Collection Banks / Bankers to the Issue

[●]

Refund Banks

[●]

Self Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time.

Credit Rating Agencies

Credit Analysis & Research Limited
3rd Floor, B – 47, Inner Circle, Connaught Place
Near Plaza Cinema, New Delhi – 110 001
Telephone: +91 11 4533 3245
Facsimile: +91 11 4533 3238
Email: jyotsna.gadgil@careratings.com
Website: http://www.careratings.com
Contact person: Ms. Jyotsna Gadgil
SEBI Registration No.: IN/CRA/004/1999

Indian Ratings and Research Private Limited
Wockhardt Towers, 4th Floor
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
Telephone: +91 22 4000 1700
Facsimile: +91 22 400 1701
Email: shrikant.dev@indianratings.co.in
Contact person: Shrikant Dev
Website: www.indianratings.co.in
SEBI Registration No.: IN/CRA/002/1999

Credit Rating and Rationale

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated August 16, 2013. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated August 9, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. For details in relation to the rationale for the credit rating, please refer to the Annexure B to this Draft Shelf Prospectus on page 285.

Expert Opinion

Except for the letters dated August 16, 2013 and August 19, 2013 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Reformatted Audited Financial Statements dated August 29, 2013 and the statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors, our Company has not obtained any expert opinions in respect of the Issue.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	**ISSUE CLOSES ON**
[●]	[●]

[*] The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.

CAPITAL STRUCTURE

Details of equity share capital

The following table lays down details of our authorised, issued, subscribed and paid up Equity Share capital as on June 30, 2013.

Particulars	Aggregate value (₹ *in crores)*
Authorised share capital	
25,000,000 Equity Shares	2,500.00
Issued, subscribed and paid up Equity Share capital	
20,019,000 Equity Shares	2,001.90
Securities premium account	NIL

Details of change in authorized share capital

There have been no changes in our authorised Equity Share capital in the last five years.

Notes to capital structure

1. *Equity Share capital history of our Company*

There have been no changes in the paid up Equity Share capital of our Company in the last five years.

2. *Shareholding pattern of our Company and details of top ten shareholders.*

The following is the shareholding pattern and list of the Equity Shareholders as well as the top ten Equity Shareholders of our Company, as on June 30, 2013.

Sr. no.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of the total number of Equity Shares
1.	The President of India	2,00,18,993	2,00,18,993	99.99%
2.	Mr. Naresh Salecha*	1	1	Negligible
3.	Ms. S.R.Rajashekhar*	1	1	Negligible
4.	Ms. Alka Selot Asthana*	1	1	Negligible
5.	Mr. B. K. Agarwal*	1	1	Negligible
6.	Mr. Robin Adaval*	1	1	Negligible
7.	Ms. Sweety Karta Ram*	1	1	Negligible
8.	Mr. Moti Lal*	1	1	Negligible
	Total	2,00,19,000	2,00,19,000	100.00%

* *Nominee shareholders on behalf of the President of India.*

3. Our Company has not undertaken any acquisition or amalgamation in the last one year.

4. Our Company has not undergone any reorganisation or reconstruction in the last one year.

5. *Long term debt to equity ratio:*

The long term debt to equity ratio of our Company prior to this Issue is based on a total long term outstanding debt of ₹ 16,739.52 crores, and shareholders' funds, amounting to ₹ 6,427.11 crores which was 2. 60 times as on March 31, 2013 The long term debt to equity ratio post the Issue (considering full subscription of ₹ 5,000 crores, being the amount allocated by CBDT for our Company to raise through the Bonds), based on a total long term outstanding debt of ₹ 21,739.52crores and shareholders' funds of ₹ 6,427.11 crores, will be 3.38 times, the details of which are as under:

(In ₹ crores)

Particulars	Prior to the Issue (as on March 31, 2013)	Post-Issue*
Debt		
Short term debt	2,127.99	2,127.99
Long term debt	16,739.52	21,739.52
Total debt	**18,867. 51**	**23,867. 51**
Shareholders' fund		
Share capital	2,001.90	2,001.90
Reserves and surplus** excluding revaluation reserve, CSR, Welfare Reserve, Sustainable Development Reserve and R&D reserve	4,425.21	4,425.11
Total shareholders' funds	**6,427.11**	**6,427.11**
Long term debt/ equity	**2.60**	**3.38**
Total debt/ equity	**2.94**	**3.71**

* *Assuming that entire amount allocated through the CDBT Notification being ₹ 5,000.00 crore will be fully subscribed and there is no change in our shareholders' funds, long and short term debt.*

*** excluding revaluation reserve, CSR, Welfare Reserve, Sustainable Development Reserve and R&D reserve*

6. None of the Equity Shares are pledged or otherwise encumbered.

7. Our Company has not, since incorporation, issued any Equity Shares or debt securities, for consideration other than cash, whether in whole or in part.

8. Our Company has not, since incorporation, issued any debt securities or taken any debt facilities at a premium or at a discount.

9. Our Company has not, since incorporation, issued any debt securities in pursuance of an option.

10. For details of the outstanding borrowings of our Company, please see the section titled "Financial Indebtedness" on page 85.

11. There have not been any defaults and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by our Company, in the last five years.

OBJECTS OF THE ISSUE

Issue Proceeds

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores*. The funds proposed to be raised through the Issue shall be utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements (including debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by the Company in the past and currently outstanding in its books of accounts, including loans and market borrowings).

In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.

In terms of the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 (the "**FEMA Borrowing Regulations**"), monies borrowed in Indian rupees from persons resident outside India (as defined in FEMA) cannot be utilised for re-lending activities. Consequently, subscription monies raised through the Issue from FIIs, Eligible NRIs and other non resident Applicants across all Categories shall not be utilised for "relending" activities and our Company shall keep all subscription monies received from FIIs and Eligible NRIs in a separate account opened and maintained by the Company, the proceeds of which account shall not be utilised for any lending purposes in terms of Regulation 6(2) of the FEMA Borrowing Regulations, and shall be utilized for the following purposes:

(a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our Company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds/ debentures);
(b) Statutory payments;
(c) Establishment and administrative expenses;
(d) Other working capital requirements of our Company; and
(e) Any other purposes and end-uses as may be allowed by RBI from time to time through relevant regulations/guidelines/clarifications issued by RBI.

Please note that not more than [●]% of the Shelf Limit will be allocated by our Company to FIIs, Eligible NRIs and all other non resident Applicants across all Categories. For further details, see the section titled "Issue Procedure – Basis of Allotment" on page 147 as well as the respective Tranche Prospectus(es).

The main objects clause of the Memorandum of Association permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue. Further, in accordance with the SEBI Debt Regulations, our Company is required to not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person who is a part of the same group as our Company or who is under the same management as our Company or any subsidiary of our Company. Our Company does not have any subsidiary. Further, our Company is a public sector enterprise and as such, there are no identifiable group companies or companies under the same management.

The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, among other things, by way of a lease, of any property.

Issue expenses

A portion of the Issue proceeds will be used to meet Issue expenses. The following are the estimated Issue expenses, which shall be finalized at the time of filing of the Tranche Prospectus:

Particulars	**Amount (₹ in Crore)**	**As percentage of Issue proceeds (in %)**	**As percentage of total expenses of the Issue (in %)**
Fees payable to Intermediaries			
Lead Managers	[●]	[●]	[●]

Particulars	Amount (₹ in Crore)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Registrar to the Issue	[●]	[●]	[●]
Debenture Trustee	[●]	[●]	[●]
SCSBs	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Selling and Brokerage commission	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]
Total	[●]	[●]	[●]

The Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Consortium Members/ sub-Consortium Members/ brokers/ sub-brokers/ Trading Members and submitted to SCSBs for blocking the application amount of the Applicant, at the rate of ₹ [●] per Application Form procured, as finalised by the Company. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

Interim use of Proceeds

The Board of Directors, in accordance with the policies formulated by them from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in deposits with banks or as may be approved by the Board. Such investment would be in accordance with the Board approved guidelines prepared on the basis of directions received from DPE.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2014, the utilization of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Further, in accordance with the Debt Listing Agreement, our Company will furnish to the BSE on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results. We shall utilize the proceeds of the Issue only upon execution of the documents for creation of security as stated in this Draft Shelf Prospectus in the section titled "Terms of the Issue" on page 109 and upon the listing of the Bonds.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the law or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible. Interpretation of provisions where under the contents of this statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

i. In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961) the Central Government *vide* Notification NO. 61/2013.F.No.178/37/2013-(ITA.1) dated 8th August, 2013 authorizes **Housing & Urban Development Corporation Ltd.** to issue through a Public/Private Issue, during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds of Rs. 1,000 each for the aggregate amount not exceeding Rs. 5,000 crore subject to the conditions as prescribed in the said notification:

(i) The tenure of the bonds shall be for 10, 15 or 20 years.
(ii) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
(iii) There shall be ceiling on the coupon rates based on the reference Government security (G-Sec) Rates.
(iv) The reference G-sec rate shall be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India(FIMMDA) on the daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final prospectus with the Exchange or Registrar of Companies(ROC) in case of public issue and the issue opening date in case of private placements.
(v) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers(QIB's), Corporates and High Networth Individuals.
(vi) In case the rating of the issuer entity is AA+, the ceiling rate shall be 10 basis points above the ceiling rate for AAA rated entities as given in the clause (v).
(vii) In case the rating of the issuer entity is AA or AA-, the ceiling rate shall be 20 basis points above the ceiling rate for AAA rated entities as given in the clause (v).
(viii) These ceiling rates shall apply for annual payment of interest and in case the schedule of interest payments is altered to semi-annual, the interest rates shall be reduced by 15 basis points;
(ix) The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred by Retail investors to non retail investors.

b) Issue expense and brokerage:

(i) In the case of private placement, the total issue expense shall not exceed 0.25 per cent of the issue size and in case of public issue, it shall not exceed 0.65 per cent of the issue-size.
(ii) The issue expense would include all expenses relating to the issue like beokerage, advertisement, printing, registration etc.

c) **Income do not form part of Total Income: (a)** Section 10(15)(iv)(h) to be read with Section 14A(1) provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Further, as per Section 14 A(1), no deduction shall be allowed in respect of expenditure incurred by the assesse in relation to said interest, being exempt under the Income Tax Act, 1961.

Section 2(36A) of the Income Tax Act, 1961 defines "Public Sector Company" as any corporation established by or under any state Central, State, Provincial Act or a Government company as defined under section 617 of the Companies Act, 1956.

d) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.

e) Since the interest income on these bonds is exempt, no tax deduction at source is required. However, interest on application money would be liable for TDS as well as tax as per present tax laws.

2. CAPITAL GAIN

a) Under Section 2 (29A) of the Income Tax Act 1961, read with section 2 (42A) of the Income Tax Act 1961, a listed Bond is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under Section 112 of the Income Tax Act 1961, capital gains arising on the transfer of long term capital assets being listed securities are subject to tax at the rate of 20% of capital gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to Section 48 of Income Tax Act, 1961 benefits of indexation of cost of acquisition under second proviso of Section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, long term capital gain tax can be considered at a rate of 10% on listed bonds without indexation.

Securities Transaction Tax ("STT") is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. STT is not applicable on transactions in the Bonds.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. Rs.2,00,000 in case of resident individual/HUF, Rs.250,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and Rs.500,000 in case of resident super senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the Income Tax Act, 1961 read with CBDT Circular 721 dated September 13, 1995.

A 2% education cess and 1% secondary and higher education cess on the total income tax (including applicable surcharge) is payable by all categories of tax payers. All the rates disclosed above are as per the present tax rate.

b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the Income Tax Act 1961.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para(a) above would also apply to such short-term capital gains.

c) Under Section 54 EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of Section 54 EC of the Income Tax Act, 1961 has been availed of on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80 C of the Income Tax Act, 1961.

The investment made in the notified long term bonds by an assessee in any financial year cannot exceed Rs. 50 lacs.

d) As per the provisions of Section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to bondholder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that the said Bondholder should not own more than one residential house other than the new asset, on the date of such transfer or purchase any residential house, other than the new asset, within a period of one year after the date of such transfer or construct any residential house, other than the new asset, within a period of three years after the date of such transfer on which the income is chargeable under " Income from House Property ". If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired or constructed.

f) Under Section 195 of Income Tax Act,1961 income tax shall be deducted from sum payable to Non-Residents on long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

Howerver under section 196D of Income Tax Act, 1961 no deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

3. Bonds held as Stock in Trade

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the Income Tax Act, 1961. Act as applicable from time to time.

4. **Taxation on gift**

As per section 56(2)(vii) of the Income Tax Act, 1961 in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009

A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then whole of the aggregate fair market value of such bonds/debentures or;

B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration

shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received-

a) from any relative; or
b) on the occasion of the marriage of the individual; or
c) under a will or by way of inheritance; or
d) in contemplation of death of the payer or donor, as the case may be; or
e) from any local authority as defined in the Explanation to clause (20) of section 10; or
f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
g) from any trust or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

C. PROPOSALS MADE IN DIRECT TAX CODE

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ("DTC Bill") on August 30, 2010. The DTC Bill is likely to be presented before the Indian Parliament in future. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

For Dhawan & Co.,
Chartered Accountants
(Firm registration No. 002864N)

(Sunil Gogia)
(Partner)
Membership No. 073740

Place of Signature: New Delhi
Dated: August 29, 2013

INDUSTRY OVERVIEW

*Unless otherwise indicated, industry data used throughout this section is derived from publicly available sources including the RBI and the GoI, and "Report on Indian Urban Infrastructure and Services" ("**RIUIS**") by the High Powered Expert Committee set up by the Ministry of Urban Development"*

Such data or their presentation in this chapter may be subject to approximations, rounding off or reorganization. While industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and neither we nor any person connected with the Issue has independently verified the information provided in this chapter. The extent to which you place reliance on the information provided in this chapter should accordingly be limited.

Overview of the Indian Economy

India's GDP growth in Q4 of 2012-13 has been 4.8%, a marginal improvement over the previous quarter at 4.7%. With this, the overall GDP growth for 2012-13 is now estimated at 5% compared to 6.2% achieved in 2011-12. The GDP of India at constant (2004-2005) prices is estimated at ₹ 55,05,437 crore for FY 2012-13, showing a growth rate of 5% over the First Revised Estimates of GDP for the year 2011-12. The Index of Industrial Production (IIP) of manufacturing registered a growth rate of 1.2 percent during 2012-13, as against the projected growth rate of 1.9 percent for April-March, 2012-13 for the Advance Estimates. *(Source: Press Information Bureau, GoI, Press Note dated 31-05-2013 on Provisional Estimate of Annual National Income 2012-13&Quarterly Estimates of Gross Domestic Product 2012-13).*

India's merchandise exports showed a turnaround from December 2012 after a subdued performance in previous months. In Q4 of 2012-13, export growth at 4.7 % was higher compared with 4.0 % in the corresponding period of 2011-12. However, overall exports shark by 1.8% in 2012-13 to US $300.6 billion compared to 21.8% growth in 2011-12. Notwithstanding a modest increase in exports in recent months, the trade deficit remained significantly higher in 2012-13. After remaining in the range of 7.5–8.1 per cent during H1 of 2012-13, wholesale price index (WPI) inflation (y-o-y) in India moderated gradually to 5.96 per cent, (provisional) in March 2013. Moderation in headline inflation has been significant even as price pressures continued to persist from the food and fuel segments. This was facilitated by a decline in manufactured non-food products inflation, *(Source: Macro & Monetary policy Developments in 2012-13, RBI).*

Housing and Urban Infrastructure Sector in India

Housing sector

Housing, besides being a very basic requirement for the urban settlers, also holds the key to accelerate the pace of development. Housing provides opportunities for home-based economic activities. Housing also has a direct impact on the steel and cement, marble/ceramic tiles, electrical wiring, PVC pipes, and various types of fittings industry, which make a significant contribution to the national economy. As per Central Statistical Organization estimates, housing sector's contribution to GDP in the year 2003–04 was 4.5%. *(Source: Eleventh Five Year Plan, Planning commission*)

Housing Shortage and Requirement

According to the report of the Technical Group (TG-12) on Urban housing shortage constituted in the context of formulation of the Twelfth Five-Year Plan, housing shortage is estimated to be around 18.78 million. About 95.62% of such households are from EWS and low income groups (LIG). Amongst the LIG category a significant proportion of the shortage is on account of congestion in living condition.

(Source: Report of the Technical Group (TG-12) on Urban Housing Shortage, MoHUPA, GoI)

Investment Estimates for Affordable Housing

As per available estimates need for fresh affordable housing is put at 16.29 million units, out of which 10.61 million units are needed in slum areas and rest 5.68 million units are needed in non-slum areas. To provide housing of this magnitude it has been estimated that a total of ₹ 5,70,010 crore is needed. Apart from this the need for incremental housing units to address congestion is put at total 12.27 million units requiring an investment to the tune of ₹ 76,020 crore. On account of provision and upgradation of infrastructure for these housing units ₹ 1,27,320 crore and ₹ 75,950 crore are needed respectively. *(Source: NHB, Report on Trends & Progress of Housing in India, 2012)*

Table-1: Investment Estimates for Affordable Housing

Units	Slum Areas (In million)	Non Slum Areas (In million)	Total (In million)	Unit Cost (In ₹)	Total Cost (₹ Crore)
Need for fresh housing units	10.61	5.68	16.29	3,50,000	5,70,150
Incremental housing to address congestion	4.78	7.89	12.27	60,000	76,020
Provision of infrastructure for new housing units	10.61	5.68	10.61	1,20,000	1,27,320
Upgradation of infrastructure in existing slums	10.85	0	10.85	70,000	75,950

(Source: NHB, Report on Trends & Progress of Housing in India, 2012)

Housing for weaker sections of the society

As per latest estimates the poverty ratio for urban area in 2011-12 stands at 13.7%, down from 25.7% in 2004-05 and 31.8% in 1993-94.In absolute terms the number of poor people in urban areas 52.8 million in 2011-12, down from 80.8 million in 2004-05 and 74.5 million in 1993-94. *(Source: Press Note on Poverty Estimates 2011-12, Planning Commission, GoI,22ND July 2013)*

As per estimates, the slum population in 2001 was 61.82 million out of which the reported slum population in the 640 towns and cities having population of 50000 and above is 42.58 million. The total urban population of these 640 towns is 184.35 million. *(Source: Eleventh Five Year Plan, Planning commission*).

A number of social housing schemes for poor have been undertaken by the GoI. To promote integrated city development and to enable the people living in slums to gain access to basic services, a number of schemes and programmes have been launched from time to time, for example Environmental Improvement of Urban Slums, National Slum Development Programme (NSDP), Integrated Low Cost Sanitation Scheme (ILCS), etc.

The Ministry of Housing and Urban Poverty Alleviation has formulated the scheme of Integrated Housing and Slum Development Programme (IHSDP) which is applicable to all cities and towns as per 2001 census except those cities which are covered under mission cities under JNNURM. This scheme aims at combining the existing schemes of VAMBAY and NSDP under the new IHSDP scheme for having an integrated approach in ameliorating the conditions of urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions. The components for assistance under the scheme will include all slum improvement/upgradation/relocation projects including upgradation/new construction of houses and infrastructural facilities like water supply and sewerage.

Under the Scheme of Basic Services for the Urban Poor (BSUP) and the Integrated Housing & Slum Development Programme (IHSDP), the Government of India supports provision of supplementary basic services.

The “Rajiv Awas Yojana” (RAY) scheme aims at providing support to States that are willing to provide property rights to slum dwellers. The Scheme proposes to address the problem of slums in a holistic and definitive way adopting a multi-pronged approach focusing on bringing existing slums within the formal system and enabling them to avail of the same level of basic amenities as the rest of the town; redressing the failures of the formal system that lie behind the creation of slums; and tackling the shortages of urban land and housing that keeps shelter out of reach of the urban poor and forces them to resort to extra-legal solutions in a bid to retain their sources of livelihood and employment

Trends of Urbanization

About 377 million Indians comprising of about 31 per cent of the country’s population, live in urban areas according to Census 2011. This is a smaller proportion compared to other large developing countries, for example, 45 per cent in China, 54 per cent in Indonesia, 78 per cent in Mexico and 87 per cent in Brazil. With the more rapid growth of the Indian economy in recent years, the rate of urbanisation will increase. Projections are that by 2031, about 600 million Indians will reside in urban areas, an increase of over 200 million in just 20 years. The share of persons living in urban areas rose by 3.35 per cent in the decade 2001 to 2011 while it had risen by only 2.10 per cent in the decade 1991 to 2001. About 60 per cent of the growth in the urban population is due to natural increase. Rural–urban migration has contributed to only about 20 per cent of increase in urban population.

Urban areas are engines of economic growth. Estimates by the Central Statistical Organisation (CSO), available for a few years, indicate that this share increased from 37.7 per cent in 1970–71 to 52 per cent in 2004–05. The mid term appraisal of the Eleventh Plan projected the urban share of GDP at 62–63 per cent in 2009–10.*(Source: Twelfth Five Year Plan, Planning commission*)

Schemes for Urban Development

The Ministry of Urban Development is implementing a number of Central and Centrally Sponsored Schemes for assisting the States in meeting the challenge of rapid urbanization. Some of the relevant schemes are as follows:

The Jawaharlal Nehru National Urban Renewal Mission (JnNURM), which was launched on 3rd December, 2005 is expected to give focused attention to integrated development of urban infrastructure and services in select 65 Mission cities with emphasis on provision of basic services to the urban poor including housing, water
supply, sanitation, slum improvement, community toilets etc. The objective of the Mission is to encourage the city governments to initiate measures that would bring about improvements in the existing service levels in a financially sustainable manner. The Mission makes available reform-linked Central Assistance over the Mission period of seven years beginning from 2005-06. There are also subcomponents under JnNURM to cater to similar needs of the small towns and cities. The Mission completed six years in December 2011. Mission period had been extended by two years up to 2013-2014 for completion of projects sanctioned till March, 2012.

Urban Infrastructure Development Scheme For Small And Medium Towns Scheme (UIDSSMT) is one of the sub-components of JNNURM, launched in December, 2005. The objective of scheme are to:

(a) Improve infrastructural facilities and help create durable public assets and quality oriented services in cities & towns;
(b) Enhance public-private partnership in infrastructural development; and
(c) Promote planned integrated development of towns/cities.

Under the **National Urban Sanitation Policy** launched in 2008 with the vision of all Indian cities and towns becoming totally sanitised, healthy and livable to ensure and sustain good public health and environmental outcomes for all their citizens with a special focus on hygienic and affordable sanitation facilities for the urban poor and the women, various activities are being taken up. These include rating of towns and cities on sanitation. Service level benchmarks have been laid down for municipal services The Ministry Of Urban Development(MoUD) is supporting capacity building at various levels, including the urban local bodies and the State personnel in areas related to governance, financial management, and service delivery. The MoUD has set up 14 centres of Excellence, nine for urban development, four for urban transport and one in the field of e-Governance in reputed institutions across the country.

The MoUD had prescribed a **National Urban Transport Policy** in 2006 with objectives to ensure easily accessible, safe, affordable, quick, comfortable, reliable and sustainable mobility for all. The MoUD executed successfully two new schemes, the Scheme for Urban Infrastructure in Satellite Towns around seven mega cities and the **North Eastern Region Urban Development Programme**, launched during 2009-10. The Ministry of Urban Development has initiated the **Sustainable Urban Transport Project (SUTP)** with the support of Global Environment Facility (GEF), the World Bank and United Nations Development Program (UNDP) to foster a long-term partnership between the Central Government and state/local governments in the implementation of a greener environment under the ambit of the National Urban Transport Project (NUTP). As a part of this initiative, a number of projects have been undertaken by the Ministry in the country.
(Source: Annual report 2012-13, Ministry of Urban Development, GOI)

Urban Infrastructure Development Scheme For Small And Medium Towns Scheme (UIDSSMT) is one of the sub-components of JNNURM, launched in December, 2005. The objective of scheme are to:

(a) Improve infrastructural facilities and help create durable public assets and quality oriented services in cities & towns;
(b) Enhance public-private partnership in infrastructural development; and
(c) Promote planned integrated development of towns/cities.

In pursuance of the Government's vision of creating a Slum-free India, **'Rajiv Awas Yojana' (RAY)** has been launched on 02.06.2011. The Phase I of Rajiv Awas Yojana which is for a period of two years from the date of approval of the scheme, is the preparatory phase and is currently under implementation. The Phase II of RAY shall be for the remaining period of the 12th Five Year Plan. The scheme envisages providing Central support to States that are willing to assign property rights to slum dwellers for provision of decent shelter and basic civic and social services for slum redevelopment, undertake reservation of land/Floor Area Ratio (FAR)/dwelling units for Economically Weaker Sections (EWS)/Low Income Groups (LIG), earmark 25 per cent of municipal budget for basic services to the urban poor/slum-dwellers and bring in legislative amendments and policy changes to redress land and affordable housing shortages for the urban poor. As a means of Credit Enablement of the urban poor, the **Interest Subsidy Scheme for Housing the Urban Poor (ISHUP)**, dovetailed with RAY – provides interest subsidy of 5% on loans upto ₹ 1 lakh, so as to reduce the cost of the loan taken to build/purchase house. The **Affordable Housing in Partnership Scheme**, which is intended to encourage public private partnerships for the creation of affordable housing stock, is dovetailed with RAY *(Source: Annual report 2012-13, Ministry of HUPA, GOI)*

Investment needs for Urban Infrastructure Development

The total fund requirement for the implementation of the Eleventh Five Year Plan schemes in respect of urban water supply, sewerage and sanitation, drainage, and solid waste management is estimated as ₹ 1,29,237 crore. The proposed flow of funds to meet the estimated investment is given in the table mentioned below:

Table 2: Proposed flow of funds

Source of Funding	Amount (in ₹ crore)
Central sector outlay	70,000
State sector outlay	35,000
Institutional financing	10,000
Assistance from external support agencies	10,000
FDI and private sector	4,237
TOTAL	**1,29,237**

(Source: Eleventh Five Year Plan, Planning commission)

The High Powered Expert Committee (HPEC), for estimating the investment requirement for urban infrastructure services, has estimated the fund requirement for the period from the Twelfth Five Year Plan to the Fifteenth Five Year Plan, i.e. 2012-31. The investment for urban infrastructure over the 20-year period is estimated at ₹ 39.2 lakh crore at 2009-10 prices. The sector-wise estimation is depicted in Table 2. Out of this ₹ 34.1 lakh crore is for asset creation, out of which the investment for the eight major sectors is ₹ 31 lakh crore; ₹ 4.1 lakh crore for renewal and redevelopment including slums; and ₹ 1 lakh crore for capacity building.

Table 3: Urban Infrastructure Investment Requirement: 2012-31

(₹ in crores)

Sectors	Investment Requirement
Urban Roads	1728941
Urban Transport	449426
Renewal & Redevelopment including Slums	408955
Water Supply	320908
Sewerage	242688
Storm Water Drains	191031
Capacity Building	101759
Traffic Support Infrastructure	97985
Solid Waste Management	48582
Street Lighting	18580
Other Sectors	309815
TOTAL	**3918670**

(Source: RIUIS)

OUR BUSINESS

Overview

We are a techno-financial institution engaged in the financing and promotion of housing and urban infrastructure projects throughout India. We were established on April 25, 1970 as a wholly owned government company with the objective to provide long term finance and undertake housing and urban infrastructure development programmes. We are a public financial institution under section 4A of the Companies Act and have been conferred the status of Mini-ratna. We have a pan-India presence through our wide network of zonal, regional and development offices. We believe our organization occupies a key position in the GoI's growth plans and implementation of its policies for the housing and urban infrastructure sector.

Our business is broadly classified into the following two business platforms:

- Housing finance, wherein the beneficiaries of our financing include State government agencies and borrowers belonging to all sections of the society in urban and rural areas.

- Urban infrastructure finance, wherein the beneficiaries of our financing include projects relating to social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others.

We also provide consultancy services in the field of urban and regional planning, design and development, environmental engineering, social development, government programmes and others.

Our business is supported by capacity building activities through HSMI, and alternative building materials and cost-effective technology promotion.

As on June 30, 2013, we have provided finance for over 15.59 million dwelling units and over 1694 urban infrastructure projects in India. Further, as on June 30, 2013, we have sanctioned loans of ₹ 46,879 crores for housing and ₹ 86,017 crores for urban infrastructure on a cumulative basis, of which ₹ 32,263 crores and ₹ 54,373 crores has been disbursed respectively.

As part of consultancy services, as on June 30, 2013 we had appraised 1,246 projects with a project cost of ₹ 25,714.96 crores under JNNURM.

We have established a track record of consistent financial performance and growth. Certain of our key growth and efficiency indicators for the last three Fiscals are set forth below:

Certain Key Operational Indicators	Fiscal 2013	Fiscal 2012	Fiscal 2011
Loan book (loan outstanding including investment in bonds) (₹ in crores)	26,606.52	25,003.06	22,492.82
Long term debt to equity ratio	2.60	3.17	2.86
CRAR (%)	23.24	31.37	39.81
Net NPA (%)	0.83	1.44	0.19
Net interest margin* (₹ in crores)	1,286.38	1,147.90	958.22

**Net interest margin = Interest income (comprising of interest on loans, bonds, staff advances, loan against public deposits and fixed deposits with banks) minus (-) Interest expenditure (comprising of interest on secured loans, unsecured loans and other interest)*

Our total income and profit after tax for the last three Fiscals are as set forth below:

(₹ in crores)

	Fiscal 2013	Fiscal 2012	Fiscal 2011
Total income	2,923.24	2,778.63	2,278.59
Profit after tax	700.56	630.33	550.03

Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals.

(in ₹ crore except percentages)

Particulars	**Fiscal 2013 (Audited)**	**Fiscal 2012 (Audited)**	**Fiscal 2011 (Audited)**
Paid up equity share capital	2,001.90	2,001.90	2,001.90
Net worth	6,427.11	5,930.73	5,464.02
Total Debt *(of which)*			
Non Current Maturities of			
- Long Term Borrowing	13,504.40	13,722.99	9,531.54
- Short Term Borrowing*	2,127.91	1,144.02	100.00
- Current Maturities of Long Term Borrowing	3,235.12	5,099.48	6,147.12
Net Fixed Assets (Net Block including CWIP)	88.71	85.25	86.02
Non Current Assets	21,914.47	20,010.87	17,683.11
Cash and Cash Equivalents	526.77	2,606.93	556.29
Current Investments	-	410.00	75.00
Current Assets	5,034.68	7,482.61	5,053.82
Current Liabilities	6,191.02	7,167.66	7,119.46
Interest Income	2,830.99	2,701.32	2,213.65
Interest Expense	1,544.61	1553.42	1255.43
Provisioning & Write-offs**	135.39	43.89	29.23
Profit after tax (PAT)	700.56	630.33	550.03
Gross NPA (%)	5.69	6.07	5.46
Net NPA (%)	0.83	1.44	0.19
Tier I Capital Adequacy Ratio (%)	23.24	31.37	39.81
Tier II Capital Adequacy Ratio (%)	0.00	0.00	0.0

** Short term borrowings including cash credit/ overdraft facilities.*
***Provisioning and write-offs relate to provision on loans, debtors and investments.*

Strengths and competitive advantages

We believe our core strengths to maintain and improve our market position in the provision of housing and urban infrastructure finance, are as follows:

Key strategic position in the GoI's plans for growth of the housing and urban infrastructure sector

We are a government owned company that provides long term finance for construction of houses for residential purposes, finance or undertake housing and urban infrastructure development programmes and administer the moneys received from time to time from Government of India for implementation of such programmes. We believe we will continue to occupy a key strategic position in the GoI's ongoing plans to develop the Indian housing and urban infrastructure sector. In addition to providing finance for the GoI's schemes, we also monitor and assist the Government in implementation of such schemes such as JNNURM and RAY through appraisal, monitoring, skill development etc.

Annually, we enter into an MOU with the GoI that provides guidelines for our annual operational achievements of our business targets i.e. Housing Finance, Urban Infrastructure Finance, Consultancy Services and profitability. Under our current MOU, the GoI has agreed to a number of important measures that will facilitate the development of our business, reduce the risks we face and provide for our continued involvement in the GoI's housing and urban infrastructure plans.

Strong financial position

Our business is funded through equity from the GoI and market borrowings of various maturities, including bonds and term loans. Our relationship with the GoI currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies. Domestically, we hold AA+, a high credit rating, for long-term borrowing from each of CARE and Fitch Ratings India Private Limited (now IRRPL).

We have operated our financing business profitably since inception, including a profit after tax of ₹ 700.56 crores for Fiscal 2013 and ₹ 101.70 crores for the three months ended June 30, 2013. As on March 31, 2013, our Company had a net worth of ₹ 6,427.11 crores. Our sustained performance and profitability enabled to earn the Mini-ratna status, which was conferred, to us in the year 2004-05.

Pan-India presence

We have a pan-India presence. In addition to our Registered and Corporate Office and research and training wing in New Delhi, we have a zonal office in Guwahati, 20 regional offices in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Dehradun, Delhi, Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Kohima, Lucknow, Mumbai, Patna, Raipur, Ranchi and Thiruvananthapuram and 10 development offices in Agartala, Aizwal, Goa, Imphal, Itanagar, Kokrajhar, Puducherry, Portblair, Shillong and Shimla. We have extended finance for housing and urban infrastructure projects to customers in 33 states and union territories covering around 1,800 cities and towns.

Established track record

Our 43 years of experience in the business of providing finance has helped us to establish a strong brand name which has further enabled us to extend our coverage of the market. Our products are availed by State Governments, both public and private sector and general public. As on June 30, 2013 we have provided finance for over 15.59 million dwelling units and over 1,694 urban infrastructure projects across social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others. Further, as on June 30, 2013 we have sanctioned loans of ₹ 46,879 crores for housing and ₹ 86,017 crores for urban infrastructure on a cumulative basis, of which ₹ 32,263 crores and ₹ 54,373 crores has been disbursed respectively.

Varied consultancy services in housing and urban infrastructure sector

We have a wide spectrum of consultancy services in the housing and urban infrastructure sector. We have provided consultancy services to more than 300 housing and urban infrastructure projects covering diversified fields. Some of the key areas include low cost housing designs, demonstration housing projects, post disaster rehabilitation efforts, development plans, state urban development strategy, master plans, preparation of slum free city plans, DPRs for various towns under BSUP and IHSDP schemes of JNNURM, transport studies, environmental studies, urban design studies, preparation of river-front development plans and project management. Our consultancy services are suited to all such institution in the housing and urban infrastructure sector that do not have the expertise or manpower, or want to supplement their own efforts.

Wide pool of skilled and professional workforce

We have a wide pool of employees from diverse backgrounds ranging from finance, law, engineering, architecture, planning and designing, economics and sociology. Further our research and training activities through the HSMI and building technology promotion activities enable us to further strengthen our business process with regard to providing finance and consultancy services and enable capacity building in this sector.

Strategy

The key elements of our business strategy are as follows:

Enhance participation in implementation of government programmes on housing and urban infrastructure

We have in the past provided, and continue to provide, finance for the implementation of government programmes on housing and urban infrastructure. Our social housing category under the housing finance business has been specifically tailored for weaker sections housing programmes. We will enhance our participation in the implementation of the government programmes on housing and urban infrastructure by involving ourselves in other action schemes of the Central and State Governments where financing may be needed.

Increase financing of the housing and urban infrastructure projects

We seek to further increase financing of the housing and urban infrastructure projects in India with an emphasis on strategic, physical and geographic growth, and strengthening and expanding our relationships with our existing customers as well as identifying new avenues in the sector. Our geographic growth would be extended to smaller cities where we believe there is greater demand for finance for housing and urban infrastructure projects.

Develop strategic alliances with various agencies

We have a close relationship, developed over the years, with the Central and State Governments/Government agencies. Towards leveraging this close relationship, we intend to establish strategic alliances like JVs with the State Governments and its agencies to enhance our business in the financing as well as fee based activities.

Enhance income from fee-based activities

We have a very rich and varied expertise in the financing of housing and urban infrastructure projects, acquired over last 43 years, coupled with its multi-faceted talent pool, we are well positioned to significantly enhance our fee-based activities. This would further be supported through leveraging our close association with the State Government especially in regard to the major Government programmes like JNNURM and RAY. We seek to supplement our business in housing and urban infrastructure finance sector though consultancy.

Our business platforms

Housing finance

We finance dwelling units in the urban and the rural areas ("**Housing Finance**"). As on March 31, 2013, we have sanctioned Housing Finance of ₹ 45,659 crores, which constitutes about 31.63% of our total financing activities. Income from Housing Finance consists of ₹ 599.58 crores for the Fiscal 2013, which constitutes 20.51% of our total income for that period. Housing Finance can be classified into financing of social housing, residential real estate and Hudco Niwas.

Under social housing, the beneficiaries of our financing are borrowers belonging to the economically weaker sections of the society ("**EWS Housing**") and borrowers belonging to the lower income group ("**LIG Housing**"). The classification is based on economic parameters. Accordingly, families with household income of ₹ 8,333 per month or less fall into the EWS Housing category and families with household income from ₹ 8,334 to ₹ 16,667 per month fall into the LIG Housing category. Under residential real estate, the beneficiaries of our financing are public and private sector borrowers for housing and commercial real estate projects including land acquisition. Such housing and commercial real estate projects cater primarily to the middle-income group and high-income group of the society.

We finance social housing and residential real estate through State Governments and agencies which primarily include state housing boards, rural housing boards, slum clearance boards, development authorities, Municipal Corporations, joint ventures and private sector agencies. These entities are our borrowers under social housing and residential real estate who, in turn, extend the finance to or utilise the finance for the ultimate beneficiaries.

To provide direct housing finance to resident and non-resident Indians, we launched a retail finance window on March 8, 1999 ("**Hudco Niwas**"). Under the Hudco Niwas category, we finance, among other things, construction or purchase of house/flat, purchase of plots from public agencies, refinancing of existing loan taken from other institutions, loans to professionals for non-residential premises and loan against residential property. Loans are also provided to State Governments, para-statal institutions of the state governments and public sector undertakings to meet the demand of the house building advance of their employees under Hudco Niwas.

Our Board has further modified the Hudco Niwas scheme in its meeting on June 20, 2012 ("**Individual Hudco Niwas Scheme**") to extend the portfolio to individuals as well. Under the Individual Hudco Niwas Scheme, we aim to provide loans to applicants on a lay-out basis (wherein the applicants apply for loans in a group, with a critical mass of at least 15 applicants) as well as an individual basis. Loans will be provided for the construction of houses, purchase of houses and flats, purchase of plots from public agencies, extending and improving existing houses, registration of existing houses and refinancing of existing housing loans from banks and other financial institutions to salaried individuals (either employed by the Government or private entities), to the extent of 80% of the cost of the housing unit (excluding incidentals such as stamp duty and registration charges), subject to a maximum ceiling of ₹ 25,00,000. Loans under the Individual Hudco Niwas Scheme shall be upto a maximum tenure of 25 years, and will be secured by a mortgage over the housing unit to be financed (by deposit of the underlying title deeds) and other collaterals, which are to be decided on a case-by-case basis.

Our principal product for Housing Finance is long-term loans. The long-term loans are for up to 90% of the eligible project cost for State Governments and public sector agencies for housing, up to 66% of the project cost for residential real estate by private sector and up to 80% of the funding requirement for Hudco Niwas. The disbursement of these loans is typically in one or more instalments. The maturity period of the term loans is typically up to 15 years for State Governments, and public and private sector agencies and up to 25 years for Hudco Niwas. The long-term loans typically bear floating interest rates and, depending upon the nature of the borrower and the dwelling unit, and there are provisions for reset of interest rate and conversion from fixed rate of interest to floating rate of interest and vice versa. The security under the long-term loans depends upon the nature of the housing project and the borrower. If the borrower is a public agency, the security options include government guarantee, bank guarantee, mortgage of the project or alternate property. In respect of private sector agencies, the security options include mortgage of the project property, escrow of the receivables and hypothecation of the assets. The security coverage under the long-term loans generally varies from 125%-175% of the loan outstanding at any given point of time depending upon the type of borrower.

The following table sets forth the sanctioned and the disbursed amount for social housing, residential real estate and Hudco Niwas for the indicated periods:

(₹ in crores except for number of dwelling units)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
Sanctioned amount			
Social housing	2,952.43 for 4,25,295 dwelling units	2,284.10 for 4,07,206 dwelling units	2,149.20 for 276,319 dwelling units
Residential real estate	4,291.37 for 9,067 dwelling units and others*	4,023.12 for 15,318 dwelling units and others*	3,102.84 for 18,941 dwelling units and others*
Hudco Niwas	393.37 for 4,924 dwelling units	-	40.44 for 472 dwelling units
Total	***7,637.17 for 4,39,286 dwelling units and others****	***6,307.22 for 4,22,524 dwelling units and others****	***5,292.48 for 295,732 dwelling units and others****
Disbursed amount			
Social housing	930.86	1083.72	328.46
Residential real estate	354.10	832.59	579.33
Hudco Niwas	106.39	2.26	46.94
Total	***1385.01***	***1918.57***	***954.73***

* *Others include land acquisition, ILCS, building material, basic sanitation and commercial real estate.*

The outstanding amount for social housing, residential real estate and Hudco Niwas as on March 31, 2013 is ₹ 3,015.40 crores, ₹ 2,785.30 crores and ₹478.75 crores respectively.

Urban infrastructure finance

We finance infrastructure projects of varied nature ("**Urban Infrastructure Finance**"). As on March 31, 2013, we have sanctioned Urban Infrastructure Finance of ₹ 98,707 crores which constitutes 68.37% of our total financing activities. Income from Urban Infrastructure Projects was ₹ 2,098.78 crores for the Fiscal 2013, which constitutes 71.80 % of our total income for that period. Urban Infrastructure Finance can be classified into social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others.

Under social infrastructure and area development, we finance health, education and cultural/recreational infrastructure projects such as hospital, health centres, schools and other educational institutions, community centres, gardens and parks; integrated area development schemes such as development of new towns, urban extensions and growth centres; and basic sanitation projects. Under water supply, we finance water related projects to unserviced areas, rehabilitations projects and augmentation of existing supply and quality. Under sewerage and drainage, we finance new schemes, and augmentation and rehabilitation projects on sewerage and drainage. Under the roads and transport, we finance roads, bridges, ports, airports, railways and purchase of buses. Under power, we finance generation (hydel, thermal, wind, solar and bio mass based) transmission and distribution systems. Under the emerging sector category, we finance SEZs, industrial infrastructure, gas pipelines, oil terminals, communication and entertainment infrastructure and IT parks. Under the commercial infrastructure and others, we finance shopping centres, market complexes, malls-cum-multiplexes, hotels and office buildings.

Our borrowers under Urban Infrastructure Finance are State Governments, state level finance corporations, water supply and sewerage boards of the state and city level, development authorities, roads and bridges development corporations, new town development agencies, regional planning board, urban local bodies, private sector agencies and companies.

The long-term loans are provided up to 90% of the eligible project cost by public borrowers and upto 70% of the eligible project cost for the other borrowers. The disbursement of these loans is typically made in instalments. The maturity period of the term loans is ranging from 5 to 20 years depending on the nature of the borrower / project. The long-term loans are availed on floating and fixed interest rate (to be reset periodically) and borrowers are generally availing it on floating interest rates basis. Further, there are provisions for conversion from fixed rate of interest to floating rate of interest and vice versa. The security under the long-term loans depends upon the nature of the infrastructure projects and the borrower. If the borrower is a public agency, the security options include government guarantee, bank guarantee, mortgage of the project or alternate property and escrow of the project revenues. In respect of private sector agencies, the security options include bank guarantee, mortgage of the project property, escrow of the receivables and hypothecation of the assets. The security coverage under the long-term loans generally varies from 125%-175% of the loan outstanding at any given point of time depending upon the type of borrower.

The following table sets forth the sanctioned and the disbursed amount for social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others for the indicated periods:

(₹ in crores except number of projects)

Particulars	Fiscal 2013	Fiscal 2012	Fiscal 2011
Sanctioned amount			
Social infrastructure and area development	2,202.42 for 13 projects	647.14 for 11 projects	290.88 for 18 projects
Water supply	3,088.59 for 21 projects	2,606.35 for 12 projects	2,721.43 for 11 projects
Sewerage and drainage	9,71.72 for 6 projects	2,845.41 for 8 projects	1,456.83 for 4 projects
Roads and transport	4,925.46 for 14 projects	2,510.08 for 11 projects	3,263.27 for 15 projects
Power	1,750 for 4 projects	4,819.43 for 12 projects	4,280.26 for 11 projects
Emerging sector	3,254.81for 8 projects	631.70 for 2 projects	2,090 for 3 projects
Commercial infrastructure and others	143.90 for 10 projects	144.48 for 5 projects	366.70 for 10 projects
Total	***16,336.90 for 76 projects***	***14,204.19 for 61 projects***	***14,469.37 for 72 projects***
Disbursed amount			
Social infrastructure and area development	42.52	170.07	145.80
Water supply	1318.13	156.65	211.56
Sewerage and drainage	197.75	15.75	15.69
Roads and transport	1,662.02	1,440.77	1053.20
Power	1,043.42	2,109.17	2,003.82
Emerging sector	304.20	705.89	375.73
Commercial infrastructure and others	124.23	558.94	344.02
Total	***4,692.27***	***4,987.17***	***4,149.82***

The outstanding amounts in relation to our loans for social infrastructure and area development, water supply, sewerage and drainage sector, roads and transport, power, emerging sector, commercial infrastructure and others as on March 31, 2013 were ₹ 995.44 crores, ₹ 2,704.37 crores, ₹ 311.54 crores, ₹ 5,599.86 crores, ₹ 7,260.31 crores, ₹ 1,307.87 crores and ₹ 1,477.68 crores respectively.

Consultancy services

We provide consultancy services in the area of housing and urban development ("**Consultancy Services**"). Our Consultancy Services consist of urban and regional planning, design and development, environmental engineering, social development, government programmes and others. Income from Consultancy Services was ₹9.28 crores for the Fiscal 2013, which constitutes 0.32% of our total income for that period.

Under urban and regional planning, we provide Consultancy Services with regard to preparation of urban and regional plans, master plans, city development plans, slum-free city plans, DPRs and preparation of state/city level urban development strategy and action plans. Under design and development, we provide Consultancy Services with regard to architectural planning and design services, associated engineering landscape and urban design aspects, and preparation of DPRs for housing projects. Under environmental engineering, we provide Consultancy Services for construction projects, environmental engineering projects covering water supply, sewerage and solid waste management systems. Under social development, we provide Consultancy Services with regard to poverty alleviation, community mobilization, gender issues, and monitoring and evaluation. Under government programmes, we provide Consultancy Services in relation to appraisal, monitoring, quality assurance and other aspects of government programmes such as JNNURM, RAY and ILCS. Under the others category, our Consultancy Services cover loan syndication, financial intermediation in restructuring and accounting practices for urban local bodies and guidance in raising of municipal bonds.

Our clients for Consultancy Services include housing or urban development agencies. Some of the projects in which consultancy services were provided by us are senior police officer's mess cum commercial/ office space in Bengaluru, urban habitat complex in Bengaluru, preparation of overview master plan of tourism for the Union Territory of Puducherry and preparation of tourism master plan for the State of Tamil Nadu.

Business support activities

Our business is supported by capacity building activities through HSMI, and alternative building materials and cost-effective technology promotion.

Research and training

We undertake research and training in the field of human settlement development ("**Research and Training**"). Our Research and Training is carried on through Human Settlement Management Institute ("**HSMI**"). HSMI was established in 1985 as our research and training wing to provide support for professionals and a forum for interaction of administrators, professionals, researchers and other engaged with the issues and day-to-day practice of human settlement development. HSMI operates as international, national and decentralized levels as a sector specialist institute. It has been working closely with the Ministry of Housing and Urban Poverty Alleviation to undertake research and training. Currently, HSMI undertakes Research and Training through four centres in the following focus areas viz. Centre for Urban Poverty, Slums and Livelihood, Centre for Project Development and Management, Centre for Sustainable Habitat and Centre for Affordable Housing.

Training by HSMI

HSMI has been organizing fee-based programmes, customized training programmes for the GoI in various ministries and international agencies. The client includes Department of Personnel and Training for IAS officers programmes and the Ministry of External Affairs and Ministry of Finance for International programmes under bilateral development programmes of the GoI besides housing boards, development authorities, infrastructure development agencies, local bodies, professional institutions and NGOs/CBOs. HSMI also organizes special events having bearing on the sector in collaboration with the international donor agencies by way of seminar and short duration workshops and consultations. Since its inception, HSMI has conducted 1,504 programmes, which have had 40,757 participants, and 27 international training programmes in which 540 professionals were trained from over 60 countries.

HSMI is also one of the identified National Nodal Resource Centres of the MoHUPA for coordinating various training and documentation activities under the IEC (information, education and communication) component to support the implementation of the Swarna Jayanti Sahanri Rozgar Yojana, a supported poverty alleviation programme of the GoI. In addition we have also undertaken capacity building activities to support implementation of the JNNURM programmes on behalf of the MoHUPA.

Research by HSMI

HSMI research programmes support its training activities and have been developed through small budget research studies. HSMI undertakes in-house research carried out by its faculty members and sponsored research. The areas of research primarily focus on integrated urban infrastructure development, urban management, environmental issues, urban poverty alleviation, informal financing and gender issues. These studies are published as research studies and working papers and are widely disseminated. Around 130 research studies and working papers have been undertaken by HSMI.

Research and Training through HSMI has helped us in generating viable projects to improve our lending operations directly and indirectly. Further, we have also instituted annual awards for identified best practices implemented by housing and urban agencies in the country

Building technology promotion

We promote cost effective technologies through use of local materials, upgradation of technologies and innovations in the area of building materials and construction ("**Building Technology Promotion**").

With a view to propagate, disseminate and promote these innovative and cost effective housing technologies, we along with the GoI have launched a major programme for the establishment of a national network of building centres ("**Building Centres**"). As a part of this initiative, 655 Building Centres had been approved as a part of a national network, out of which 442 Building Centres are functional and the remaining Building Centres are at various stages of functionality. Further, as on March 31, 2013, a total grant of ₹ 33.65 crore has been sanctioned by us for this initiative, out of which ₹ 23.84 crore have been disbursed. These building centres have together taken up construction activity to the tune of ₹ 1,491 crore, produced building components worth ₹ 376 crores and imparted training to over 3.21 lakhs construction workers. The Building Centres function by developing an effective construction delivery system for affordable housing and also contributing to employment and income generation at local levels. They impart training on cost effective technologies to various artisans and have introduced technologies in production of building components and construction of houses and buildings.

In addition to Building Technology Promotion through the Building Centres, we have also extended financial assistance through equity and term loan support to the building material industries for manufacturing building materials and components which are innovative and alternate to conventional options and utilizing agricultural and industrial wastes with energy efficient and environmentally appropriate options. As on March 31, 2013, we have extended financial support through this initiative to 30 material business units with a disbursed amount of ₹ 29.48 crore.

Furthermore, we also extend support for the development of low income villages and slums throughout the country, with assistance to individual projects of upto ₹ 0.35 crore.

Our business process

We have a detailed business process in place for providing Housing Finance and Urban Infrastructure Finance. Regional offices in association with the Corporate Office undertake extensive marketing of our products. The business process primarily begins by receipt and scrutiny of loan application by our regional offices. The received projects are appraised by duly constituted appraisal team comprising of personnel from technical, finance and legal divisions to ascertain the technical feasibility and financial viability for placing it before the competent authority for approval in the prescribed formats. The sanctioning powers vests with different levels of authority at regional offices and Corporate Office. Once the proposal is approved by competent authority, sanction letter is issued by the concerned regional office.

The disbursements are made after completion of documentation including creation of security at regional offices. The regional offices are required to monitor the project and make further disbursements after ensuring adequate physical and financial progress through periodic progress reports and site inspection etc.

Once the project is completed, repayment of the long-term loans extended is ensured by regional offices on quarterly / monthly basis by regularly monitoring the project. In case of default where recoveries become difficult, we have a system and procedure of invoking the securities for recovery of our dues.

With regard to Consultancy Services, based on the request of the client at any of our offices or through other methods such as competitive bidding, the assignments are finalised. The terms of reference is prepared outlining the project requirements, time schedules of completion and details of stage-wise payment. Thereafter, a formal agreement is executed for undertaking the consultancy service.

Our participation in government programmes

The GoI has initiated a number of programmes aimed at accelerating the growth and development of housing and urban infrastructure sector. In the past, we have been involved in such programmes such as the Valmiki-Ambedkar Awas Yojna ("**VAMBAY**"). VAMBAY was launched by the GoI in December 2001 with a view to improve the conditions of the slum dwellers living below the poverty line who do not posses adequate shelter. We provided finance to the State Governments for implementing the VAMBAY. Similarly, the GoI launched the '2 million housing programme' in 1998-99 designed to meet the shelter needs of EWS and LIG category households. Our primary role was to provide finance for the construction of the houses in urban and rural areas.

Currently, we play a key role in implementing the following programmes.

Jawaharlal Nehru National Urban Renewal Mission ("JNNURM")

JNNURM was launched by the GoI in December 2005 which aims to encourage cities to initiate steps to bring about improvement in the existing service levels in a financially sustainable manner. The objective of JNNURM is, among other things, to give focused attention to integrate development of infrastructure services, establishment of linkages between asset-creation and asset-management through reforms and ensuring adequate funds to meet the deficiencies in urban infrastructural services. JNNURM is being implemented through two sub-missions for 65 identified cities and two sister schemes for 5,097 cities. The two sub-missions for the 65 identified cities are urban infrastructure and governance (**"UIG"**) and basic services to the urban poor (**"BSUP"**). The two sister schemes for the 5,097 cities are urban infrastructure development scheme in small and medium towns ("**UIDSSMT**") and integrated housing and slum development programme ("**IHSDP**"). Further, the duration of the mission which was originally 7 years beginning from 2005-06 has been extended by another 2 years i.e. upto 2013-14 for implementation of the programme.

We have been appointed to play a role in the implementation of the BSUP and IHSDP projects. We are one of the appraising agencies for appraisal of the DPRs received under BSUP and IHSDP and have been nominated as monitoring agency for effective implementation of BSUP and IHSDP projects. We are also assisting the state governments or the implementing agencies in the preparation of the DPRs. In addition to the above services for the effective implementation of Government programmes, we also extend finance through long-term loan to public institutions eligible under the concerned government programme, to meet the viability gap i.e. the share contribution by the State Government or agency, beyond the grant available from Central Government.

Rajiv Awas Yojna ("RAY")

RAY, a programme of the GoI, aims to, among other things, bring existing slums within the formal system and enable the slum dwellers to avail of the same level of basic amenities as the rest of the town. Under RAY, the Central Governments would support projects for integrated development of all existing slums; development, improvement and maintenance of basic services to the poor including water supply, sewerage and drainage; and creation of affordable housing stock. The State Governments can avail various types of assistance under RAY from the Central Government.

We are involved in the preparation and appraisal of DPRs for the implementation of RAY.

Integrated Low Cost Sanitation Scheme ("ILCS")

ILCS was launched by the GoI in 1980-81 and was revised in 2008. The aim of ILCS is to convert/construct low cost sanitation units with superstructures and appropriate variations to suit local conditions. Towns across India are selected for the ILCS scheme based on the prescribed criteria. The scheme covers all the EWS households which have dry latrines and construct new latrines where EWS households have no latrines. The scheme is limited to EWS households only. 90% of the funds for the scheme is provided by the Central and State Governments and 10% by the beneficiaries.

We are involved in the appraisal of DPRs and monitoring of ILCS.

Resource mobilization

We were incorporated with an initial equity capital of ₹ 2 crore. As on the date of filing of the Draft Shelf Prospectus, our issued, subscribed and paid-up equity shares capital is ₹ 2,001.90 crore. For details, see the section titled "Capital Structure" on page 41.

In addition to the above, we fund our assets, primarily comprising of loans, with borrowings of various maturities in the domestic and international markets. Our market borrowings include bonds, loans, public deposits and external commercial borrowings. As on March 31, 2013 we had total outstanding borrowing of ₹ 18,867.51 crores, of which ₹ 8, 270.91 crores or 43.84 % was secured and ₹ 10, 596.61 crores, or 56.16 % was unsecured. For details of our outstanding borrowings as on June 30, 2013 see the section titled "Financial Indebtedness" on page 85.

Domestic borrowings

Debentures

We issue debentures through public issues and private placements to institutional investors. The outstanding debentures issued by us are listed on the Stock Exchanges.

Bonds

Taxable Bonds: We issue unsecured, non-convertible, redeemable taxable bonds under various series typically with a maturity period of ten years from the date of allotment and bearing an interest rate ranging from to 6.70% to 10.00%.

These bonds are issued on private placement basis and are currently listed on the "whole sale debt market segment" on the NSE.

Tax-free bonds: We issue unsecured, non-convertible, redeemable tax free bonds under various series typically with a maturity period ranging from ten to fifteen years from the date of allotment and bearing an interest rate ranging from 5.15% to 8.20%.

These bonds are issued to retail as well as individual investors through public issue or on private placement basis and are currently listed on the "whole sale debt market segment" on the NSE (bonds raised through private placement) and the capital market segments of the NSE and the BSE (bonds raised through public issues).

Loans

We avail of secured as well as unsecured long term and short term loans from various banks and financial institutions and the Government of India. These loans are mostly in the nature of term loans with a maturity period ranging from two to twenty two years and bearing fixed as well as floating interest rate ranging from 5.75% to 10.88%.

Public deposits

We have obtained public deposits at an average interest rate of interest of 9.02% (as calculated on June 30, 2013), repayable over a period of one to seven years.

International borrowings

External commercial borrowings

We have obtained foreign currency loans aggregating up to ₹ 685.41 crores from multilateral bodies abroad and which are either guaranteed by the Central Government or counter-guaranteed by Indian banks. These loans have a typical maturity period ranging from fifteen to thirty years from the date of allotment and bear a fixed and floating interest rate.

Our credit ratings

CARE

CARE has assigned a rating of 'CARE AAA(SO)' to the unsecured bonds issued by us aggregating to ₹ 1,036.40 crores as on October 10, 2011. The rating of 'CARE AAA(SO)' was primarily based on credit enhancement in the form of 'Letter of Comfort' from the then Ministry of Urban Employment and Poverty Alleviation. CARE assigns rating between 'CARE D' and 'CARE AAA' for the long-term debt instruments, with 'CARE AAA' being the highest rating. 'CARE AAA' is defined by CARE as a rating for instruments with the highest degree of safety regarding timely servicing of financial obligations and carrying the lowest credit risk.

CARE has assigned a rating of 'CARE AA+' to the long-term bonds issued by us, long term bank facilities availed by us and to our public deposit scheme. 'CARE AA+' is defined by CARE as rating for instruments having a high degree of safety regarding timely servicing of financial obligations and carrying a very low credit risk.

CARE has assigned a rating of 'CARE A1+' to the short-term debt programme and the short-term bank facilities availed by us. 'CARE A1+' is defined by CARE as rating for instruments having very strong degree of safety regarding timely payment of financial obligations and carrying a very low credit risk.

For the Issue, CARE has assigned a rating of 'CARE AA+' to the Bonds vide its letter dated August 16, 2013. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

Indian Ratings & Research Private Limited

IRRPL, formerly Fitch Ratings India Private Limited, has assigned a rating of 'IND AA+' to the long-term bonds issued by us, long term bank facilities availed by us and to our public deposit scheme.

For the Issue, IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated August 19, 2013.

Risk management

Risk management structure

Our Board of Directors is entrusted with the overall responsibility for the management of risks of our business. Additionally, we also have in place committees, as described below, to manage the various risks that we are exposed to. We are also in the process of putting in place an integrated risk management policy and procedures, for which a consultant has been appointed.

Credit risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance. We are subject to credit risk in a number of ways; for additional information on our credit risk, see the section titled "Risk Factors" on page 10.

We manage credit risk by placing an emphasis on the financial and operational strength, capability and competence of the borrower. While we encourage certain socially relevant schemes through differential lending rates, the eligibility criteria and fund decision is always purely guided by the merit of the project. We use a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make an assessment of the extent of underlying credit risk. We generally do not sanction any facility to client appearing in CIBIL's list of 'defaulters' or 'wilful defaulters' as per RBI guidelines, or whose board of directors include promoter directors or whole-time directors (other than professional directors and nominee directors of financial institutions or Central or State Governments) of companies appearing in CIBIL's list of 'wilful defaulters'.

Security risk

Security risk is the risk that there may not be a security or the security may be insufficient to cover for the loss caused to us in the event the borrower fails to repay the loan. We manage security risk by ensuring that the loan is duly secured through various security mechanisms like State Government guarantee, mortgage, hypothecation, bank guarantee, first priority pari-passu charge on assets and trust and retention account. In certain cases, collateral securities like personal and corporate guarantees are also insisted upon from different borrowers from private agencies. Further, in many of our loans, dedicated account/escrow accounts are used as a measure of credit enhancement mechanism. Under this arrangement, the borrower ensure opening of dedicated account of definite revenue streams of the borrower for ensuring repayment of loans in time.

Market risk

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect our financial condition. We manage the interest rate risk by analysis of interest rate sensitivity gap statements and creation of assets and liabilities with the mix of fixed and floating interest rates. In addition, all loan sanction documents specifically give us the right to vary interest rate on the un-disbursed portion of any loan. We review our lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements. For additional information on interest rate risk, see the section titled "Risk Factors" on page 10.

Foreign currency exchange rate risk

Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. We have foreign currency borrowings that could expose us to foreign currency exchange rate risk. We have put in place currency risk management policy to manage risks associated with foreign currency borrowings. We manage foreign currency risk through derivative products (like currency forward, option, principal swap, interest rate swap and full currency swap) offered by banks, which are authorised dealers. We have a hedging committee of senior functionaries and asset liability management committee ("**ALCO**") headed by our Director (Finance) and a forex consultant to guide in hedging and other related activities. As on, June 30, 2013 we have entered into hedging transaction to cover 76.76 % of our foreign currency principal exposure. For additional information on foreign currency exchange rate risk, see the section titled "Risk Factors" on page 10.

Liquidity risk

Liquidity risk is the risk of our potential inability to meet our liabilities as they become due. We have an asset liability management committee ("**ALCO**") headed by our Director (Finance) to manage the liquidity risk. ALCO monitors risks related to liquidity and interest rate and also monitors implementation of decisions taken in the ALCO meetings. The liquidity risk is monitored with the help of liquidity gap analysis. The asset liability management framework includes periodic analysis of long-term liquidity profile of asset receipts and debt service obligations. To ensure that we always have sufficient funds to meet our commitments, we maintain satisfactory level of liquidity to ensure availability of funds at any time to meet operational and statutory requirements. In addition, we have been sanctioned cash credit/overdraft facilities by commercial banks, which can be availed as and when need arises. At present surplus funds are invested by way of short-term deposits with banks as per board approved guidelines prepared on the basis of directions received from DPE. For additional information on liquidity risk, see the section titled "Risk Factors" on page 10.

Operational risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have established systems and procedures to reduce operational risk as outlined below:

Operational controls in project finance activities Our operational policy guidelines and manuals provide a detailed description of the systems and procedures to be followed in the course of appraisal, approval, disbursement and recovery of a loan. Various checks and control measures have been built-in for timely review of the operating activities and monitoring of any gaps in the same.

Operational controls in treasury activities Our guidelines for deployment of surplus funds provide a description of process to be followed, with suitable exposure and counterparty limits. Compliance with our guidelines is monitored through internal control and systems including external and internal audits.

Legal risk Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations. We seek to minimize the legal risk through legal documentation that is drafted to protect our interests to the maximum extent possible.

Our joint ventures

We have joint venture interests in Shristi Urban Infrastructure Development Limited, Pragati Social Infrastructure & Development Limited, MCM Infrastructure Private Limited and Signa Infrastructure India Limited. These joint ventures are engaged in the business of, among other things, constructing housing and urban infrastructure facilities. For details, see the section titled "History and Certain Corporate Matters" on page 70. We earn equity-based income from some of our joint venture companies. For details, see the section titled "Annexure A – Financial Statements" on page 160.

Competition

Our primary competitors are public sector banks, private banks, financial institutions and HFCs registered with the NHB.

Regulation

We are a public limited company under the Companies Act and notified as a public financial institution under Section 4A of the Companies Act. We are a government company under Section 617 of the Companies Act. We are also registered with the NHB to carry on the business of a housing finance institution. The certificate of registration has been granted to us by the NHB subject to our continued compliance with all the directions issued by the NHB from time to time. For further details on the directions issued by the NHB, see the section titled "Regulations and Policies" on page 66.

Corporate social responsibility

Through Corporate Social Responsibility ("**CSR**"), we have been periodically undertaking various activities. Under CSR, we have supported, among other things, financial assistance for the construction of rehabilitation projects for disaster affected people, construction of toilet facilities, vocational centres for slum dwellers and construction of night shelters. To increase our CSR activities, we formulated a CSR policy in Fiscal 2011 with two important focus areas viz sustainability and inclusion of socially disadvantaged communities specially the poor and slum dwellers. The CSR policy provides for the areas to be covered under CSR such as supporting research in the housing and urban infrastructure sector, supporting initiatives for slum redevelopment and sustainable habitat planning, supporting disaster rehabilitation activities. The source of funds for CSR activities is out of our net profits in line with the DPE guidelines. During Fiscal 2013, we created a non-lapsable budget of ₹ 9.45 crore (1.5% of our net profits) for activities under CSR.

Benefits for the employees

We have various schemes in place for the benefit of our employees such as the employees deposit linked insurance scheme and the group saving linked insurance scheme with the LIC, group personal accident policy with National Insurance Company, medical attendance scheme and employee social security scheme.

Offices

Registered and corporate office: Our Registered and Corporate Office is located at Hudco Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 100 003.

Training and research wing: Our training and research wing is located in New Delhi.

Zonal offices: We have one zonal office which is located in Guwahati, Assam.

Regional office: We have regional offices in Ahmedabad, Bengaluru, Bhopal, Bhubaneswar, Chandigarh, Chennai, Dehradun, Delhi (NCR), Guwahati, Hyderabad, Jaipur, Jammu, Kolkata, Kohima, Lucknow, Mumbai, Patna, Raipur, Ranchi and Thiruvananthapuram.

Development offices: We have development offices in Agartala, Aizwal, Goa, Imphal, Itanagar, Kokrajhar, Puducherry, Portblair, Shillong and Shimla.

REGULATIONS AND POLICIES

The following is a summary of certain laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

The National Housing Bank Act, 1987

The National Housing Bank Act, 1987 (the "**NHB Act**"), established the National Housing Bank ("**NHB**") to operate as a principal agency to promote Housing Finance Companies ("**HFCs**") and to provide financial and other support to such institutions.

Under the NHB Act, an HFC is required to obtain certificate of registration and meet the net owned fund requirements for carrying on housing finance business. Further, every HFC is required to invest and continue to invest in India in unencumbered approved securities, an amount which, at the close of business on any day, is not less than six per cent (or such higher percentage as the NHB may specify), of the public deposits outstanding at the close of business on the last working day of the second preceding quarter.

Additionally, every HFC is required to maintain in India in an account with a scheduled bank in term deposits or certificate of deposits (free of charge or lien) or in deposits with the NHB or by way of subscription to the bonds issued by the NHB, a sum which, at the close of business on any day, together with the investment as specified above, shall not be less than 12.50 per cent (or such higher percentage as the NHB may specify), of the public deposits outstanding in the books of the HFC at the close of business on the last working day of the second preceding quarter. Pursuant to the NHB Act, every HFC is also required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

Under the terms of the NHB Act, the NHB has the power to direct deposit accepting HFCs to furnish such statements, information or particulars relating to deposits received by the HFC, as may be specified by the NHB. The NHB may cause an inspection to be made of any deposit accepting HFC, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so.

Our Company is registered with the NHB. The certificate registration no. 01.0016.01 dated July 31, 2001 was granted to our Company by NHB.

The Housing Finance Companies (National Housing Bank) Directions, 2010

The Housing Finance Companies (National Housing Bank) Directions 2010 (the "**HFC Directions**") enable the National Housing Bank to regulate the housing finance system of the country to its advantage. Pursuant to the HFC Directions, no HFC shall accept or renew public deposits unless it has obtained minimum investment grade rating for its fixed deposits from any one of the approved rating agencies, at least once a year and a copy of the rating is sent to the NHB and it complies with prudential norms.

As per the HFC Directions, no HFC shall have deposits inclusive of public deposits, the aggregate amount of which together with the amounts, if any, held by it which are referred in clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the Reserve Bank of India Act, 1934 as also loans or other assistance from the National Housing Bank, is in excess of sixteen times of its net owned fund. Further, no HFC shall accept or renew any public deposit which is repayable on demand or on notice; or unless such deposit is repayable after a period of twelve months or more but not later than eighty four months from the date of acceptance or renewal of such deposits. Acceptance or renewal can only be done on a written application from the depositors in the form to be supplied by the HFC.

As per the HFC Directions, no HFC shall invite or accept or renew any public deposit at a rate of interest exceeding twelve and half per cent per annum. Further, no HFC shall invite or accept or renew repatriable deposits from non-resident Indians in terms of Notification No. FEMA.5/2000-RB dated May 03, 2000 under Non-Resident (External) Account Scheme at a rate exceeding the rates specified by the Reserve Bank of India for such deposits with scheduled commercial banks.

In accordance with the prudential norms mentioned in the HFC Direction, income recognition shall be based on recognised accounting principles. Every HFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into standard assets; sub-standard assets; doubtful assets; and loss assets.

The HFC Directives also require each HFC to maintain a minimum capital ratio consisting of Tier-I and Tier-II capital which shall not be less than twelve percent its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. The total Tier-II capital, at any point of time, shall not exceed one hundred percent of Tier-I capital.

Further, no HFC shall invest in land or buildings, except for its own use, an amount exceeding twenty per cent of its capital fund, provided that such investment over and above ten percent of its owned fund shall be made only in residential units. No HFC shall lend to any single borrower exceeding fifteen percent of its owned fund; and to any single group of borrowers exceeding twenty-five percent of its owned fund. An HFC shall not invest in the shares of another company exceeding fifteen percent of its owned fund; and the shares of a single group of companies exceeding twenty-five percent of its owned funds. An HFC shall not lend and invest exceeding twenty-five percent of its owned fund to a single party; and forty percent of its owned fund to a single group of parties. Additionally, an HFC cannot lend against its own shares. However, in terms of a letter from the NHB dated April 5, 2011, our Company has been granted a partial exemption from the abovementioned requirements, inasmuch as it may lend upto 50% of its net owned funds to government agencies (under its individual lending exposure) and upto 100% of its net owned funds to individual state governments (under its group exposure).

Pursuant to the HFC Directions, the aggregate exposure of a HFC to the capital market in all forms should not exceed 40 per cent of its net worth as on March 31 of the previous year. Within this overall ceiling, direct investment in shares, convertible bonds / debentures, units of equity-oriented mutual funds and all exposures to Venture Capital Funds of the HFC should not exceed 20 per cent of its net worth as on March 31 of the previous year.

The present issue does not qualify as a 'public deposit' under paragraph 2(1)(y) of the HFC Directions.

Guidelines on 'Know Your Customer' and 'Anti Money Laundering Measures'

The revised Guidelines on Know Your Customer' and 'Anti Money Laundering Measures (KYC AML Guidelines) dated October 11, 2010 issued by the NHB lay down provisions to prevent housing finance companies (HFCs) from being used, intentionally or unintentionally, by criminal elements for money laundering activities. The KYC AML Guidelines require, among other things, having a customer acceptance policy, and a customer identification procedure. Further, the KYC AML Guidelines also require the board of directors of a HFC to ensure that an effective Know Your Customer ("**KYC**") programme is put in place by establishing appropriate procedures and ensuring their effective implementation.

Guidelines for Asset Liability Management System for HFCs

The revised Guidelines for Asset Liability Management System for HFCs ("**ALM Guidelines**") were issued by the NHB on October 11, 2010. The ALM Guidelines lay down broad guidelines for HFCs in respect of management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of the HFC's senior management for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC's budget and decided risk management objectives.

The ALM Guidelines also recommended classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

In addition, each HFC is required to set prudential limits on individual gaps in various time buckets with the approval of the Board/management committee. Such prudential limits should have a relationship with the total assets, earning assets or equity.

Guidelines on Fair Practices Code for HFCs

The revised Guidelines on Fair Practices Code for HFCs ("**Fair Practices Code**") were issued by the NHB on October 11, 2010. The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase in transparency, encouragement of market forces, higher operating standards, fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customer and prompt resolution of grievances. HFCs are required to disclose information on interest rates, common fees, terms and conditions and charges through notices put up at designated places. Further, HFCs are required to ensure that advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues. The process will involve reminding the customer by sending him/her notice or by making personal visits and/or repossession of security, if any.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "**DRT Act**") provides for establishment of the Debt Recovery Tribunals (the "**DRTs**") for expeditious adjudication and recovery of debts due to banks and financial institutions. The DRT Act lays down the procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

The Prevention of Money Laundering Act, 2002

The Prevention of Money Laundering Act, 2002 (the "**PMLA**") was enacted to prevent money laundering and to provide for confiscation of property derived from, and involved in, money laundering. In terms of the PMLA, every financial institution, including an HFC, is required to maintain record of all transactions of a specified nature and value and verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed. The PMLA also provides for power of summons, searches and seizures to the authorities under the PMLA.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a "without recourse" basis only. A securitization company may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower, by change in, or take over of, the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Regulations applicable to Foreign Investment

FEMA and FDI Regulations

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable consolidated FDI policy, effective from April 1, 2013 as issued by the Department of Industrial Policy and Promotion, ("**DIPP**").

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue of security to a person resident outside India.

FDI is permitted, except in certain prohibited sectors, in Indian companies either through the automatic route or the approval route, depending upon the sector in which FDI is sought to be made. Under the automatic route, no prior government approval is required for the issue of securities by Indian companies/ acquisition of securities of Indian companies, subject to the sectoral caps and other prescribed conditions. However, if the foreign investor has any previous joint venture/ tie-up or a technology transfer/ trademark agreement in the same field in India, prior approval from the FIPB is required even if that activity falls under the automatic route, except as otherwise provided. Under the approval route, prior approval from the FIPB or RBI is required. FDI for the items/ activities that cannot be brought in under the automatic route may be brought in through the approval route.

FDI is allowed under the automatic route up to 100% in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and the quantum of FDI.

Investment by FII and Eligible NRIs

For extant regulations governing the limits and manner of participation of FIIs and Eligible NRIs in corporate debt instruments, see the sections titled "Issue Procedure – Investments by FIIs" and "Issue Procedure – Applications by NRIs" on pages 127 and 128, respectively.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Housing and Urban Development Finance Corporation Private Limited on April 25, 1970 as a private limited company under the Companies Act and was granted a certificate of incorporation by the then Registrar of Companies, Delhi. Subsequently the name of our Company was changed to its present name and a fresh certificate of incorporation dated July 9, 1974 was issued by the then Registrar of Companies, Delhi and Haryana. The corporate identification number of our Company is U74899DL1970GOI005276. Our Company was notified as a public financial institution under Section 4A of the Companies Act, on December 9, 1996.

For details in relation to our business activities and investments, see the section titled "Our Business" on page 53.

Major events

Year	Event
1970	• Incorporation of our Company
1974	• Converted to a public limited company
1977	• Introduced rural housing schemes
1980	• Introduced the shelter upgradation scheme
1981	• Opening of regional offices
1985	• Set up HSMI
1988	• Introduced financing for village abadi environmental improvement scheme
1994	• Started financing the private sector for commercial and housing schemes
1996	• Notified as a public financial institution under section 4A of the Companies Act
1998	• Inducted in the GoI's '2 million housing program'
	• Started retail financing –Hudco Niwas
2004	• Granted the Mini-ratna (category I)
2011	• Substantial reduction in net NPAs
	• PAT crossed ₹ 500 crores
2012	• PAT crossed ₹ 600 crores
	• Successfully raised ₹ 5,000 crores through an issue of tax free bonds, as allocated by the CBDT in its budget allocation for the year 2011-2012, including ₹ 4,684.72 crore raised through a public issue of tax-free bonds
2013	• PAT crossed ₹ 700 crores
	• Successfully raised ₹ 2,401.35 crores through public issue of tax free bonds, as allocated by the CBDT in its budget allocation for the year 2012-2013

Awards and recognitions

Our Company has won several awards and recognitions over the years. Few of the major awards and recognitions are as follows:

- Received '**UN-Habitat Scroll of Honor**' from the United Nations Human Settlements Program in 1991 for outstanding contributions in the field of human settlements.

- Received the '**Prime Minister's MOU Award for Excellence in Performance (1998 – 1999)**' in 2000 for being among the top ten public sector institutions in performance.

- Received the '**Prime Minister's award for Urban Planning and Design**' in 2000 for design of satellite township of Jammu.

- Conferred the '**Mini-ratna Status**' in the year 2004-05 for Category-1 public sector enterprise.

Our main objects

Our main objects, as contained in clause III (A) of our Memorandum of Association, are:

i. to provide long term finance for construction of houses for residential purposes or finance or undertake housing and urban development programmes in the country;

ii. to finance or undertake, wholly or partly, the setting up of new or satellite towns;
iii. to subscribe to the debentures and bonds to be issued by the state housing (and or urban development) boards, improvement trusts, development authorities etc., specifically for the purpose of financing housing and urban development programmes;
iv. to finance or undertake the setting up of industrial enterprises of building material;
v. to administer the moneys received, from time to time, from the Government of India and other sources as grants or otherwise for the purposes of financing or undertaking housing and urban development programmes in the country;
vi. to promote, establish, assist, collaborate and provide consultancy, services for the projects of designing and planning of works relating to housing and urban development programmes in India and abroad; and
vii. to undertake business of venture capital fund in housing and urban development sectors facilitating innovations in these sectors and investing in and/or subscribing to the units/ shares etc. of venture capital funds promoted by government/ government agencies in the above areas; and
viii. to set up the Company's own mutual fund for the purpose of housing and urban development programmes and/ or invest in, and/ or subscribe to the units etc. of mutual funds, promoted by the government/ government agencies for the above purpose.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Holding company

Our Company does not have a holding company.

Our Promoter

Our Promoter is the President of India. Our Promoter holds the entire equity share capital of our Company, either directly or through nominee shareholders. For further details, see the section titled "Capital Structure - *Shareholding pattern of our Company and details of top ten shareholders*" on page 41.

Our Subsidiaries

Our Company does not have any subsidiaries.

Our Joint Ventures

Our Company has entered into four joint venture agreements pursuant to which the following companies have been incorporated:

1. Shristi Urban Infrastructure Development Limited.
2. Pragati Social Infrastructure and Development Limited.
3. MCM Infrastructure Private Limited.
4. Signa Infrastructure India Limited.

The details of these joint venture agreements are described hereinbelow.

*(a) Joint venture agreement dated June 2, 2005 between Shristi Infrastructure Development Corporation Limited ("**Shristi**") and our Company*

Shristi and our Company entered into a joint venture agreement to set up a joint venture company by the name of Shristi Urban Infrastructure Development Limited ("**SUIDL**") for, among other things, promoting, establishing, constructing and acting as a special purpose vehicle for entering into understanding and joint ventures with various governmental bodies for infrastructural development such as creation, expansion and modernization of housing, commercial, social and urban development facilities and for development of tourism and entertainment infrastructure projects in India and abroad.

As per the terms of the joint venture agreement, our Company and Shristi shall hold 40% and 60% respectively of the equity share capital of SUIDL. While Shristi shall have the option to sell its shareholding in SUIDL only after three years from the date of commencement of business of SUIDL, our Company shall have the option to sell its shareholding in SUIDL at any point of time. However, in case of sale by either party, the shares are to be first offered to the other existing shareholder of SUIDL.

Further, as per the terms of the joint venture agreement, our Company shall provide consultancy on technical aspects including designing and drawing for the assignments undertaken by SUIDL. Shristi shall carry the responsibility of the construction, development and other related work to be carried on by SUIDL. Furthermore, SUIDL is prohibited from competing with our Company in respect of its existing and proposed activities.

*(b) Joint venture agreement dated March 29, 2005 between Pragati Growth & Development Company Limited ("**Pragati**") and our Company*

Pragati and our Company entered into a joint venture agreement to set up a joint venture company by the name of Pragati Social Infrastructure and Development Limited ("**PSIDL**") for, among other things, assisting in the creation, expansion and modernization of infrastructure facilities including infrastructure for senior citizens residencies, health & education infrastructure, and providing financial assistance to industrial and other enterprises for infrastructure development.

As per the terms of the joint venture agreement, our Company and Pragati shall hold 26% and 74% respectively of the equity share capital of PSIDL. Our Company shall have the option to sell its shareholding in PSIDL at any time within a period of seven years from the date of commencement of the business of PSIDL, provided that the shares shall be first offered to Pragati.

Further, as per the terms of the joint venture agreement, our Company's role in PSIDL shall be to provide consultancy on technical for the assignments undertaken by PSIDL. Pragati shall carry the responsibility of developing the business and working out strategic tie-ups with other parties.

*(c) Joint venture agreement dated December 14, 2005 between MCM Services Private Limited ("**MCM**") and our Company*

MCM and our Company entered into a joint venture agreement to set up a joint venture company by the name of MCM Infrastructure Private Limited ("**MCMI**") for, among other things, promoting, establishing, constructing and acting as a special purpose vehicle for entering into understanding and joint ventures with various governmental bodies for infrastructural development such as creation, expansion and modernization of housing, commercial, social and urban development facilities and for development of tourism and entertainment infrastructure projects in India and abroad.

As per the terms of the joint venture agreement, our Company and MCM shall hold 26% and 74% respectively of the equity share capital of MCMI. Both the parties shall have the option to sell their respective equity shares held in MCMI with mutual consent at any time after a period of five years from the date of acquisition of the equity shares. However, in case of sale by either party, the shares are to be first offered to the other shareholder of MCMI.

Further, as per the terms of the joint venture agreement, MCM shall carry the responsibility of the construction, development and other related work to be carried on by MIPL with the assistance and support of our Company. Furthermore, MIPL is prohibited from competing with our Company in respect of its existing and proposed activities.

*(d) Joint venture agreement dated May 22, 2006 between Marg Constructions Limited ("**Marg**") and our Company*

Marg and our Company entered into a joint venture agreement to set up a joint venture company by the name of Signa Infrastructure India Limited ("**SIIL**") for, among other things, promoting, establishing, constructing and acting as a special purpose vehicle for entering into understanding and joint ventures with various governmental bodies for infrastructural development such as creation, expansion and modernization of housing, commercial, social and urban development facilities and for development of tourism and entertainment infrastructure projects in India and abroad.

As per the terms of the joint venture agreement, our Company and Marg shall hold 26% and 74% respectively of the equity share capital of SIIL. Both the parties shall have the option to sell their respective equity shares held in SIIL with mutual consent at any time after three years from the date of acquiring the equity shares of SIIL. However, in case of sale by either party, the shares are to be first offered to the other shareholder of SIIL.

Further, as per the terms of the joint venture agreement, Marg shall carry the responsibility of the construction, development and other related work to be carried on by SIIL and shall also provide technological, financial, managerial and other expertise to SIIL. Furthermore, SIIL is prohibited from competing with our Company in respect of its existing and proposed activities.

Material Agreements

Memorandum of understanding with Ministry of Housing & Urban Poverty Alleviation, Government of India ("MoHUPA")

Our Company enters into an annual memorandum of understanding with the MoHUPA. This memorandum of understanding is a negotiated agreement between the MoHUPA and our Company and sets out certain targets based on financial and non-financial parameters ("**MoU Targets**"). At the end of the year, the performance of our Company is evaluated vis-à-vis the MoU Targets.

For the Fiscal 2013, the memorandum of understanding with the MoHUPA was signed on March 25, 2013 ("**MoU**"). As per the MoU, our Company has undertaken to achieve performance levels for Fiscal 2014 on four parameters namely, static financial parameters, dynamic parameters, sector-specific parameters and enterprise-specific parameters. With regard to commitments and assistance from the MoHUPA, the MoU provides for, among other things, helping our Company increase its credit-worthiness and enabling it to achieve its social objective by providing necessary policy support, helping our Company in mobilising resources at lower costs and helping our Company in resolving defaults of state governments and state agencies.

OUR MANAGEMENT

Board of Directors

Pursuant to the Articles of Association, our Company is required to have not less than three and not more than ten Directors. Currently, our Company has eight Directors on the Board out of which three are executive Directors, two are government nominee non-executive Directors and three are independent Directors.

The following table sets forth details regarding the Board as on date of this Draft Shelf Prospectus.

Name/DIN/Address/ Occupation	Nationality	Date of Appointment	Designation	Other Directorships
Mr. Veerappa Parameshwarappa Baligar ***DIN***: 00850615 ***Address***: Flat No. 235, Malwa Singh Block, Khelgaon Marg, Asian Games Village Complex, New Delhi – 110049 ***Occupation***: Service	Indian	April 11, 2011	Chairman and Managing Director	• Bangalore Metro Rail Corporation Limited • Delhi Mumbai Industrial Corridor Development Corporation Limited
Mr. Nand Lal Manjoka ***DIN***: 06560566 ***Address***: C-28, Ground Floor, Jungpura (Near Sanatan Dharam Mandir) SO, New Delhi – 110014 ***Occupation***: Service	Indian	April 11, 2013	Director	-
Mr. Anil Kumar Kaushik ***DIN***: 06600755 ***Address***: P-290, Sector 12, Pratap Vihar, Ghaziabad-201009, Uttar Pradesh ***Occupation***: Service	Indian	May 30, 2013	Director	-
Dr. Susheel Kumar ***DIN***: 00040657 ***Address***: C-11/52, Shahjahan Road, New Delhi ***Occupation***: Service	Indian	May 7, 2012	Director	-
Mr. Naresh Salecha ***DIN***: 00843812 ***Address***: 253/2A, Railway Colony, Panchkuian Road, New Delhi ***Occupation***: Service	Indian	January 2, 2013	Director	• Hindustan Prefab Limited • National Building Construction Corporation Limited • Kolkata Metro Rail Corporation Limited

Name/DIN/Address/ Occupation	Nationality	Date of Appointment	Designation	Other Directorships
Prof. Dinesh Bhikhubhai Mehta ***DIN***: 01957927 ***Address***: 501/A, Shantanu Apartments, Azad Society, Ahmedabad, Gujarat- 380 015 ***Occupation***: Emeritus professorship	Indian	January 16, 2012	Director	-
Mr. Virender Ganda ***DIN***: 01013057 ***Address***: 'Vishvas' C-20, South Extension, Part-II, New Delhi-110049 ***Occupation***: Professional	Indian	February 9, 2012	Director	-
Prof. Shukhadeo Thorat ***DIN***: 06414412 ***Address:*** House No. 23, Dakshina Puram Campus, Jawahar lal Nehru University, New Delhi - 110067 ***Occupation***: Professional	Indian	October 10, 2012	Director	-

None of the current directors of the Company appear on the list of defaulters of the RBI/ ECGC default list.

As per the Articles of Association, the President of India shall appoint the chairman and such other Directors in consultation with the chairman provided no such consultation is necessary in respect of government representatives on the board of directors of our Company. The President may, from time to time, appoint a managing director and other whole-time director/directors on such terms and remuneration (whether by way of salary or otherwise) as he may think fit. Besides this, there are no arrangements or understanding with major customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or a member of the senior management.

Brief Profiles

Mr. Veerappa Parameshwarappa Baligar, IAS, aged 59 years, is the Chairman and Managing Director of our Company. He holds a degree in B Tech in civil engineering from the Indian Institute of Technology, Bombay and Master of Business Administration from Southern Cross University, Australia. He was previously posted as principal secretary, Industries and Commerce, Government of Karnataka and has over thirty years of experience in public administration.

Mr. Nand Lal Manjoka, aged 54 years, is the Director (Corporate Planning) of our Company. He is an Associate Member of The Institute of Engineers, India and also holds a Master's degree in business administration and an Executive master's degree in international business from the Indian Institute of Foreign Trade, New Delhi. He has been previously associated with the Container Corporation of India as Executive Director (Planning & Business Development), and has over 20 of experience in planning and business development.

Mr. Anil Kumar Kaushik, aged 58 years, is the Director (Finance) of our Company. He holds a bachelor's degree in law, a post graduate degree in commerce and is a senior member of the Institute of Cost Accountants of India. He is also a qualified company secretary. He has been associated with our Company in various capacities for over 23 years and has over 35 years of experience in the field of finance and accounts.

Dr. Susheel Kumar, IAS, aged 55 years, is a non-executive government nominee Director of our Company. He holds a M. Phil in Physics and has completed his master of business administration. He has held the post of managing director of the State Tourism Corporation and is currently the joint secretary in the Ministry of Housing and Poverty Alleviation.

Mr. Naresh Salecha, IRAS, aged 52 years is a non-executive, government nominee Director of our Company. He holds a Master of Business Administration degree and L.L.B degree. He has previously held the post of EDF(C), Railway Board, Ministry of Railway, Government of India.

Prof. Dinesh Bhikhubhai Mehta, aged 62 years is a non-executive, independent Director of our Company. He holds a Ph.D. in regional science and urban economics from the University of Pennsylvania, USA and a masters degree in city and regional planning from the Harvard University, USA. Previously, he was a director of the National Institute of Urban Affairs during 1992-1997.

Mr. Virender Ganda, aged 61 years, is a non-executive, independent Director of our Company. He is senior advocate practicing at the Supreme Court and the Delhi High Court and specializes in the field of corporate and economic laws. He has 36 years of experience in the field of law. Previously he was the president of the Institute of Company Secretaries of India, member of the core group of the Institute of Company Secretaries of India, the chairman of the organizing sub-committee for National Convention, 1995, the vice president of ICSI for the year 1998 and member of the advisory board of the Centre for Corporate Research and Training. He has also been a member of the committee appointed by SEBI for corporate governance headed by Mr. Kumar Manglam Birla.

Prof. Shukhadeo Thorat, aged 64 years, is a non executive, independent Director of our Company. He holds a bachelor degree from Milind College of Arts, Aurangabad, a masters degree in economics from Babasaheb Amdebkar Marathwada University, Aurangabad and an M.Phil and Ph.D in economics from the Jawaharlal Nehru University, New Delhi. Previously, he was the director of the Indian Institute of Dalit Studies, New Delhi from January 2003 to February 2006, visiting faculty at the Department of Economics, Iowa State University, United States, Chairman of the University Grants Commission from February 2006 to February 2011. He is currently the chairman of the ICSSR. He was also awarded the Padmashree by the GoI in 2008.

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of the Board

Pursuant to a resolution passed by the shareholders of our Company on December 20, 2006, and in accordance with the provisions of the Companies Act and Articles of Association of our Company, the Board is authorized to borrow sums of money upon such terms and conditions and for such purposes as the Board may think fit, provided the aggregate indebtedness of our Company, shall not, at any given time, exceed ₹ 40,000 crores. The aggregate value of the Bonds offered under this Draft Shelf Prospectus, together with the existing borrowings of our Company, is within the approved borrowing limits of ₹ 40,000 crores.

The Issue is being made pursuant to the resolution passed by the Board on August 23, 2013.

Interests of our Directors

Except as otherwise stated in the section titled "Annexure A – Financial Statements" on page 160, our Company has not entered into any contracts, agreements and arrangements during the two years preceding the date of this Draft Shelf Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of such contracts or agreements.

The Chairman and Managing Director may be deemed to be interested to the extent of remuneration payable to him. All our independent Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof. Vide a resolution of our Board dated August 24, 2012, and a letter from the MoHUPA dated January 18, 2013, all our independent Directors are entitled to sitting fees of ₹ 10,000/- for each Board meeting and ₹ 8,000/- for each committee meeting of the Board. All Directors may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to this Issue, if any.

Our Directors have no other interests in our Company.

Qualification shares held by Directors

As per the Articles of Association of our Company, the Directors are not required to hold any qualification shares in our Company.

Shareholding of Directors

Except for Mr. Naresh Salecha, a non-executive government nomine Director of our Company, who holds one Equity Share in our Company as a nominee of the President of India, none of our Directors holds any Equity Shares in our Company.

Remuneration of the Directors

A. Executive Directors

The Chairman and Managing Director has been appointed on deputation basis pursuant to an order issued by the MoHUPA, GoI dated March 25, 2011. The remuneration being drawn by the Chairman and Managing Director is currently based on the order of the MoHUPA, GoI dated January 18, 2012, the details of which are stated below:

Name of Director	Remuneration
Mr. Veerappa Parameshwarappa Baligar Chairman and Managing Director	**Basic Salary**: ₹ 80,000 per month **Perquisites and allowances**: In addition to the basic salary, he may also be entitled to perquisites and allowances including: (i) Dearness allowance at central government rate (ii) HRA at central government rate (iii) LTA as applicable to central government employees

The MoHUPA is yet to notify the detailed terms and conditions for the appointment of Mr. Nand Lal Manjoka and Mr. Anil Kumar Kaushik. In terms of their appointment letters, Mr. Manjoka and Mr. Kaushik have been appointed by the MoHUPA in the pay scale of ₹ 75,000 - ₹ 1,00,000 per month.

B. Non-Executive Directors

The following table sets forth the details of the sitting fees and commission paid to our non-executive Directors during the year ended March 31, 2013.

(In ₹)

Name	Sitting fee for board meeting	Sitting fee for committee meeting	Total
Dr. Susheel Kumar*	Nil	Nil	Nil
Mr. Naresh Salecha*	Nil	Nil	Nil
Mr. Virender Ganda	1,10,000	1,08,000	2,18,000
Prof. Dinesh B. Mehta	75,000	80,000	1,55,000
Mr. Sukhadeo Thorat	40,000	12,000	52,000

* *Dr. Susheel Kumar and Mr. Naresh Salecha, being Directors nominated by the GoI, are not entitled to any remuneration or sitting fees from our Company.*

Changes in Board during the last three years

Sr. No.	Name	DIN	Designation	Date of Appointment	Date of Cessation
1.	Mr. T. Prabakaran	00254840	Director	December 29, 2004	September 29, 2011
2.	Mr. Rajpal Singh Solanki	00153047	Independent Director	December 7, 2008	December 6, 2011
3.	Dr. P.K. Mohanty	02493537	Nominee Director	January 2, 2009	April 18, 2011
4.	Ms. Nirmala Samant Prabhavalkar	02165342	Independent Director	April 8, 2008	April 7, 2011

Sr. No.	Name	DIN	Designation	Date of Appointment	Date of Cessation
5.	Dr. Radha Binod Barman	02612871	Independent Director	July 31, 2009	July 30, 2012
6.	Ms. Nirmala Samant Prabhavalkar	02165342	Independent Director	October 04, 2011	July 10, 2012
7.	Mr.Veerappa Parameshwarappa Baligar	00850615	Chairman and Managing Director	April 11, 2011	-
8.	Mr. Dinesh Mahajan	01986547	Independent Director	December 26, 2007	December 25, 2010
9.	Ms. Aruna Sundararajan	03523267	Nominee Director	April 18, 2011	May 7, 2012
10.	Prof. Dinesh Bhikhubhai Mehta	01957927	Independent Director	January 16, 2012	-
11.	Mr. Virender Ganda	01013057	Independent Director	February 9, 2012	-
12.	Dr. Susheel Kumar	00040657	Nominee Director	May 7, 2012	-
13.	Prof. Sukhadeo Thorat	06414412	Independent Director	October 10, 2012	-
14.	Ms. Sudha Krishnan	02885630	Nominee Director	December 3, 2009	January 2 ,2013
15.	Mr. Naresh Salecha	00843812	Nominee Director	January 2, 2013	-
16.	Mr. Nand Lal Manjoka	06560566	Director Corporate Planning	April 10, 2013	-
17.	Mr. Anil Kumar Kaushik	06600755	Director Finance	May 30, 2013	-
18.	Mr. Nassereddin Munjee	00010180	Independent Director	August 5, 2010	August 4, 2013

Corporate Governance

The DPE Corporate Governance Guidelines lay down certain corporate governance norms to be adhered to by all central public sector enterprises.

The DPE Corporate Governance Guidelines require, among other things, that*:*

(i) The number of functional Directors (that is, directors responsible for day to day functioning of the enterprise) should not exceed 50% of the actual strength of the Board.
(ii) The number of Directors nominated by the Government should not be more than two in number.
(iii) In case of CPSEs listed with the stock exchanges and where the board of directors is headed by an executive chairman, the number of independent Directors shall be at least 50% of the total strength of the board of Directors. In other cases, the number of independent Directors shall be at least one third of the total strength of the board of Directors.
(iv) None of the directors should be members of more than ten committees or act as chairman of more than five committees across all companies in which they hold directorship.

As on the date of this Draft Shelf Prospectus, our Company, has three functional Director, two Directors nominated by the Government, and three independent Directors. Further, none of our Directors are members of more than ten committees or act as chairman of more than five committees across all companies in which they hold directorship. Consequently, as on date of this Draft Shelf Prospectus, is not in compliance with the with the DPE Corporate Governance Guidelines, since less than 50% of the composition of its Board of Directors comprises of independent Directors. See the section titled "Risk Factors – ***With regard to the composition of our Board, we are currently not in compliance, and have not been able to comply on certain occasions in the past, with guidelines issued by the Department of Public Enterprises***" on page 17.

Committees of the Board of Directors

The Board constitutes sub-committees in its ordinary course of business. With regard to corporate governance requirements, the following committees have been constituted:

i) Audit Committee
ii) Remuneration Committee

The details of these committees are as follows:

A. Audit Committee

The audit committee was reconstituted by a meeting of the Board of Directors held on January 21, 2013. The members of the audit committee are*:

i) Mr. Virender Ganda- Chairperson
ii) Mr. Naresh Salecha
iii) Prof. Dinesh Bhikhubhai Mehta

* *Mr. Nassereddin Munji, whose term as a Director of our Company ended on April 4, 2013 was previously a member of the Audit Committee. The Audit Committee has not been reconstituted after the expiry of his term.*

The scope and function of the audit committee is in accordance with Section 292A of the Companies Act and the DPE Corporate Governance Guidelines. The terms of reference of the audit committee includes:

a) review of financial reporting systems, review of the quarterly/half yearly/ annual financial performance statements before submission to the Board, for consideration.
b) review of the internal audit system, internal/statutory audit reports etc. with the management,
c) discussion and reviewing with the Internal Auditors any significant findings on any internal investigation by the internal auditors into matters of suspected fraud and irregularity.

The powers of the audit committee shall include the power:

a) to investigate any activity within its terms of reference.
b) to seek information on and from any employee.
c) to obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
d) to secure attendance of outsiders with relevant expertise, if it considers necessary.
e) to protect whistle blowers.

B. Remuneration Committee

The remuneration committee was reconstituted by a meeting of the Board of Directors held on July 30, 2012. The members of the remuneration committee are*:

i) Mr. Virender Ganda- Chairperson
ii) Prof. Dinesh Bhikhubhai Mehta

* *Mr. Nassereddin Munji, whose term as a Director of our Company ended on April 4, 2013, was previously a member of the Remuneration Committee. The Remuneration Committee has not been reconstituted after the expiry of his term.*

The terms of reference of the remuneration committee is to give recommendations/considering the various aspects of regulating/distributing performance related pay across the organization at various levels and linking it up with the organizational performance/individual performance/ performance management system.

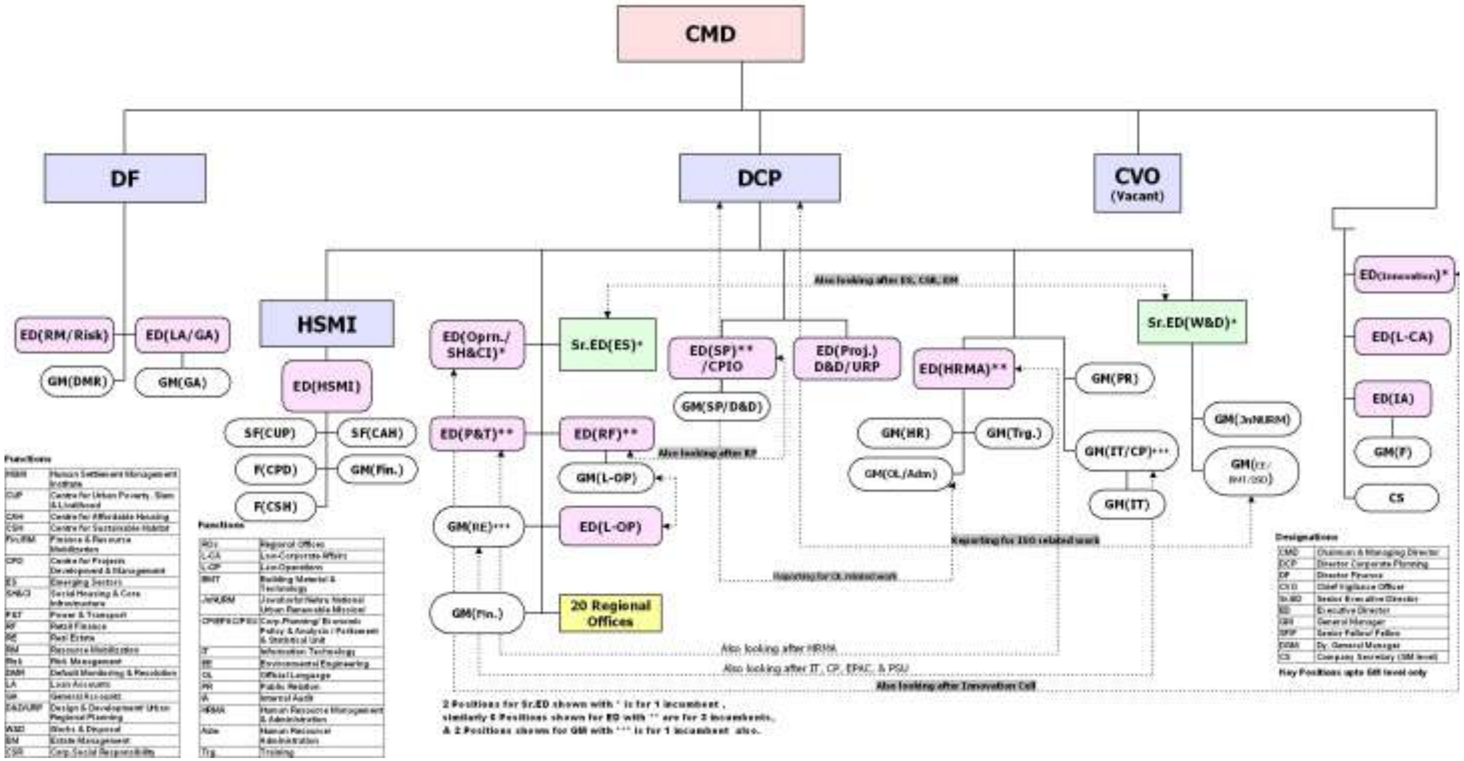
Organizational Chart

Our Company's management organizational structure is set forth below:

As per HRMA/OO 72/dtd.01.05.2013

Organization Chart of HUDCO

(Key Positions as on August 2013)



Functions

HSMI	Human Settlement Management Institute
CUP	Centre for Urban Poverty, Slum & Livelihood
CAH	Centre for Affordable Housing
CSH	Centre for Sustainable Habitat
Fin./RM	Finance & Resource Mobilization
CPD	Centre for Projects Development & Management
ES	Emerging Sectors
SH&CI	Social Housing & Core Infrastructure
P&T	Power & Transport
RF	Retail Finance
RE	Real Estate
RM	Resource Mobilization
Risk	Risk Management
DMR	Default Monitoring & Resolution
LA	Loan Accounts
GA	General Accounts
D&D/URP	Design & Development Urban Regional Planning
W&D	Works & Disposal
EM	Estate Management
CSR	Corp.Social Responsibility

Functions

ROs	Regional Offices
L-CA	Law-Corporate Affairs
L-OP	Law-Operations
BMT	Building Material & Technology
JnNURM	Jawaharlal Nehru National Urban Renewable Mission
CP/EPS/CP EU	Corp.Planning/ Economic Policy & Analysis / Parliament & Statistical Unit
IT	Information Technology
EE	Environmental Engineering
OL	Official Language
PR	Public Relation
IA	Internal Audit
HRMA	Human Resource Management & Administration
Adm	Human Resource Administration
Trg.	Training

Designations

CMD	Chairman & Managing Director
DCP	Director Corporate Planning
DF	Director Finance
CVO	Chief Vigilance Officer
Sr.ED	Senior Executive Director
ED	Executive Director
GM	General Manager
SF/F	Senior Fellow/ Fellow
DGM	Dy. General Manager
CS	Company Secretary (GM level)

Payment or Benefit to Officers of our Company

No officer or other employee of our Company is entitled to any benefit upon termination (superannuation) of his employment in our company, other than leave encashment, if any and the statutory benefits such as provident fund and gratuity, except under the HUDCO medical attendance scheme.

Change in auditors of our Company

Name	Address	Date of appointment/ resignation/ cessation	Auditor of the Company since
Agiwal & Associates	Lal Kothi, 2nd Floor, 3830, Pataudi House Road , Darya Ganj, New Delhi - 110 002	July 29, 2013	August 12, 2009
Dhawan & Co., Chartered Accountants	312, Wegmans House, 21 Veer Savarkar Block, Shakarpur, New Delhi – 110 092	July 29, 2013	July 29, 2013

STOCK MARKET DATA FOR OUR SECURITIES

The Equity Shares of our Company are not listed on any Indian stock exchanges. Hence no stock market data is available for the Equity Shares. The stock market data for the non-convertible bonds issued by our Company listed on the NSE, the BSE and/or the DSE are set forth below. The bonds for which data is not stated are infrequently traded on the respective stock exchanges.

Stock market data for listed non convertible debentures issued by the Company by way of public issue

i) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07832 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
2012	989.89	976.81	992.88	979.63
2013	1127.99	986.19	1,127.95	983.00

**Based on closing price*
***The debentures have been listed on March 20, 2012, hence data has been provided since listing*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

b) ***For last six months***

Month	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	1085.00	1056.14	1,083.03	1,056.01
June, 2013	1084.99	1065.53	1,085.00	1,065.00
May, 2013	1091.01	1069.00	1,090.00	1,069.00
April, 2013	1075.00	1044.89	1,107.13	1,044.20
March, 2013	1042.00	1032.28	1,050.00	1,031.02
February, 2013	1127.99	1041.86	1,127.95	1,042.12

**Based on closing price*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

ii) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07840 listed on the capital market segment of the NSE and the BSE is as follows:

a) ***For last three years*****

Year ended March 31	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
2012	965.51	945.17	965.74	944.78
2013	1,140.58	964.48	1,142.99	965.01

**Based on closing price*
***The debentures have been listed on March 20, 2012, hence data has been provided since listing*
(Source: *www.bseindia.com* and *www.nseindia.com*)

b) ***For last six months***

Month	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	1115.00	1093.05	1,115.07	1,090.50
June, 2013	1110.36	1100.85	1,111.41	1,104.05
May, 2013	1106.87	1092.50	1,110.00	1,092.19
April, 2013	1094.69	1060.87	1,092.90	1,060.55
March, 2013	1057.30	1045.75	1,059.49	1,045.72
February, 2013	1128.97	1074.58	1,142.99	1,054.12

**Based on closing price*
(Source**:** *www.bseindia.com* and *www.nseindia.com*)

iii) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07865 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	1059.87	1025.10	1,051.99	1,032.00
June, 2013	1099.99	1024.00	1,055.19	1,034.22
May, 2013	1050.00	1033.01	1,056.40	1,034.61
April, 2013	1054.99	1005.00	1,035.05	1,000.00
March, 2013	N.A.	N.A.	1,002.00	996.65
February, 2013	N.A.	N.A.	1,005.80	1,000.00

**Based on closing price*
***The debentures have been listed on BSE on April 03, 2013 and on NSE on February 21, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

iv) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07857 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	1139.99	1001.01	1,030.00	1,012.10
June, 2013	1199.99	1010.00	1,029.25	1,015.50
May, 2013	1021.60	1020.00	1,035.70	1,020.00
April, 2013	1199.99	976.15	1,024.00	1,000.00
March, 2013	N.A.	N.A.	1,009.85	986.00
February, 2013	N.A.	N.A.	1,009.00	955.30

**Based on closing price*
***The debentures have been listed on BSE on April 03, 2013 and on NSE on February 21, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

v) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07881 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	1012.00	994.00	1,028.63	1,028.63
June, 2013	1198.00	980.00	0.00	0.00
May, 2013	1099.00	1099.00	0.00	0.00
April, 2013	0.00	0.00	0.00	0.00

**Based on closing price*
***The debentures have been listed on April 03, 2013, hence high and low data for last 3 years is not available.*
(Source: *www.bseindia.com* and *www.nseindia.com*)

vi) The high and low of bonds traded of the respective days of the listed debentures of our Company bearing ISIN number INE031A07873 listed on the capital market segment of the NSE and the BSE is as follows:

Month**	**BSE***		**NSE***	
	High	**Low**	**High**	**Low**
July, 2013	960.01	960.01	951.01	950.01
June, 2013	1189.99	1189.99	980.51	980.45
May, 2013	1000.00	1000.00	0.00	0.00
April, 2013	1005.20	950.00	0.00	0.00

**Based on closing price*
***The debentures have been listed on April 03, 2013, hence high and low data for last 3 years is not available.*
(**Source:** *www.bseindia.com* and *www.nseindia.com*)

Stock market data for listed non convertible debentures issued by the Company listed on the Wholesale Debt Market of the NSE

Issue description	**Security type**	**Security**	**Issue name**	**Trade date**	**No. of trades**	**Traded volume (in ₹ lakhs)**	**Maximum price (in ₹)**	**Minimum price (in ₹)**
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	January 3, 2013	1	1,000	99.6333	99.6333
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	December 26, 2013	2	2,000	99.3956	99.3338
HUDCO 8.14% 2018 (A)	PT	HUD18	8.14%	July 9, 2013	2	2,410	97.29	97.1108
HUDCO 8.92% 2017(S-A)	PT	HUD17	8.92%	January 11, 2013	1	500	99.6708	99.6708

Certain of the debt securities issued by our Company are listed on the DSE. The bonds have not been traded in the last 3 years.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding secured borrowings of ₹ 8,687.91 crores and unsecured borrowings of ₹ 9,435.58 crores, as on June 30, 2013, together with a brief description of certain significant terms of such financing arrangements.

I Secured borrowings availed by our Company

I.1 Loans

Set forth below is a brief summary of our secured term loans as on June 30, 2013:

Name of lender	Facility granted and loan documentation	Facility (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Rate of interest (% p.a.)	Security	Repayment schedule
Bank of India	Term loan agreement dated February 10, 1999	150.00	90.08	G-Sec rate (as on the 10th of June every year) + 350 basis points. Currently, the rate of interest is 10.88 % p.a.	Secured by lien over certificate of deposit placed under swap arrangement with Bank of India, Cayman Island Branch, New York. The deposits are co-terminus with the loan maturity schedule of the underlying Asian Development Bank loan.	Repayable on semi-annual basis from December 10, 2002 to June 10, 2022

I.2 Special priority sector bonds

Set forth below is a brief summary of our outstanding redeemable, special priority sector bonds ("**SPS Bonds**") of face value ₹ 5,00,000 each, issued by our Company to Bank of India under series B and C on private placement basis (as on June 30, 2013). These bonds are listed on the DSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/ coupon rate (% p.a.)	Security	Repayment schedule
UTI Bank Limited*	SPS Bond Series B	32.05	10.50	G-Sec rate (as on the 10th of June every year) + 350 basis points	Bonds secured by negative lien on assets of the Company	Repayable in unequal half-yearly installments from December 10, 2008 to June 10, 2015
	Bond Series C	49.50	49.50	G-Sec rate (as on June 10 every year) + 350 basis points		Repayable in unequal half-yearly installments from December 10, 2015 to June 10, 2022

* *Now Axis Bank Limited*

1.3 Refinance Assistance from National Housing Bank

Our Company has obtained refinance assistance of ₹ 1,250 crores under Rural Housing Fund sanctioned by the NHB. As of June 30, 2013, ₹ 1,136.48 crores is outstanding. The details of the borrowings are given below:

Facility granted and loan documentation	Total amount obtained (in ₹ crores)	Total amount outstanding as on June 30, 2013 (in ₹ crores)	Rate of interest (% p.a.)	Security	Repayment date and schedule
Long term loan via memorandum of agreement dated February 5, 2009	500.00	405.00	6.25	Bank guarantees to the extent of 25% of the loan amount and negative lien on all properties, assets, receivables, of the Company, both present and future, except those on which the first exclusive charge is created in favour of the trustees to the secured tax free bonds of ₹ 7,401.35 crores (₹ 5,000 crore issued during Fiscal 2012 and ₹ 2,401.35 crore issued during Fiscal 2013)	Repayable in a maximum of 60 equal quarterly installments starting with the quarter succeeding the one in which the refinance was drawn.
	250.00	231.48	6.75		
	500.00	500.00	6.75		

1.4 *Secured Bonds*

Private Placement

Our Company has issued secured, non-convertible, redeemable, non-cumulative tax free HUDCO Bonds 2011 in the nature of promissory notes of face value of ₹ 1,000 to various categories of investors. The details of the bonds, as on June 30, 2013, are mentioned below.

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
SBICAP Trustee Company Limited	7.51% tax free HBS 2011 series A (Option-I)	4.77	October 21, 2011	4.77	7.51	Bonds will mature 10 years from the date of allotment and will be repayable on October 21, 2021	Secured by floating first *pari-passu* charge on present and future receivables of our Company to the extent of amount mobilized.	IRRPL-AA+(ind) and CARE-AA+
	7.75% tax free HBS 2011 series A (Option-II)	10.81	October 21, 2011	10.81	7.75	Bonds will mature 15 years from the date of allotment and will be repayable on October 21, 2026		IRRPL-AA+(ind) and CARE-AA+
	7.62% tax free HBS 2011 series B (Option-I)	137.66	November 11, 2011	137.66	7.62	Bonds will mature 10 years from the date of allotment and will be repayable on November 11, 2021		IRRPL-AA+(ind) and CARE-AA+
	7.83% tax free HBS	66.51	November 11, 2011	66.51	7.83	Bonds will mature 15 years		IRRPL-AA+(ind)

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
	2011 series B (Option-II)					from the date of allotment and will be repayable on November 11, 2026		and CARE-AA+
	8.09% tax free HBS series 2011 series C (Option-I)	47.86	December 22, 2011	47.86	8.09	Bonds will mature 10 years from date of allotment and shall be repayable on December 22, 2021		IRRPL-AA+(ind) and CARE-AA+
	8.16% tax free HBS 2011 series C (Option-II)	47.67	December 22, 2011	47.67	8.16	Bonds will mature 15 years from date of allotment and shall be repayable on December 22, 2026		IRRPL-AA+(ind) and CARE-AA+

Public Issue

Our Company has issued secured, non-convertible, redeemable, non-cumulative tax free HUDCO Bonds 2011 (in Fiscal 2012) and HUDCO Bonds 2012 (in Fiscal 2013) of face value of ₹ 1,000 to the public. The details of the bonds, as on June 30, 2013, are mentioned below:

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
SBICAP Trustee Company Limited	8.10% (Tranche-1, (Series-1)	2,166.50	March 7, 2012	2166. 42	8.10*	Bonds will mature 10 years from date of allotment and shall be repayable on March 05, 2022	Secured by floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized.	IRRPL-AA+(ind) and CARE-AA+
	8.20% (Tranche-1) (Series-2)	2,518.22	March 7, 2012	2518. 32	8.20*	Bonds will mature 15 years from date of allotment and shall be repayable on March 05, 2027		IRRPL-AA+(ind) and CARE-AA+
	7.34% (Tranche-1, (Series-1)	920.14	February 16, 2013	920.10	7.34**	Bonds will mature 10 years from date of allotment and shall be repayable on February 16, 2023		IRRPL-AA+(ind) and CARE-AA+

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
	7.51% (Tranche-1) (Series-2)	1,274.24	February 16, 2013	1,274.24	7.51**	Bonds will mature 15 years from date of allotment and shall be repayable on February 16, 2028		IRRPL-AA+(ind) and CARE-AA+
	7.03% (Tranche-1, (Series-1)	97.63	February 28, 2013	97.63	7.03***	Bonds will mature 10 years from date of allotment and shall be repayable on March 28, 2023		IRRPL-AA+(ind) and CARE-AA+
	7.19% (Tranche-1) (Series-2)	109.39	February 28, 2013	109.39	7.19***	Bonds will mature 15 years from date of allotment and shall be repayable on March 28, 2028		IRRPL-AA+(ind) and CARE-AA+

* *An additional interest at the rate of 0.12% p.a. and 0.15% p.a. is payable to the allottees under category III for the Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds respectively (for HUDCO Bonds 2011). Accordingly, Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds allotted to category III investors, will carry an aggregate coupon rate of 8.22% p.a. and 8.35% p.a., respectively. The said additional interest of 0.12% p.a. and 0.15% p.a. is only available to the original allottees.*

** *An additional interest at the rate of 0.50% p.a. is payable to allottees under category IV for Tranche –I Series 1 Bonds and Tranche –I Series 2 Bonds (for HUDCO Bonds 2012). Accordingly, the Tranche –I Series 1 Bonds and Tranche –I Series 2 Bonds allotted to category IV investors carry an aggregate coupon rate of 7.84% p.a. and 8.01% p.a., respectively. The said additional interest of 0.50% p.a. is only available to the original allottees.*

*** *An additional interest at the rate of 0.50% p.a. is payable to all allottees under category IV for Tranche – II Series 1 Bonds and Tranche – II Series 2 Bonds (for HUDCO Bonds 2012). Accordingly, the Tranche – II Series 1 Bonds and Tranche – II Series 2 Bonds allotted to category IV Investors carry an aggregate coupon rate of 7.53% p.a. and 7.69% p.a., respectively. The said additional interest of 0.50% p.a. is only available to the original allottees.*

Restrictive Covenants: Our Company shall not without the prior written permission of the debenture trustee

a. declare any dividends subsequent to the occurrence of an event of default;
b. radically change its accounting system and policies, unless required by the ICAI or any regulatory authority;
c. change the MOA and AOA affecting the rights of the bondholders and effect any scheme of amalgamation, merger or reconstruction;
d. utilise any portion of the amounts raised by the Bonds for the purposes other than those for which the same are issued.

II Unsecured borrowings availed by our Company

II.1 Bonds

II.1.1 HUDCO Bond Series

<u>Taxable Bonds</u>

Set forth below is a brief summary of the unsecured, non-convertible, redeemable taxable HUDCO bonds of different face values issued to various classes of investors on private placement basis, each under various series, of which ₹ 4,513.30 crores is outstanding as on June 30, 2013. All bonds are currently listed on NSE, unless specified otherwise.

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
UTI Bank Limited*	10.00% taxable (XXV-C)	210.00	June 28, 2002	210.00	10.00	Repayable at the end of 10 years from date of allotment i.e. June 28, 2014.	CARE-AA+
	6.70% taxable (XXXIII-A)**	688.60	August 29, 2003	315.10	6.70	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2013 with a put/call exercisable at the end of five years.	IRRPL-AAA(ind) (SO) and CARE-AAA(SO)
	6.80% taxable (XXXIII-B)**	138.00	August 29, 2003	127.00	6.80	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2013 with a put/call option exercisable at the end of seven years.	IRRPL-AAA(ind) (SO) and CARE-AAA(SO))
	6.90% taxable (XXXIII-C)**	194.70	August 29, 2003	194.30	6.90	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2013.	IRRPL-AAA(ind) (SO) and CARE-AAA(SO)
IDBI Trusteeship Services Limited	7.30% taxable (XXXVII-A)	34.60	January 20, 2006	34.60	7.30	Repayable at the end of 10 years from the date of allotment i.e. January 20, 2016 with a put/call option exercisable at the end of five years.	CARE-AA+ and ICRA- AA
	7.50% taxable (XXXVII-B)	16.80	January 20, 2006	7.40	7.50	Repayable at the end of 10 years from the date of allotment i.e. January 20, 2016 with a put/call option exercisable at the end of seven years.	CARE-AA+ and ICRA-AA
	7.80% taxable (XXXVII-C)	590.00	January 20, 2006	590.00	7.80	Repayable at the end of 10 years from the date of allotment i.e. January 20, 2016.	CARE-AA+ and ICRA-AA
	8.05%	17.60	March 29,	14.70	8.05	Repayable at the	CARE-AA+

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
	taxable (XXXIX-A)		2006			end of 10 years from the date of allotment i.e. March 29, 2016 with a put/call option exercisable at the end of five years.	and ICRA- AA
	8.12% taxable (XXXIX-B)	1.90	March 29, 2006	1.90	8.12	Repayable at the end of 10 years from the date of allotment i.e. March 29, 2016 with a put/call option exercisable at the end of seven years.	CARE-AA+ and ICRA- AA
	8.35% taxable (XXXIX-C)	160.40	March 29, 2006	160.40	8.35	Repayable at the end of 10 years from the date of allotment i.e. March 29, 2016.	CARE-AA+ and ICRA-AA
	8.60% taxable (Series 1-A) 2006-07	38.20	August 29, 2006	38.20	8.60	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2016 with a put/call option at the end of three years.	CARE-AA+ and ICRA- AA
	8.85% taxable (Series 1-B) 2006-07	14.50	August 29, 2006	13.50	8.85	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2016 with a put/call option exercisable at the end of five years.	CARE-AA+ and ICRA- AA
	9.10% taxable (Series 1-C) 2006-07	8.70	August 29, 2006	8.70	9.10	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2016 with a put/call option exercisable at the end of seven years.	CARE-AA+ and ICRA- AA
	9.30% taxable (Series 1-D) 2006-07	128.80	August 29, 2006	128.80	9.30	Repayable at the end of 10 years from the date of allotment i.e. August 29, 2016.	CARE-AA+ and ICRA- AA

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
	8.65% taxable (Series 2-A) 2006-07	203.00	November 29, 2006	55.00	8.65	Repayable at the end of 10 years from the date of allotment i.e. November 29, 2016 with a put/call option exercisable at the end of three years.	CARE-AA+ and ICRA- AA
	8.75% taxable (Series 2-B) 2006-07	27.00	November 29, 2006	26.50	8.75	Repayable at the end of 10 years from the date of allotment i.e. November 29, 2016 with a put/call option exercisable at the end of five years.	CARE-AA+ and ICRA- AA
	9.05% taxable (Series 2-C) 2006-07	369.80	November 29, 2006	369.80	9.05	Repayable at the end of period of 10 years from the date of allotment i.e. November 29, 2016.	CARE-AA+ and ICRA- AA
PNB Investment Services Limited	9.40% taxable 2011 series A	253.50	September 22, 2011	253.50	9.40	Bonds will mature at the end of 5 years from the date of allotment and will be repayable on September 22, 2016.	CARE-AA+ and IRRPL-AA+(ind)
UTI Bank Limited*	7.35% taxable 2003 (SD-V)**	350.00	July 31, 2003	350.00	7.35	Repayable at the end of 10 years from the date of allotment i.e. July 31, 2013.	Fitch-AAA(ind) (SO)
PNB Investment Services Limited	9.75% taxable HBS 2011 series B	413.90	November 18, 2011	413.90	9.75	Bonds will mature at the end of 5 years from the date of allotment and shall be repayable on November 18, 2016	CARE-AA+ and IRRPL-AA+(ind)
SBICAP Trustee Company Limited	8.92% taxable HBS 2012 Series A	500.00	November 2, 2012	500.00	8.92	Bonds will mature at the end of 5 years from the date of allotment and shall be repayable on November 2, 2017	CARE-AA+ and IRRPL-AA+
	8.14%	700.00	May 30,	700.00	8.14	Bonds will	CARE-AA+

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
	taxable HBS 2013 Series A		2013			mature at the end of 5 years from the date of allotment and shall be repayable on May 30, 2018	and IRRPL-AA+

[*] Formerly Axis Bank Limited.
[**] As on date, these debentures have been redeemed by our Company.

Restrictive Covenants: Our Company shall not without the prior written permission of the trustees:

e. Radically change its accounting system
f. Change its Memorandum and Articles of Association affecting the rights of the bondholders.
g. Effect any scheme for amalgamation merger or reconstruction
h. Utilize any portion of the amounts raised by the bonds for purposes other than those for which the same are issued.

Tax free bonds

Set forth below is a brief summary of unsecured, non-convertible, redeemable tax free HUDCO bonds at different face values, issued to various classes of investors on private placement basis, each under various series, of which ₹ 50 crores is outstanding as on June 30, 2013. The bonds are currently listed on NSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Date of allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest/coupon rate (% p.a.)	Redemption Terms and schedule	Credit rating
IL&FS Trust Company Services Limited	5.15% tax free (XXXIV)	50.00	March 31,2004	50.00	5.15	Repayable at the end 10 years from the date of allotment i.e. March 31, 2014	IRRPL-AAA(ind) (SO) and CARE-AAA(SO)

II.2 Loan from Government of India

Set forth below is a brief summary of the loan obtained from Kreditanstalt Fur Wiederaufbau, Germany ("**KFW**"), through the Government of India aggregating up to ₹ 52.96 crores of which the entire amount is outstanding as on June 30, 2013:

Name of Lender	Facility granted and loan documentation	Total loan amount (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Rate of interest (% p.a.)	Repayment schedule
Kreditanstalt Fur Wiederaufbau through the Government of India	Line of credit through various sanction letters from Ministry of Urban Development, GoI dated March 27, 1991, June 19, 1991, December 11, 1992, March 30, 1992 and September 2, 1993	52.96[*]	52.96	6 % p.a. with rebate of 0.25% for prompt payment	Each tranche is repayable in one lump sum after 22 years from the date of drawal i.e different dates from July 4, 2013 to November 11, 2015.

Name of Lender	Facility granted and loan documentation	Total loan amount (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Rate of interest (% p.a.)	Repayment schedule
	for release of loan amount to our Company.				

* *Drawn in four tranches.*

II.3 Commercial paper

Set forth below is a brief summary of commercial paper issued by our Company, of which ₹ 300 crores is outstanding as on June 30, 2013.

Nature of paper	Total value (₹ crores)	Date of allotment	Amount outstanding as on June 30, 2013 (₹ crores)	Interest/ yield rate (% p.a.)	Redemption terms	Credit rating
8.25% CP Series A 2013 (in the nature of usance promissory note)	300.00	June 7, 2013	300.00	8.25	Repayable at the end 60 days from the date of allotment i.e. August 6, 2013.*	CARE-A1+ and IRRPL-A1+

* *As on date, these commercial papers have been repaid by our Company.*

*II.4 Loans from various banks**

Below is a brief summary of term loans obtained by our Company from various banks as on June 30, 2013:

Name of the lender	Facility	Total loan amount (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Average rate of interest (%)	Repayment schedule
Bank of Baroda	Term loan	1000.00	325.71	10.25	Repayable in different instalments from March 25, 2014 to July 20, 2014
Bank of Maharashtra	Term loan	200.00	20.00	10.25	Repayable by January 31, 2014
Canara Bank	Term loan	2300.00	441.55	10.25	Repayable in different instalments from March 18, 2016 to July 20, 2016
State Bank of Bikaner & Jaipur	Term loan	200.00	133.33	10.15	Repayable by October 24, 2014
State Bank of Patiala	Term loan	300.00	240	10.25	Repayable in equal half yearly instalments by March 29, 2017
State Bank of Travancore	Term loan	350.00	55	10.25	Repayable in different instalments from July 31, 2014 to March 19, 2015
Syndicate Bank	Term loan	500	90.80	10.25	Repayable in different instalments from July 22, 2016 to July 29, 2016
Union Bank of India	Term loan	1000	186.25	10.25	Repayable in different instalments from January 31, 2014 to July 20, 2014
United Bank of India, Kolkata	Term loan	400.00	125.00	10.25	Repayable by July 20, 2014
Vijaya Bank	Term loan	600.00	150.00	10.20	Repayable in different instalments from January 3, 2014

Name of the lender	Facility	Total loan amount (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Average rate of interest (%)	Repayment schedule
					to March 31, 2014

* *As per Basel-II requirements, credit rating of AA+ by CARE and AA+(ind) by IRRPL has been assigned to the aforesaid credit facilities availed from banks*

*II.5 Overdraft/Cash Credit facilities from banks**

Below is a brief summary of the cash credit/overdraft facilities availed by our Company as on June 30, 2013:

Name of the lender	Total loan amount (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Range of rate of interest (%)	Repayment schedule
Vijaya Bank	360	242.56	10.20	Repayable on demand
Indian Bank	100	99.99	10.20	Repayable on demand
State Bank of Mysore	100	100	10.15	Repayable on demand
Allahabad Bank	100	67	10.20	Repayable on demand
State Bank of Hyderabad	500	284.07	10.20	Repayable on demand

* *As per Basel-II requirements, credit rating of AA+ by CARE & AA+(ind) by IRRPL has been assigned to the aforesaid credit facilities availed from banks*

II.6 Public deposits/Interest bearing cash securities

Below is a brief summary of the public deposits and interest bearing cash securities obtained by our Company as on June 30, 2013:

Nature of facility	Total amount of deposits (₹ crores)	Amount outstanding as on June 30, 2013 (₹ crores)	Average rate of interest (% p.a.)	Repayment schedule	Credit rating
Public deposits	1,266.56	1,266.56	9.02	Repayable over a period of one to seven years	CARE- AA+(FD) IRRPL-tAA+(ind)
Interest bearing cash securities (allotted to M/s TLV Builders ("**TLV**") and M/s Lotus Hospitals & Research Centre Limited ("**Lotus Hospitals**")	5.27	5.27	8.50% (for TLV) and 8.25% (for Lotus Hospitals)	For TLV: repayable on April 4, 2020. For Lotus Hospitals: repayable on June 7, 2020.	-

II.7 Loans in foreign currency

The following is a brief summary of the foreign currency loans obtained by our Company:

Name of the lender	Facility granted and loan documentation	Total loan amount	Amount outstanding as on June 30, 2013	Rate of interest (% p.a.)	Repayment schedule
The Overseas Economic Cooperation Fund, Japan (now called Japan Bank of International Cooperation)	Long term facility via loan agreement dated January 25, 1996.	JPY 8670 million	JPY 4253.938 million	2.10% p.a. (fixed) semi-annually	On January 20 and July 20 of each year. Due for repayment by January 20, 2023

Name of the lender	Facility granted and loan documentation	Total loan amount	Amount outstanding as on June 30, 2013	Rate of interest (% p.a.)	Repayment schedule
Asian Development Bank	Long term loan facility via loan agreement dated November 6, 1997	USD 100 million	USD 60.05 million	Six month USD LIBOR plus 0.40 % p.a. payable semi-annually	Repayable in unequal instalments on December 15th and June 15th of every year from 2002 to 2022. Due for repayment by June 15, 2022

II.8 Loan from US capital markets

Below is a brief summary of the loan obtained from US capital markets wherein Riggs Bank N.A. acted as the paying and transfer agency and which is guaranteed by U.S. Agency for International Development ("**USAID**") and counter guaranteed by Canara bank, as on June 30, 2013:

Loan documentation	Total loan amount (USD million)	Amount outstanding as on June 30, 2013	Rate of interest (% p.a.)	Repayment schedule
Paying and transfer agency agreement dated September 15, 2000 between HUDCO and the Riggs Bank N.A. and consented to by USAID.	20	USD 17.50 million	6 month LIBOR for USD + 0.035%	Repayable in 40 equal consecutive semi annual instalments commencing on March 15, 2011 and ending on September 15, 2030
Paying and transfer agency agreement dated September 24, 1999 between HUDCO and the Riggs Bank N.A. and consented to by USAID	10	USD 8.25 million	6 month LIBOR for USD + 0.18%	Repayable in 40 equal consecutive semi annual instalments commencing on March 24, 2010 and ending on September 24, 2029

III Corporate/ Counter guarantees provided by our Company

Provided below are details of corporate guarantees provided by our Company as on June 30, 2013:

Lender in whose favour the guarantee is extended	Guarantee documentation	Name of the counterparty	Amount of the guarantee (in ₹ crore)	Validity
Bank of Baroda	Deed of counter guarantee dated November 2, 2012	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities, and various other persons, companies, corporations or other entities specified by our Company. *	0.06	The guarantee is valid up to April 21, 2015.
HDFC Bank	Deed of counter guarantee dated January 22, 2013	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities, and various other persons, companies, corporations or other entities specified by our Company. **	43.85	The counter guarantee is valid up to October 23, 2013.
Axis Bank	Deed of counter guarantee dated January, 1 2013	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities,	47.00	The counter guarantee is valid up to January, 6 2014.

Lender in whose favour the guarantee is extended	Guarantee documentation	Name of the counterparty	Amount of the guarantee (in ₹ crore)	Validity
		and various other persons, companies, corporations or other entities specified by our Company. ***		
Indusind Bank	Deed of counter guarantee dated March 15, 2013	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities, and various other persons, companies, corporations or other entities specified by our Company. ****	50.00	The counter guarantee is valid up to March, 18 2016.
Bank of Baroda	Deed of counter guarantee dated March 19, 2013	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities, and various other persons, companies, corporations or other entities specified by our Company. *****	137.50	The counter guarantee is valid up to March, 18 2016.
Vijaya Bank	Deed of counter guarantee dated April 5, 2013	Various authorities, departments of the Central and State Governments, semi – government bodies, local or public bodies and authorities, and various other persons, companies, corporations or other entities specified by our Company. ******	125.00	The counter guarantee is valid up to April, 7 2016.

* *This counter guarantee was extended against bank guarantee issued in favour of Hindustan Aeronautics Limited as performance guarantee for design and consultancy services/ contracts for construction of type A, B, C, D quarters and allied services at Hindustan Aeronautics Limited, Bangalore.*

** *This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during Fiscal 2012.*

*** *This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during Fiscal 2013/*

**** *This counter guarantee was extended against bank guarantee issued in favour of the NHB towards collateral security in respect of refinance facility of ₹250 crore extended by NHB to our Company.*

***** *This counter guarantee was extended against bank guarantee issued in favour of the NHB towards collateral security in respect of refinance facility of ₹750 crore (including refinance assistance of ₹250 crore obtained from the NHB against which a bank guarantee has been obtained from Indusind Bank) extended by NHB to our Company.*

****** *This counter guarantee was extended against bank guarantee issued in favour of the NHB towards collateral security in respect of refinance facility of ₹500 crore extended by NHB to our Company.*

IV Details of top 10 debenture holders/ bondholders

Provided below are details of our top 10 debenture holders/ bondholders of our Company as on June 30, 2013.

Sr. no.	Name of debenture holder/ bondholder	Amount of debentures/ bonds held (in ₹ crore)
1.	Life Insurance Corporation of India	759.50
2.	Central Board of Trustee	717.20
3.	Hindustan Zinc Limited	500.00
4.	Punjab National Bank	409.40
5.	Axis Bank Limited	236.12
6.	Syndicate Bank	140.25
7.	Bank of Baroda	125.00
8.	The New India Assurance Company Limited	125.00
9.	IDBI Bank Limited	103.69
10.	Yes Bank Limited	102.10

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no criminal prosecutions, tax proceedings and other outstanding litigations against our Company that may have a material adverse effect on our business, and there are no pending criminal prosecutions launched against our Directors.

A. Criminal proceedings against our Company

1. M/s. Blue Heavens Agro Industries Limited ("**Blue Heavens**") has filed a complaint (No. 39(C)/2010) against our Company, M/s. Friendly Estate and Essentials Private Limited ("**Friendly**"), one of our regional managers, and others, before the CJM, Patna alleging that one of our regional managers had conspired to sanction a loan to Friendly in violation of the terms of the development agreement entered into between Blue Heavens and the land owners of the building over which development was undertaken. The CJM, Patna has taken cognizance of the complaint under sections 420, 467, 471 read with 120B of the IPC. The matter is currently pending.

2. The Union of India, through the Labour Enforcement Officer (Central) has filed a complaint (No. 1342-C/2010) against our Company and certain officials before the CJM, Patna alleging non-compliance of the provisions of the Contract Labour (Regulation & Abolition) Act, 1970 including failure to register the establishment with the appropriate government. The matter is currently pending. Our Company has now complied with the relevant requirements as verified by the compliance verification report dated October 3, 2011 issued by the Labour Enforcement Officer, Patna. The complaint is yet to be formally disposed of.

3. M/s. Goswami Developers Private Limited has filed a complaint (No. 1473-C/2009) against our Company and certain of its employees before the CJM, Patna alleging among other things, criminal breach of trust and cheating in relation to non disbursal of a part of the loan sanctioned to it by our Company. The CJM, Patna has taken cognizance of the complaint under sections 406, 420 and 120B of the IPC. Our Company and its officials have filed a petition under section 482 of the CrPC before the High Court of Patna for quashing the order of the CJM, Patna taking cognizance of the complaint. The High Court of Patna has granted an interim stay on the order of the CJM, Patna taking cognizance. The matter is currently pending for hearing of the other side.

B. Other material litigations involving our Company

Our Company, in the ordinary course of its business, is involved in legal proceedings including civil, arbitration, tax and labour matters. Material litigation involving our Company which may adversely affect our business, (wherever quantifiable, involving an amount greater than ₹ 27 crores which is less than 1% of the total revenue of our Company for the Fiscal 2013 and 1% of the net worth of our Company as on March 31, 2013) are disclosed below.

Arbitration, writ and other matters of civil nature

1. Our Company has filed an application (No. 56 of 2006) against Mr. Chandrakant Raghunath Patil, of C.R. Patil Estate and others, before the DRT, Ahmedabad to recover an amount of ₹ 3,56,90,890 which was outstanding on loans given by our Company. The defendants have filed a counter-claim dated January 4, 2008 claiming an amount of ₹ 96.24 crores in lieu of, among other things, amounts not disbursed, fees paid, and loss of projected profits. Mr. C.R.Patil has submitted a proposal dated January 9, 2012 for settlement of dues and has subsequently paid the entire outstanding amount to our Company. The matter is currently pending.

2. Our Company has filed a contempt petition (No. 224 of 2008) against the Municipal Corporation of Delhi ("**MCD**") before the Supreme Court of India alleging non compliance of its earlier order directing MCD to pay an amount of ₹ 24.47 crores to our Company as excessive property tax and interest thereon. The MCD filed a counter affidavit dated March 18, 2009 pleading for a set-off of ₹ 27.92 crores as tax payable from the period allegedly not covered by the order of the Supreme Court. Subsequently, the MCD has now issued a demand notice dated January 2, 2013 revising the demanded amount to ₹ 84.27 crores against which notice, a writ petition (no. 467/2013) has been filed by our Company in the High court of Delhi (writ petition no. 467/2013) praying for appropriate writ and other directions to quash the demand notice dated January 2, 2013. The High Court, by an order dated March

31, 2013, has stayed the operation of the demand notice dated January 2, 2013 and directed our Company to deposit ₹ 7 crore with the MDC pending final orders which has subsequently been deposited by the Company. The matter is currently pending.

3. M/s. Leela Hotels Limited ("**Leela**") initiated arbitration proceedings against our Company before Justice R.S. Pathak, former Chief Justice of India as a sole arbitrator in relation to the cancellation of land allotted by our Company to Leela for a hotel site. The arbitrator pursuant to order dated June 25, 2002 directed our Company to refund the entire amount paid by Leela along with interest. Subsequently, the matter went up to the Supreme Court of India, which pursuant to its order dated February 12, 2008, upheld the award passed by the sole arbitrator. Leela has filed an execution application dated November 25, 2011 before the High Court of Delhi, praying for an amount of ₹ 154.41 crores due as on November 30, 2011, along with interest. Vide order dated February 23, 2012, the High Court of Delhi has taken note of the fact that our Company has paid ₹ 146.76 crores to Leela. The High Court of Delhi vide order dated January 25, 2012 has granted time to our Company to calculate the remaining amount pending to be paid to Leela. Subsequently, the Court vide order dated September 6, 2012 directed our Company to pay the balance amount. Our Company filed an appeal before the division bench of High Court of Delhi. The High Court passed a further interim order staying the operation of its order dated September 6, 2012, and subsequently, dismissed the appeal by an order dated March 8, 2013. Against this order, our Company has filed a special leave petition in the Supreme Court of India, which is currently pending.

4. MS Shoes East Limited ("**MSSEL**") filed a case (No. 2/1997) against our Company before the Additional District Judge, Delhi challenging the cancellation of the allotment of 9 blocks of guest houses, restaurants, kitchens and shops to MSSEL by our Company and praying for recovery of possession of the aforementioned properties. The case was subsequently transferred to the High Court of Delhi pursuant to its order dated December 17, 2003 and consequently renumbered as No. 1551/2005. Our Company has filed an application dated December 10, 2008 for rejection of plaint. The matter has been referred for mediation by the High Court of Delhi vide order dated November 8, 2012. The matter is currently pending.

5. MSSEL has filed a suit (No. 1 of 1997) against our Company before the Senior Civil Judge, New Delhi ("**SCJ**") challenging the cancellation of allotment of a hotel plot to MSSEL by our Company. The SCJ pursuant to its order dated July 3, 2010 has invalidated the cancellation of the hotel plot by our Company. Our Company has filed an appeal dated August 14, 2010 before the District Judge, New Delhi. Subsequently, the Additional District Judge, Saket has, by an order dated November 23, 2012, referred the matter for mediation with the Delhi High Court Mediation and Conciliation Centre ("**DHCMC**"). The matter is currently pending at the DHCMC.

6. The Centre for Public Interest Litigation ("**CPIL**") has filed a writ petition (No. 573 of 2003) against our Company and others before the Supreme Court of India alleging among other things, arbitrary use of power in the sanctioning of loans amounting to ₹ 14,500 crores, release of ₹ 8,500 crores, subscription in privately placed debentures of ₹ 1250 crores and write off of ₹ 550 crores in financial year 2002-03. CPIL prayed for an investigation by an independent investigative agency into the affairs of our Company, among other reliefs. Pursuant to the above, the Central Vigilance Commission ("**CVC**") conducted a vigilance audit, enquiry and submitted a report dated March 27, 2006 reporting irregularities in certain lending decisions of our Company. Our Company has filed objections dated September 20, 2006 against the report of the CVC before the Supreme Court. The matter is currently pending.

7. The International Human Rights Association has filed a writ petition (No. 8254 of 2010) against the Union of India, our Company and others alleging irregularities in the award of a contract to Samadhan Sewa Samiti, a non-governmental organisation for the construction of toilets for the urban poor and in the rural areas under the Integrated Low Cost Sanitation Scheme, a project appraised by our Company. The matter is currently pending.

8. M/s North Eastern India Trust for Education and Development, the petitioners in the case, has filed a contempt petition (W.A.(SH) No. 10 of 2012) before the high court of Gauhati against Mr. V.P.Baligar, in his capacity as the Chairman and Managing Director of our Company and the regional chief of our Company's Guwahati regional office, for alleged non compliance of the order dated April 27, 2012 of the Gauhati high court for one time settlement with the petitioners. The Court has issued a notice dated

September 24, 2012 ((C)(SH)No.26/2012/1400-1401) seeking reasonable cause for not initiating proceedings under the Contempt of Court Act, 1971. The matter is currently pending.

Service matters

1. Mr. A.N. Gupta filed a writ petition (No. 6972 of 2002) against the Public Enterprises Selection Board, our Company and others before the High Court of Delhi challenging the termination of his services as Director (Finance) in our Company. The High Court of Delhi, pursuant to an order dated May 8, 2003 dismissed the petition. Against this order, the petitioner preferred a letters patent appeal (No. 398 of 2003) before the division bench of the High Court of Delhi, which was also dismissed pursuant to its order dated February 7, 2006. Mr. Gupta subsequently filed a review petition (No. 121/2006 in LPA No. 398/2003) before the High Court of Delhi, which was also dismissed pursuant to order dated March 24, 2006. Mr. Gupta has now filed a special leave petition dated June 27, 2006 before the Supreme Court of India against the orders dated February 7, 2006 and March 24, 2006 of the High Court of Delhi. The matter is currently pending.

2. Mr. Kulwant Singh filed a writ petition (No. 16002 of 2006) against our Company before the High Court of Delhi challenging his removal from service from our Company. The petition was transferred to the Central Administrative Tribunal, New Delhi ("**CAT**"), which pursuant to its order dated November 29, 2010 quashed the order of removal and directed for payment of among other things, gratuity, full pay and allowances during the period of suspension. Our Company filed a writ petition (No. 756 of 2011) before the High Court of Delhi against the order of the CAT. In the meanwhile, the CAT initiated contempt proceedings (CP(C) 305/2011) against the ex-chairman and managing director of our Company for non compliance of its order dated November 29, 2010. The High Court of Delhi, pursuant to order dated April 5, 2011 has stayed the contempt proceedings pending before CAT till the writ petition is disposed of. The matters are currently pending.

Tax matters

1. The Additional Commissioner of Income Tax, New Delhi ("**ACIT**") passed an assessment order dated December 28, 2007 against our Company disallowing an amount of ₹ 55.87 crores claimed as expenses in relation to, among other things, interest accrued but not due on foreign currency loans and revenue derecognisation in accounts in the assessment year 2005-06. Against this assessment order, our Company has filed an appeal before the Commissioner of Income Tax (Appeals) which was partly allowed pursuant to an order dated January 11, 2012. Our Company has filed an appeal before the Income Tax Appellate Tribunal, New Delhi against the said order. The matter is currently pending.

2. The ACIT passed an assessment order dated February 28, 2005 against our Company demanding an additional amount of ₹ 24.78 crores as tax and penalty payable for assessment year 2003-04 with respect to, among other things, prior period expenditure, interest accrued but not due on foreign currency loans and financial charges written off. Against this assessment order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) which was partly allowed pursuant to an order dated January 31, 2006. Against this order, our Company has filed an appeal before the Income Tax Appellate Tribunal, New Delhi. The matter is currently pending.

3. The ACIT passed an assessment order dated March 19, 2004 against our Company demanding an additional amount of ₹ 21.76 crores as tax and penalty payable for assessment year 2002-03 with respect to among other things, interest accrued but not due on foreign currency loans and financial charges written off and deductions made on account of interest payable to the government. Against this assessment order, our Company filed an appeal before the Commissioner of Income Tax (Appeals) which was partly allowed pursuant to order dated January 30, 2006. Our Company has filed an appeal before the Income Tax Appellate Tribunal, New Delhi. The matter is currently pending.

4. The DCIT passed an assessment order dated March 28, 2013 against our Company demanding an additional amount of ₹ 133.11 crores as tax and penalty payable for assessment year 2007-08 with respect, to among other things, additions under section 14 A of the IT Act, disallowance of provision of salary for the purpose of pay revision and decline in profits due to change in accounting policies. Against this assessment order, our Company filed an appeal before the Commissioner of Income Tax (Appeals). The matter is currently pending.

5. The ACIT passed an assessment order dated March 30, 2013 against our Company demanding an additional amount of ₹ 68.07 crores as tax and penalty payable for assessment year 2010-11 with respect to among other things, additions under section 14 A of the IT Act, revenue derecognition in accounts and financial charges written off and expenditure on grant-in-aid. Against this assessment order, our Company filed an appeal before the Commissioner of Income Tax (Appeals). The matter is currently pending.

Material developments post March 31, 2013

The following are the material developments of our Company after March 31, 2013, i.e. the date of the last audited financial statements of the Company:

1. The Company has obtained refinance assistance of ₹500 crores under the Rural Housing Fund sanctioned by the NHB. For further details, see the section titled "Financial Indebtedness - *Refinance Assistance from National Housing Bank*" on page 85.

2. The Company has made allotment of unsecured, non-convertible, redeemable taxable bonds to various classes of investors on private placement basis. For further details, see the section titled "Financial Indebtedness – *Taxable Bonds*" on page 88.

3. The Company has issued commercial paper amounting to ₹ 300 crore in the nature of usance promissory notes. For further details, see the section titled "Financial Indebtedness – *Commercial Paper*" on page 93.

4. In pursuance of the CBDT Notification, our Company has on August 27, 2013, invited offers for arranging/ subscribing for/to tax free secured non-cumulative redeemable non-convertible bonds of face value of ₹ 10,00,000 each in the nature of debentures having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act, for an amount of ₹ 100 crore with an option to retain over subscription of upto ₹ 1,150 crore by way of private placement through the book building process. The private placement issue has opened on August 29, 2013 and is scheduled to close on August 30, 2013.

5. Given below are unaudited quarterly results of our Company for the three months ended June 30, 2013.

UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE THREE MONTHS ENDED 30.06.2013

(₹ in crore)

	Particulars	**3 months ended 30.06.2013 (Reviewed)**	**Corresponding 3 months ended in the previous year (30.06.2012) (Reviewed)**	**Previous year ended 31.03.2013 (Audited)**
1	a) Net Sales/Income from Operation	603.50	679.66	2806.27
	b) Other Operating Income	13.92	29.12	98.93
2	Total Expenditure			
	a) Interest and other financial charges	395.40	404.77	1567.92
	b) Exchange Gain (-) / Loss	8.49	40.02	(15.20)
	c) Staff Cost	30.43	27.57	122.30
	d) Depreciation	1.25	1.20	4.96
	e) Other Expenditure	10.91	11.03	50.68
	f) Provision on Loans (Net)	20.47	17.13	133.00
	g) Provision on Debtors/recoverable, Loans and Advances	-	-	2.39
3	Profit from Operations before Other Income	150.47	207.06	1039.15
4	Other Income	0.23	0.14	2.84
5	Profit before Exceptional Items	150.70	207.20	1041.99
6	Exceptional items	-	-	-
7	Profit (+)/ Loss (-) from Ordinary Activities before tax	150.70	207.20	1041.99
8	Prior Period Adjustments (Net)	-	0.04	(19.71)
9	Provision for Tax			
	- Current Tax (Including Prior Period Tax Adjustments)	45.52	56.73	295.13
	- Deferred Tax	3.48	7.86	66.01
10	Net Profit (+)/ Loss (-) from Ordinary Activities after tax	101.70	142.57	700.56

	Particulars	3 months ended 30.06.2013 (Reviewed)	Corresponding 3 months ended in the previous year (30.06.2012) (Reviewed)	Previous year ended 31.03.2013 (Audited)
11	Extraordinary Items (net of tax expense)	-	-	-
12	Net Profit(+)/ Loss(-) for the period	101.70	142.57	700.56
13	Paid-up Equity Share Capital (Face Value - ₹ 1000 per share)	2001.90	2001.90	2001.90
14	Reserves excluding Revaluation Reserves (As at 31.03.2013)			4512.06
15	Analytical Ratios			
	(i) Capital Adequacy Ratio (%)	-	-	23.24
	(ii) Earnings Per Share (EPS) (₹)	50.80	71.22	349.95
16	NPA Ratios			
	(i) Gross NPA (Amount)	3897.86	1677.85	1513.66
	(ii) Net NPA (Amount)	2561.83	484.40	210.35
	(iii) Gross NPA (%)	14.74	6.79	5.69
	(iv) Net NPA (%)	10.20	2.06	0.83
	(v) Return on assets (%)	0.40	0.55	2.61

Note:

1 The Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard - 17.

2 The required NPA provision of ₹ 1446.43 crore (₹ 1045.96 crore as on 31.3.2013) as per NHB norms has been made as on 30.06.2013 utilising the adhoc additional provision of ₹ 380 crore stood on 31.03.2013.

3 The repayment in case of 3 agencies included in NPAs has been credited in Bank on next banking day i.e. 1st July'13 and in case the receipts had been credited on 30th June'13, the interest income would have been increased by ₹ 42.12 crore; Gross NPA would have been reduced by ₹ 1288.53 crore and the NPA Provision would have been reduced by ₹ 193.28 crores. Resultant to this, Gross NPA & Net NPA would have been 9.87% & 5.09% respectively. The above would have also resulted in increase in PBT by ₹ 62.05 crores.

4 The main audit observations on the accounts for the financial year 2012-2013 are under review and necessary action is being taken.

5 There is no Investor complaint pending with HUDCO.

6 All the shares are held by Government of India and its nominees.

7 The unaudited financial results for the three months ended 30th June, 2013 have been Limited Reviewed by the Statutory Auditors.

8 The Company has paid final dividend of ₹ 150 crore and dividend tax of ₹ 25.50 crore for the financial year 2012-13.

9 Figures of corresponding period in the previous year have been regrouped, wherever necessary.

10 The above unaudited financial results as reviewed by the Audit Committee were taken on record by the Board of Directors at their meeting held on 31.07.2013.

for and on behalf of Board of Directors
sd/-

DATE: 31.7.2013
PLACE: NEW DELHI

V P Baligar
Chairman and Managing Director

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores. Our Company proposes to raise ₹ 5,000 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

** In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The Board of Directors have, pursuant to a resolution dated August 23, 2013, approved the Issue of 'tax free bonds' in one or more tranche(s), of secured, redeemable, non-convertible, cumulative/ non-cumulative debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, for an amount of up to ₹ 5,000 crores, subject to the provisions of the CBDT Notification.

Eligibility to make the Issue

Our Company, the persons in control of our Company or the promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Consents

Consents in writing of the Directors, the Compliance Officer, the Statutory Auditors, Bankers to the Company, Escrow Collection Banks/ Bankers to the Issue, Lead Managers, Consortium Members, Registrar to the Issue, Legal Counsel to the Company as to Indian law, Credit Rating Agencies and the Debenture Trustee for the Bondholders, to act in their respective capacities, have been obtained and shall be filed along with a copy of each Tranche Prospectus with the RoC.

Our Company has appointed SBICAP Trustee Company Limited as Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. The Debenture Trustee has given its consent to our Company for its appointment which is enclosed as Annexure C.

Expert Opinion

Except for the letters dated August 16, 2013 and August 19, 2013 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Reformatted Audited Financial Statements dated August 29, 2013 and the statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors, our Company has not obtained any expert opinions in respect of the Issue.

Common Form of Transfer

There shall be a common form of transfer for the Bonds held in physical form and relevant provisions of the Companies Act and all other applicable laws shall be duly complied with in respect of all transfer of the Bonds and registration thereof.

Minimum Subscription

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

No Reservation or Discount

In terms of the CBDT Notification, 40% of the total Issue size shall be earmarked towards Investors from Category IV. Apart from such reservation, there is no reservation in this Issue nor will any discount be offered in this Issue, to any category of investors.

Previous Public Issues by our Company during last five years

1. On March 7, 2012, our Company issued and allotted 4.68 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2012 Bonds**") at a price of ₹ 1,000 per 2012 Bond, amounting to an aggregate of ₹ 4,684.72 crore pursuant to a public offering under the SEBI Debt Regulations which opened on January 27, 2012 and closed on February 10, 2012 ("**2012 Bonds Issue**"). The electronic credit of the 2012 Bonds to investors pursuant to the 2012 Bonds Issue was completed on March 10, 2012 (March 8, 2012 was a holiday). Furthermore, letters of allotment for the 2012 Bonds were dispatched to all investors (who had applied for allotment of the 2012 Bonds in physical form) on March 12, 2012. The 2012 Bonds were listed on the Stock Exchanges on March 20, 2012.

2. On February 16, 2013, our Company issued and allotted 2.194 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2013 Tranche – I Bonds**") at a price of ₹ 1,000 per 2013 Tranche – I Bond, amounting to an aggregate of ₹ 2193.4 crore pursuant to a public offering under the SEBI Debt Regulations which opened on January 9, 2013 and closed on February 7, 2013 ("**2013 Tranche – I Bonds Issue**"). The electronic credit of the 2013 Tranche – I Bonds to investors pursuant to the 2013 Tranche – I Bonds Issue was completed on February 18, 2013. Furthermore, letters of allotment for the 2013 Tranche – I Bonds were dispatched to all investors (who had applied for allotment of the 2013 Tranche – I Bonds in physical form) on February 19, 2013. The 2013 Tranche – I Bonds were listed on the NSE and BSE on February 21, 2013 and April 3, 2013, respectively (the listing of the 2013 Tranche – I Bonds at BSE was effected along with the 2013 Tranche – II Bonds (*as defined hereinafter*)).

3. On March 28, 2013, our Company issued and allotted 0.207 crore tax free bonds, in the nature of secured, redeemable non-convertible debentures ("**2013 Tranche – II Bonds**") at a price of ₹ 1,000 per 2013 Tranche – II Bond, amounting to an aggregate of ₹ 207.01 crore pursuant to a public offering under the SEBI Debt Regulations which opened on February 21, 2013 and closed on March 18, 2013 ("**2013 Tranche – II Bonds Issue**"). The electronic credit of the 2013 Tranche – II Bonds to investors pursuant to the 2013 Tranche – II Bonds Issue was completed on March 28, 2013. Furthermore, letters of allotment for the 2013 Tranche – II Bonds were dispatched to all investors (who had applied for allotment of the 2013 Tranche – II Bonds in physical form) on March 30, 2013. The 2013 Tranche – II Bonds were listed on the Stock Exchanges on April 3, 2013.

Commission or Brokerage on Previous Public Issues

1. An amount of ₹ 20.51 crores was incurred towards lead management fees, and selling commission in connection with the 2012 Bonds Issue.

2. An amount of ₹ 7.22 crores was incurred towards lead management fees, and selling commission in connection with the 2013 Tranche – I Bonds Issue.

3. An amount of ₹ 1.17 crores was incurred towards lead management fees, and selling commission in connection with the 2013 Tranche – II Bonds Issue.

Change in auditors of our Company during the last three years

Name	Address	Date of appointment/ resignation/ cessation	Auditor of the Company since
Agiwal & Associates	Lal Kothi, 2nd Floor, 3830, Pataudi House Road , Darya Ganj, New Delhi - 110 002	July 29, 2013	August 12, 2009
Dhawan & Co., Chartered Accountants	312, Wegmans House, 21 Veer Savarkar Block, Shakarpur, New Delhi – 110 092	July 29, 2013	July 29, 2013

Revaluation of assets

Our Company has not revalued its assets in the last five years.

Utilisation of Proceeds

The funds proposed to be raised through the Issue shall be utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements. For more information pertaining to utilisation of proceeds, see the section titled "Objects of the Issue" on page 43.

Statement by the Board of Directors

(i) All monies received out of the each Tranche Issue of the Bonds to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
(ii) Details of all monies utilised out of the each Tranche Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies were utilised; and
(iii) Details of all unutilised monies out of the each Tranche Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

The funds raised by us from previous issues of bonds have been utilised for our business as stated in the respective offer documents.

Disclaimer clause of BSE

[●]

Disclaimer in Respect of Jurisdiction

The Issue is being made in India, to Investors from Category I, Category II, Category III and Category IV. This Draft Shelf Prospectus, the Shelf Prospectus and the respective Tranche Prospectus will not, however constitute an offer to sell or an invitation to subscribe for the Bonds offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Shelf Prospectus, Shelf Prospectus and the respective Tranche Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

US disclaimer

Nothing in this Draft Shelf Prospectus constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**"), or the securities laws of any state of the United States or other jurisdiction and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Each other purchaser of the Bonds will be required to represent and agree, among other things, that (i) such purchaser is a non-U.S. person acquiring the Bonds in an "offshore transaction" in accordance with Regulation S, and (ii) any reoffer, resale, pledge or transfer of the Bonds by such purchaser will not be made to a person in the United States or to a person known by the undersigned to be a U.S. Person, in each case in accordance with all applicable securities laws.

EU disclaimer

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the Bonds and the information contained in this Draft Shelf Prospectus, the Shelf Prospectus read with the relevant Tranche Prospectus.

Track Record of past issues handled by the Lead Managers

The track record of past issues handled by Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited are available at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com respectively.

Listing

The Bonds will be listed on the BSE, the Designated Stock Exchange. The BSE has given its in-principle listing approval through its letter dated [●], 2013.

If the permission to list and trade the Bonds has not been granted by the BSE, our Company shall forthwith repay, without interest, all such moneys received from the Applicant in pursuance of the Tranche Prospectus. If any such money is not repaid within eight days after our Company becomes liable to repay it (expect if such delays are on account of delay in postal channels of the country), our Company and every Director who is an officer in default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at 15% per annum, as prescribed under section 73 of the Companies Act. Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE will be taken within 12 Working Days from the Issue Closing Date.

Dividend

For details of dividends paid by our Company for the financial years ended March 31, 2009, 2010, 2011, 2012 and 2013, see the section titled "Annexure A – Financial Statements" on page 160.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer giving full details of the Applicant, number of Bonds applied for, amount paid on application series/option applied for and Member of the Syndicate/Trading Member/SCSB to which the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of Bonds applied for, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through Trading Members may be addressed directly to the BSE.

ISSUE STRUCTURE

The CBDT has, by the CBDT Notification, authorised our Company to raise the Bonds aggregating to ₹ 5,000.00 crores. Our Company proposes to raise ₹ 5,000 crores* through a public issue of the Bonds in one or more tranches prior to March 31, 2014.

***** *In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

The following are the key terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by more detailed information in "Terms of the Issue" on page 109.

The key common terms and conditions of the Bonds are as follows:

Particulars	Terms and Conditions
Minimum application size	As specified in the Tranche Prospectus for a particular Series of Bonds. The minimum number of Bonds per Application Form will be calculated on the basis of the total number of Bonds applied for under each such Application Form and not on the basis of any specific option.
Mode of allotment	Both in dematerialised form as well as in physical form as specified by the Applicant in the Application Form.
Terms of Payment	Full amount on application.
Trading Lot	1 (one) Bond.
Who can Apply	**Category 1** • Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds; • Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI; • National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India); • Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India; • Mutual funds registered with SEBI; and • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. **Category II** • Companies within the meaning of section 3 of the Companies Act*; • Statutory bodies/corporations*; • Cooperative banks; • Public/ private/ religious trusts; • Limited Liability Partnerships; • Regional rural banks; • Partnership firms in the name of partners; and • Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws. * *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the*

Particulars	Terms and Conditions
	Companies Act. **Category III** The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; and • Hindu Undivided Families through the Karta. **Category IV** The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue: • Resident Indian individuals; • Eligible NRIs on a repatriation or non – repatriation basis; and • Hindu Undivided Families through the Karta.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

For further details, see the section titled "Issue Procedure" on page 122.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, to be issued by Company in terms of this Draft Shelf Prospectus, the Shelf Prospectus and the respective Tranche Prospectus(es).

The terms of each Series of Bonds are set out below

Options	Series of Bonds*		
	Tranche [●] Series [●] Bonds	**Tranche [●] Series [●] Bonds**	**Tranche [●] Series [●] Bonds**
Tenor	10 years (One hundred and twenty months from the Deemed Date of Allotment).	15 years (One hundred and eighty months from the Deemed Date of Allotment).	20 years (Two hundred and forty months from the Deemed Date of Allotment).
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.	20 years from the Deemed Date of Allotment.
Redemption Amount (₹/ Bond)	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.	Repayment of the face value of the Bonds and any interest (at the applicable interest rates) that may have accrued on the Redemption Date.
Frequency of interest payment	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Minimum Application size	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
In multiples of	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Face Value (₹/ Bond)	₹ 1,000.	₹ 1,000.	₹ 1,000.
Issue Price (₹/ Bond)	₹ 1,000.	₹ 1,000.	₹ 1,000.
Modes of interest payment	Through various available modes.**	Through various available modes.**	Through various available modes.**
Coupon Rate (%) p.a.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Annualised Yield	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Put and call option	None.	None.	None.

* *The number of Series of Bonds will be decided at the time of filing the Tranche Prospectus (es). Our Company shall allocate and Allot Tranche [●] Series [●] Bonds maturity to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Bond series.*

** *For various modes of interest payment, see the section titled "Terms of the Issue – Modes of Payment" on page 116.*

Terms of Payment

The entire face value per Bond is payable on Application. In the event of Allotment of a lesser number of Bonds than applied for, our Company shall refund the amount paid on application to the Applicant, in accordance with the terms of the respective Tranche Prospectus.

TERMS OF THE ISSUE

The Bonds being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, applicable regulations of the NHB, the Companies Act, the Income Tax Act, the CBDT Notification, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es), the Application Form, the terms and conditions of the debenture trustee agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, the GoI, and other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the Bonds.

1. **Authority for the Issue**

The CBDT has, by virtue of power conferred upon it under section 10(15)(iv)(h) of the Income Tax Act, has issued the CBDT Notification authorising our Company to issue the said Bonds up to an aggregate amount of ₹ 5,000.00 crores during Fiscal 2014.

Our Company shall issue the Bonds up to an aggregate amount of ₹ 5,000 crores* through this Issue during Fiscal 2014.

***** *In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

2. **Issue and status of Bonds**

2.1. Public issue of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15) (iv) (h) of the Income Tax Act, aggregating up to ₹ 5,000.00 crores* in one or more tranches in Fiscal 2012.

***** *In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹ 1,500 crores, i.e. upto 30% of the allocated limit for raising funds through the Bonds during the Fiscal 2014, at its discretion, wherein suitable amounts shall be earmarked for subscription by Sovereign Wealth Funds, Pension and Gratuity Funds. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹ 5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

2.2. The Bonds shall be secured pursuant to a Debenture Trust Deed and underlying security documents. The Bondholders are entitled to the benefit of the Debenture Trust Deed and are bound by and are deemed to have notice of all the provisions of the Debenture Trust Deed.

2.3. The Bonds are proposed to be secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.

2.4. The claims of the Bond holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

3. **Form, face value, title and listing etc.**

3.1.1. **Form of Allotment**

The Allotment of the Bonds shall be in a dematerialized form as well as physical form. Our Company has made depository arrangements with CDSL and NSDL for the issuance of the Bonds in dematerialized form, pursuant to the tripartite agreement dated September 20, 2011 among our Company, the Registrar and CDSL and the tripartite agreement dated September 20, 2011 among our Company, the Registrar and NSDL (collectively **"Tripartite Agreements"**).

Our Company shall take necessary steps to credit the Depository Participant account of the Applicants with the number of Bonds allotted in dematerialized form. The Bondholders holding the Bonds in dematerialised form shall deal with the Bonds in accordance with the provisions of the Depositories Act, and/or rules as notified by the Depositories from time to time.

3.1.2. The Bondholders may rematerialize the Bonds issued in dematerialised form, at any time after Allotment, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

3.1.3. In case of Bonds held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerialised form, our Company will issue one certificate for each Series of Bonds to the Bondholder for the aggregate amount of the Bonds that are held by such Bondholder (each such certificate, a "**Consolidated Bond Certificate**"). In respect of the Consolidated Bond Certificate(s), our Company will, on receipt of a request from the Bondholder within 30 Business Days of such request, split such Consolidated Bond Certificate(s) into smaller denominations in accordance with the applicable regulations/rules/act, subject to a minimum denomination of one Bond. No fees will be charged for splitting any Consolidated Bond Certificate(s) and any stamp duty, if payable, will be paid by the Bondholder. The request to split a Consolidated Bond Certificate shall be accompanied by the original Consolidated Bond Certificate(s) which will, on issuance of the split Consolidated Bond Certificate(s), be cancelled by our Company.

3.1.4. **Manner of allotment**

3.1.4.1 Allotment of the Bonds will be in physical and dematerialised form. In terms of Bonds issued in dematerialised form, our Company will take requisite steps to credit the demat accounts of all Bondholders who have applied for the Bonds in dematerialised form within 12 Working Days from the Issue Closure Date.

3.1.4.2 Our Company will also issue Letters of Allotment to all Bondholders who have applied for the Bonds in dematerialised form within 12 Working Days from the Issue Closure Date. Subsequent to the payment of the consolidated stamp duty on the Bonds, and upon the issuance of the order from the Collector evidencing the payment of such consolidated stamp duty, our Company and the Registrar shall dispatch Consolidated Bond Certificates to all Bondholders holding Letters of Allotment (in terms of the Register of Bondholders as maintained by the Registrar), no later than three months from the date of Allotment (in accordance with section 113 of the Companies Act). Upon receipt by Bondholders of such Consolidated Bond Certificates as dispatched by the Registrar and the Company, the Letters of Allotment shall stand cancelled without any further action. Prospective Bondholders should note that once Consolidated Bond Certificates have been duly dispatched to all Bondholders who had applied for Bonds in physical form, our Company shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds purported to be effected through Letters of Allotment.

3.2. **Face Value**

The face value of each Bond is ₹ 1,000.

3.3. **Title**

3.3.1 In case of:

i) the Bond held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

ii) the Bond held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) as Bondholder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such persons the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated Bond Certificate issued in respect of the Bonds and no person will be liable for so treating the Bondholder.

3.3.2 No transfer of title of a Bond will be valid unless and until entered on the Register of Bondholders or the register of beneficial owners, maintained by the Depositories and/or our Company or the Registrar to the Issue prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of Bondholders maintained by the Depositories and /or our Company and/or the Registrar to the Issue, as the case may be. In such cases, claims, if any, by the purchasers of the Bonds will need to be settled with the seller of the Bonds and not with our Company or the Registrar to the Issue.

3.4. **Listing**

The Bonds will be listed on the BSE.

3.5. **Market Lot**

The Bonds shall be allotted in physical as well as dematerialised form. In terms of the SEBI Debt Regulations, the trading of the Bonds shall be in dematerialised form only. Since, the trading of Bonds is in dematerialized form, the tradable lot for the Bonds is one Bond ("**Market Lot**").

3.6. **Procedure for rematerialisation of Bonds**

Bondholders who wish to hold the Bonds in physical form, after having opted for Allotment in dematerialised form may do so by submitting a request to their Depository Participant, in accordance with the applicable procedure stipulated by the Depository Participant.

3.7. Procedure for dematerialisation of Bonds

Bondholders who have been allotted Bonds in physical form and wish to hold the Bonds in dematerialized form may do so by submitting his or her request to his or her Depository Participant in accordance with the applicable procedure stipulated by the Depository Participant.

4. Transfer of the Bonds, issue of Consolidated Bond Certificates, etc.

4.1. **Register of Bondholders**

Our Company shall maintain at its registered office or such other place, as permitted by section 152A of the Companies Act, a register of Bondholders containing such particulars of the legal owners of the Bonds. Further, the register of beneficial owners maintained by Depositories for any Bond in dematerialised form under Section 11 of the Depositories Act shall also be deemed to be a register of Bondholders for this purpose.

4.2. **Transfers**

4.2.1 ***Transfer of Bonds held in dematerialised form:***

In respect of Bonds held in the dematerialised form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's Depository Participant's account to his Depository Participant. If a prospective purchaser does not have a Depository Participant account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified in 4.2.2 below.

4.2.2 ***Transfer of Bonds in physical form:***

The Bonds may be transferred in a manner as may be prescribed by our Company for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to our Company or to such persons as may be notified by our Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialised form, the Bonds may be dematerialized by the purchaser through his or her Depository Participant in accordance with the provisions of the Depositories Act and/or rules as notified by the Depositories from time to time.

The payment of stamp duty on transfer of Bonds as well as the execution of instrument of transfer as required under Section 108 of the Companies Act has been exempted by Government of India's Notification No. GSR 1294(E) dated December 17, 1986. The Company will register the transfer of Bonds, provided the Bond Certificate with the details of name, address, occupation, if any, and signature of the transferee on the reverse of the Bond Certificate is delivered to the address of the Registrar mentioned herein, by registered post or by hand delivery. No stamp duty is payable under the said notification on such transfers. The Company shall on being satisfied and subject to the provisions of the Articles of Association register the transfer of such Bonds in its books.

4.3. **Formalities free of charge**

Registration of a transfer of Bonds and issuance of new Consolidated Bond Certificates will be effected without charge by or on behalf of our Company, but on payment (or the giving of such indemnity as our Company may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer, and our Company being satisfied that the requirements concerning transfers of Bonds, have been complied with.

4.4 **Debenture Redemption Reserve ("DRR")**

Pursuant to Regulation 16 of the SEBI Debt Regulations and section 117C of the Companies Act, any company that intends to issue debentures needs to create a DRR to which adequate amounts shall be credited out of the profits of our company until the redemption of the debentures. Further, the MCA has, through its circular dated February 11, 2013, specified that public financial institutions shall create a DRR to the extent of 25% of the value of the debentures issued through public issue. Accordingly, our Company shall create DRR of 25% of the value of Bonds issued and allotted in terms of the Tranche Prospectus(es), or such a percentage as may be required under the applicable law as amended from time to time, for the redemption of the Bonds. Our Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilized by our Company for any purpose other than for the redemption of the Bonds.

5. **Application Amount**

The Bonds are being issued at par and full amount of face value per Bond is payable on application. Eligible Applicants can apply for any amount of the Bonds subject to a minimum application size, as specified in the Tranche Prospectus(es) across any of the Series(s) or a combination thereof. The Applicants will be allotted the Bonds in accordance with the Basis of Allotment.

6. **Deemed Date of Allotment**

Deemed Date of Allotment shall be the date on which the Board of Directors of our Company or any Committee thereof or the Chairman and Managing Director approves the Allotment of the Bonds for each Tranche Issue. All benefits under the Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

7. **Subscription**

7.1. **Period of Subscription**

The Issue shall remain open for the period mentioned below:

Issue Opens on	As specified in the Tranche Prospectus
Issue Closes on	As specified in the Tranche Prospectus

The Issue shall remain open for subscription from 10:00 a.m. till 5:00 PM (Indian Standard Time) for the period mentioned above, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof, or the Chairman and Managing Director. In the event of such early closure or extension of the subscription list of the Issue, our Company shall ensure that public notice of such early closure is published on or before the day of such early date of closure through advertisement/s in at least one leading national daily newspaper.

7.2. **Underwriting**

The Issue is not underwritten

7.3. **Minimum Subscription**

Under the SEBI Debt Regulations, our Company may stipulate a minimum subscription amount which it seeks to raise. Our Company has decided to set no minimum subscription for the Issue.

8. **Interest**

8.1. **Interest**

For all Categories, the Tranche [●] Series [●] Bonds, the Tranche [●] Series [●] Bonds and the Tranche [●] Series [●] Bonds shall carry interest at the coupon rate of [●]% p.a., [●]% p.a. and [●]% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date.

However, we may decide to pay an additional interest at the rate of [●]% p.a. to all Allottees under Category IV for the Tranche [●] Series [●] Bonds, the Tranche [●] Series [●] Bonds and the Tranche [●] Series [●] Bonds. Accordingly, the Tranche [●] Series [●] Bonds, the Tranche [●] Series [●] Bonds and the Tranche [●] Series [●] Bonds Allotted to Category IV Investors may carry an aggregate coupon rate of [●]% p.a. and [●]% p.a., respectively, payable annually from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. In such case, the effective yield to Category IV Allottees would be [●]% p.a., [●]% p.a. and [●]% p.a. for the Tranche [●] Series [●] Bonds, the Tranche [●] Series [●] Bonds and the Tranche [●] Series [●] Bonds, respectively.

Please note that in the event we decide to pay the aforesaid additional interest of [●] % p.a., such additional interest shall not be available in case the Bonds are transferred by Bondholders under Category IV to Bondholders under Categories I, II and III. The holding of Bonds shall be ascertained by the Registrar as on the Record Date and if any Bondholder falling under Category IV is found to be holding Bonds of face value aggregating more than ₹10 lakhs as on the Record Date, such Bondholder shall not be entitled to additional interest of [●]% p.a.

For avoidance of doubt, it is clarified that for the purpose of classifying the Investors into various categories, the Applications will be consolidated on the basis of PAN.

8.2. **Day count convention**

Interest on the Bonds shall be computed on an actual basis for the broken period, if any.

8.3. **Interest on Application Amounts**

8.3.1. **Interest on application monies received which are used towards allotment of Bonds**

We shall pay interest on Application Amounts on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are Allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) or three days from the date of banking of the Application (being the date of submission of each Application as duly acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate as specified in the Tranche Prospectus.

A tax deduction certificate will be issued for the amount of income tax so deducted.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the applicants. Alternatively, interest warrants will be dispatched along with the Letter(s) of Allotment at the sole risk of the applicant, to the sole/first applicant.

8.3.2. **Interest on application monies received which are liable to be refunded**

We shall pay interest on Application Amounts which is liable to be refunded to the Applicants (other than Application Amounts received after the Issue Closure Date, and ASBA Applicants) subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, from the date of realization of the cheque(s)/demand draft(s) or three days from the date of receipt of the Application (being the date of presentation of each Application as acknowledged by the Bankers to the Issue) whichever is later upto one day prior to the Deemed Date of Allotment, at the rate as specified in the Tranche Prospectus. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the letter(s) of refund at the sole risk of the Applicant, to the sole/first Applicant.

A tax deduction certificate will be issued for the amount of income tax so deducted.

Provided that, notwithstanding anything contained hereinabove, our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid Applications or Applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant. See the section titled "Issue Procedure – Rejection of Applications" on page 143.

9. **Redemption**

9.1. The face value of the Bonds will be redeemed at par, on the respective Maturity Dates of each of the Bond Series.

9.2. **Procedure for Redemption by Bondholders**

The procedure for redemption is set out below:

9.2.1. ***Bonds held in electronic form:***

No action is required on the part of Bondholders at the time of maturity of the Bonds.

9.2.2. ***Bonds held in physical form:***

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by our Company on the Record Date fixed for the purpose of redemption without there being a requirement for the surrender of the physical Consolidated Bond Certificate(s). Our Company shall stand discharged of any liabilities arising out of any fraudulent transfer of the Bonds or non-registration of transfer of Bonds with our Company.

10. **Payments**

10.1. **Payment of Interest on Bonds**

Payment of interest on the Bonds will be made to those Bondholders whose name appears first in the Register of Bondholders maintained by the Depositories and/or our Company and/or the Registrar to the Issue, as the case may be as, on the Record Date.

10.2. **Record Date**

The record date for the payment of interest or the Maturity Amount shall be 15 Business Days prior to the date on which such amount is due and payable ("**Record Date**"). In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the record date and the date of redemption. In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the Record Date.

10.3. **Effect of holidays on payments**

If the date of interest payment or redemption falls on a Saturday, Sunday or a public holiday in Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the effective date. In case the date of payment of interest or principal or any date specified falls on a holiday, the payment will be made on the next Business Day, without any interest for the period overdue.

10.4. Whilst our Company will use the electronic mode for making payments, where facilities for electronic mode of payments are not available to the Bondholder or where the information provided by the Applicant is insufficient or incomplete, our Company proposes to use other modes of payment to make payments to the Bondholders, including through the dispatch of cheques through courier, or registered post to the address provided by the Bondholder and appearing in the Register of Bondholders maintained by the Depositories and/or our Company and/or the Registrar to the Issue, as the case may be as, on the Record Date. Our Company shall pay interest as specified in the Tranche Prospectus, over and above the coupon rate of the relevant Bonds, in the event that such payments are delayed beyond a period of eight days after our Company becomes liable to pay such amounts (expect if such delays are on account of delay in postal channels of the country).

10.5. Our Company's liability to the Bondholders including for payment or otherwise shall stand extinguished from the Maturity Date or on dispatch of the amounts paid by way of principal and/or interest to the Bondholders. Further, our Company will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

11. **Manner and Mode of Payment**

11.1. **Manner of Payment:**

All payments to be made by our Company to the Bondholders shall be made in any of the following manners:

11.1.1. ***For Bonds applied or held in electronic form:***

The bank details will be obtained from the Depositories for payments. Investors who have applied or who are holding the Bond in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of the payments to investors at their sole risk and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for such delays on part of the investors.

11.1.2. ***For Bonds held in physical form***

The bank details will be obtained from the Registrar to the Issue for effecting payments.

11.2. **Modes of Payment**

The mode of interest/ refund (except for refunds to ASBA Applicants)/ redemption payments shall be undertaken in the following order of preference:

11.2.1. ***Direct Credit***

Applicants having bank accounts with the Refund Bank, as per the demographic details received from the Depositories shall be eligible to receive refunds through direct credit.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company has initiated the process in time.

11.2.2. ***NECS***

Through NECS for Applicants having an account at any of the centres notified by the RBI. This mode of payment will be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf, from the Depositories.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company has initiated the process in time.

11.2.3. ***Real Time Gross Settlement ("RTGS")***

Applicants having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose payment amount exceeds ₹ 2.00 lacs (or as may be specified by the RBI from time to time) shall be eligible to receive refund through RTGS, provided the demographic details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the Refund Bank for the same would be borne by our Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company has initiated the process in time.

11.2.4. ***National Electronic Fund Transfer ("NEFT")***

Payment of refund shall be undertaken through NEFT wherever the Applicants' bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Applicants have registered their MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrar to the Issue. In the event NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed in this section.

Our Company shall not be responsible for any delay to the Bondholder receiving credit of interest or refund or Maturity Amount so long as our Company has initiated the process in time.

11.2.5. ***Cheques or demand drafts***

By cheques or demand drafts made in the name of the Bondholders whose names appear in the Register of Bondholders as maintained by our Company and/or as provided by the Depositories. All cheques or demand drafts as the case may be, shall be sent by registered/speed post/courier at the Bondholder's sole risk.

11.3. **Printing of bank particulars**

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be provided for printing on the orders/warrants. Applications without these details are liable to be rejected. However, in relation to Applications for dematerialised Bonds, these particulars will be taken directly from the Depositories. In case of Bonds held in physical form either on account of rematerialisation or transfer, the Bondholders are advised to submit their bank account details with the Registrar to the Issue before the Record Date, failing which the amounts will be dispatched to the postal address of the Bondholders. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

12. **Special Tax Benefits**

For the details of tax benefits, see the section titled "Statement of Tax Benefits" on page 45.

13. **Taxation**

The Bonds are tax free in nature and the interest on the Bonds will not form part of the total income. For further details, see the section titled "Statement of Tax Benefits" on page 45.

14. **Security**

The Bonds proposed to be issued are secured by a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.

15. **Events of default**

15.1. The Debenture Trustee at its discretion may, or if so requested in writing by the holders of not less than 75% in principal amount of the Bonds then outstanding or if so directed by a Special Resolution shall (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to our Company specifying that the Bonds and/or any particular Series of Bonds, in whole but not in part are and have become due and repayable at the early redemption amount on such date as may be specified in such notice, among other things, if any of the events listed in 15.2 below occur.

15.2. The complete list of events of default shall be as specified in the Debenture Trust Deed.

15.3. The early redemption amount payable on the occurrence of an event of default shall be as detailed in the Debenture Trust Deed.

15.4. If an event of default occurs which is continuing, the Debenture Trustee may with the consent of the Bondholders, obtained in accordance with the provisions of the Debenture Trust Deed, and with a prior written notice to our Company, take action in terms of the Debenture Trust Deed.

15.5. In case of default in the redemption of Bonds, in addition to the payment of interest and all other monies payable hereunder on the respective due dates, our Company shall also pay interest on the defaulted amounts.

16. **Bondholders' rights, nomination, etc.**

16.1. **Rights of Bondholders**

Some of the significant rights available to the Bondholders are as follows:

a) The Bonds shall not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of our Company including the right to receive notices or annual reports of, or to attend and / or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, such resolution will first be placed before the concerned registered Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders shall be entitled to a copy of the balance sheet on a specific request made to the Company.

b) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with the consent in writing of the Bondholders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a special resolution passed at a meeting of the concerned Bondholders. However, in the event that such consent or special resolution pertains to modify or vary the terms and conditions governing the Bonds, such consent or resolution shall not be operative against our Company in the event that such consent or resolution is not acceptable to the Company.

c) The registered Bondholder or in case of joint-holders, the person whose name stands first in the Register of Bondholders shall be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder shall be entitled to one vote on a show of hands and on a poll, his or her voting rights shall be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

d) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the concerned Bondholders after providing at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the Bonds of all the Bondholders, who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of the Draft Shelf Prospectus, respective Tranche Prospectus(es) and Debenture Trust Deed to be executed by our Company with the Debenture Trustee.

Special Resolution for the purpose of this section is a resolution passed at a meeting of Bondholders of at least three-fourths of the outstanding amount of the Bonds, present and voting.

16.2. **Succession**

Where Bonds are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the Bondholder(s) in accordance with the applicable laws. It will be sufficient for our Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death, provided that a third person may call on our Company to register his name as successor of the deceased Bondholder after obtaining evidence such as probate of a will for the purpose of proving his title to the Bonds. In the event of demise of the sole or first holder of the Bonds, our Company will recognize the executors or administrator of the deceased Bondholders, or the holder of the succession certificate or other legal representative as having title to the Bonds only if such executor or administrator obtains and produces probate of will or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The Board of Directors of our Company in their absolute discretion may, in any case, dispense with production of probate of will or letter of administration or succession certificate or other legal representation.

16.3. **Nomination Facility to Bondholder**

16.3.1. The sole Bondholder or first Bondholder, along with other joint Bondholders (being individual(s)) may nominate any one person (being an individual) who, in the event of death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Bond. A person, being a nominee, becoming entitled to the Bond by reason of the death of the Bondholders, shall be entitled to the same rights to which he will be entitled if he were the registered holder of the Bond. Where the nominee is a minor, the Bondholders may make a nomination to appoint any person to become entitled to the Bond(s), in the event of his death, during the minority. A nomination shall stand rescinded on sale of a Bond by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders. Fresh nominations can be made only in the prescribed form available on request at our Company's administrative office or at such other addresses as may be notified by our Company.

16.3.2. The Bondholders are advised to provide the specimen signature of the nominee to our Company to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

16.3.3. Any person who becomes a nominee under any applicable laws shall on the production of such evidence as may be required by our Company's Board or Committee of Directors, or the Chairman and Managing Director, as the case may be, elect either:

(a) to register himself or herself as the holder of the Bonds; or

(b) to make such transfer of the Bonds, as the deceased holder could have made.

16.3.4. Notwithstanding anything stated above, Applicants who are allotted bonds in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bondholder will prevail. If the Bondholders require changing their nomination, they are requested to inform their respective Depository Participant. For Applicants who opt to hold the Bonds in physical form, the Applicants are require to fill in the details for 'nominees' as provided in the Application Form.

16.3.5. Further, our Company's Board or Committee of Directors or the Chairman and Managing Director, as the case may be, may at any time give notice requiring any nominee of the deceased holder to choose either to be registered himself or herself or to transfer the Bonds, and if the notice is not complied with, within a period of 90 days, our Company's Board or Committee of Directors or the Chairman and Managing Director, as the case may be, may thereafter withhold payment of all interests or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

17. **Debenture Trustee**

17.1. Our Company has appointed SBICAP Trustee Company Limited to act as the Trustee for the Bondholders. Our Company intends to enter into a Debenture Trust Deed with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under the respective Tranche Prospectus(es) under which allotment has been made.

17.2. The Bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by our Company to the Debenture Trustee on behalf of the Bondholders shall discharge our Company *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders shall vest in and shall be exercised by the Debenture Trustee without reference to the Bondholders. No Bondholder shall be entitled to proceed directly against our Company unless the Debenture Trustee, having become so bound to proceed, failed to do so.

17.3. The Debenture Trustee will protect the interest of the Bondholders in the event of default by our Company in regard to timely payment of interest and repayment of principal and they will take necessary action at our Company's cost. Further, the Debenture Trustee shall ensure that the assets of our Company are sufficient to discharge the principal amount at all time under this Issue.

18. **Miscellaneous**

18.1. **Loan against Bonds**

The Bonds can be pledged or hypothecated for obtaining loans from lending institutions in accordance with the lending policies of the concerned institutions.

18.2. **Lien**

Our Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to our Company.

18.3. **Lien on pledge of Bonds**

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank, institution or others for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

18.4. **Joint-holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to applicable laws.

18.5. **Sharing of information**

Our Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with our Company and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither our Company nor its affiliates nor their agents shall be liable for use of the aforesaid information.

18.6. **Notices**

All notices to the Bondholders required to be given by our Company or the Trustee shall be published in at least one national daily newspaper having wide circulation and/or, will be sent by post/courier to the registered Bondholders from time to time.

18.7. **Issue of duplicate Consolidated Bond Certificate(s)**

If any Consolidated Bond Certificate is mutilated or defaced it may be replaced by our Company against the surrender of such Consolidated Bond Certificates, provided that where the Consolidated Bond Certificates are mutilated or defaced, they will be replaced only if the certificate numbers and the distinctive numbers are legible.

If any Consolidated Bond Certificate is destroyed, stolen or lost then on production of proof thereof to the Issuer's satisfaction and on furnishing such indemnity/security and/or documents as it may deem adequate, duplicate Consolidated Bond Certificate(s) shall be issued.

The above requirement may be modified from time to time as per applicable law and practice.

18.8. **Future borrowings**

Our Company shall be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or bonds or any other securities in any form, manner, ranking and denomination whatsoever and to any eligible persons whatsoever and to change its capital structure including through the issue of shares of any class, on such terms and conditions as our Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Debenture Trustee in this connection.

18.9. **Jurisdiction**

The Bonds, the Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. For the purpose of this Issue and any matter related to or ancillary to the Issue the Courts of New Delhi, India shall have exclusive jurisdiction.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involves application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs in the relevant ASBA Accounts.

ASBA Applicants should note that they may submit their ASBA Applications to the Members of the Syndicate or Trading Members only at the Syndicate ASBA Application Locations, or directly to the Designated Branches of the SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members (at the application centres of the Members of the Syndicate will be mentioned in the Application Form) or make online Applications using the online payment gateway of the BSE.

Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable law or as specified in this Draft Shelf Prospectus.

Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("Debt Application Circular"). The procedure mentioned in this section is subject to the BSE putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by the BSE and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the BSE and/or SEBI. Specifically, pursuant to a letter dated August 23, 2013 the Lead Managers have sought an exemption/clarification from SEBI from complying with paragraph 3.2.3 of the Debt Application Circular in connection with this Issue and to allow the Company to effect allotments of the Bonds on the basis of the date of uploading of applications on the online platform of the relevant stock exchange(s) and not on a date-time priority basis. The basis of allotment as described herein is subject to SEBI granting us the aforesaid exemption/clarification in a timely manner or at all. Accordingly, this section may consequently undergo change between the date of this Draft Shelf Prospectus and the Shelf Prospectus and/or Tranche Prospectus(es).

The Members of the Syndicate and the Company shall not be responsible or liable for any errors or omissions on the part of trading members in connection with the responsibility of Trading Members in relation to collection and upload of Applications in this issue on the electronic application platform provided by the BSE. Further BSE will be responsible for addressing investor grievances arising from applications through Trading Members.

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I

- Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;
- Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- Foreign Institutional Investors and sub-accounts (other than a sub account which is a foreign corporate or foreign individual) registered with SEBI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the army, navy or air force of the Union of India or set up and managed by the Department of Posts, India;
- Mutual funds registered with SEBI; and

- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Category II

- Companies within the meaning of section 3 of the Companies Act*;
- Statutory bodies/corporations*;
- Cooperative banks;
- Public/ private/ religious trusts;
- Limited Liability Partnerships;
- Regional rural banks;
- Partnership firms in the name of partners; and
- Any other foreign/ domestic legal entities/ persons as may be permissible under the CBDT Notification and authorised to invest in the Bonds in terms of applicable laws.

* *The MCA has, through its circular (General Circular No. 06/2013) dated March 14, 2013, clarified that companies investing in tax-free bonds wherein the effective yield on the bonds exceeds the yield on the prevailing bank rate will not be in violation of section 372A(3) of the Companies Act.*

Category III

The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis; and
- Hindu Undivided Families through the Karta.

Category IV

The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:

- Resident Indian individuals;
- Eligible NRIs on a repatriation or non – repatriation basis; and
- Hindu Undivided Families through the Karta.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

An FII, Eligible NRI or any other non-resident Applicant applying in the Issue must not be (i) based in the United States of America ("**USA**"), and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

The information below is given for the benefit of Applicants. Our Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Shelf Prospectus.

How to apply?

Availability of the Abridged Prospectus and Application Forms

Please note that there is a single Application Form for ASBA Applicants as well as non-ASBA Applicants

who are persons resident in India. There is a separate Application Form for Applicants (ASBA Applicants and non-ASBA Applicants) who are FIIs and Eligible NRIs applying for Bonds on repatriation or a non-repatriation basis.

Copies of the Abridged Prospectus containing the salient features of the Tranche Prospectus (for a particular Tranche Issue) together with Application Forms may be obtained from our Registered Office, the Lead Managers, the Consortium Members and the Designated Branches of the SCSBs. Additionally the Tranche Prospectus (for a particular Tranche Issue) and the Application Forms will be available for download on the website of the BSE at www.bseindia.com and the websites of the Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com, and www.rrfinance.com/www.rrfcl.com respectively.

Electronic Application Forms will also be available on the website of the BSE. A hyperlink to the website of the BSE for this facility will be provided on the website of the Lead Managers and the SCSBs.

Trading Members can download Application Forms from the website of the BSE. Further, Application Forms will also be provided to Trading Members at their request.

The prescribed colour of the Application Form for the Applicants is as follows:

Category	Colour of the Application Form
Resident Indians (ASBA and non-ASBA Applicants)	As will be specified in the Tranche Prospectus(es)
FIIs, Eligible NRIs and any other non-resident Applicant across all Categories (applying on a repatriation as well as non-repatriation basis)	As will be specified in the Tranche Prospectus(es)

Methods of Application

An eligible investor desirous of applying in the Issue can make Applications by one of the following methods:

1. Applications through the ASBA process; and

2. Non-ASBA Applications.

Note – *Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility ("***Direct Online Application Mechanism***"). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the BSE puts in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.*

If such systems, infrastructures or processes are put in place by the BSE prior to the filing of the Shelf Prospectus or the respective Tranche Prospectus(es), the methods and procedure for relating to the Direct Online Application Mechanism shall be suitably updated in the Shelf Prospectus or the respective Tranche Prospectus(es), as the case may be. However, if such systems, infrastructures or processes are put in place by the BSE after filing of the Shelf Prospectus and the respective Tranche Prospectus(es) but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a reputed national daily newspaper.

Applications through the ASBA process

Please note that application through ASBA is optional for all categories of Applicants.

Applicants who wish to apply through the ASBA process by filling in physical Application Form will have to select the ASBA mechanism in Application Form and provide necessary details. Applicants can submit their Applications through the ASBA process by submitting the Application Forms to the Designated Branch of the SCSB with whom the ASBA Account is maintained or through the Members of the Syndicate or Trading

Members (ASBA Applications through the Members of the Syndicate and Trading Members shall hereinafter be referred to as the "**Syndicate ASBA**"), prior to or on the Issue Closing Date. **ASBA Applications through the Members of the Syndicate and Trading Members is permitted only at the Syndicate ASBA Application Locations** (**Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Vadodara and Surat**). Kindly note that Application Forms submitted by ASBA Applicants to Members of the Syndicate and the Trading Members at the Syndicate ASBA Application Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Member of the Syndicate or the Trading Members to deposit the Application Form (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

Members of the Syndicate and Trading Members shall, upon receipt of Application Forms from ASBA Applicants, upload the details of these Application Forms to the online platform of the BSE and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained in accordance with the Debt Application Circular. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

ASBA Applications in electronic mode will only be available with such SCSBs who provide such an electronic facility. In case of ASBA Applications in such electronic form, the ASBA Applicant shall submit the Application Form with instruction to block the Application Amount either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for applying and blocking funds in the ASBA Account held with SCSB, as would be made available by the concerned SCSB.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by SCSBs and Trading Members, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, aall grievances against Trading Members in relation to the Issue should be made by Applicants directly to the BSE.

Please note that you cannot apply for the Bonds through the ASBA process if you wish to be Allotted the Bonds in physical form.

Non-ASBA Applications

(i) ***Non- ASBA Applications for Allotment of the Bonds in dematerialised form***

Applicants may submit duly filled in Application Forms either in physical or downloaded Application Forms to the Members of the Syndicate or the Trading Members accompanied by account payee cheques/ demand drafts prior to or on the Issue Closing Date. The Members of the Syndicate and Trading Members shall, upload the non-ASBA Application on the online platform of the BSE, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant should preserve this and should provide the same for any grievances relating to their Applications.

Upon uploading the Application on the online platform of the BSE, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application details to the Registrar. The Members of the Syndicate/ Trading Members are requested to note that all payment instruments are required to be banked with only the banking branches of the Escrow Collection Banks, details of which will be available at the websites of the Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com, respectively (A link for the said websites will be available at the website of the BSE at www.bseindia.com). Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities which have at least one banking branch of the Escrow Collection Banks. The Registrar shall match the Application details as received from the online platform of the BSE with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of the BSE will prevail. Upon Allotment, the Registrar will credit the Bonds in the demat accounts of the successful Applicants as mentioned in the Application Form.

Please note that neither our Company, nor the Members of the Syndicate, nor the Registrar shall be responsible for redressal of any grievances that Applicants may have in regard to the non-ASBA Applications made to the Trading Members, including, without limitation, relating to non-upload of the Applications data. All grievances against Trading Members in relation to the Issue should be made by Applicants to the BSE.

(ii) ***Non- ASBA Applications for Allotment of the Bonds in physical form***

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members, along with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified in the sections titled "Issue Procedure – Applications by various Applicant Categories" and "Issue Procedure - Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form" at pages 127 and 140, respectively. The Members of the Syndicate and Trading Members shall, upon submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the online platform of the BSE, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and returning it to the Applicant. This acknowledgment slip shall serve as the duplicate of the Application Form for the records of the Applicant and the Applicant shall preserve this and should provide the same for any queries relating to non-Allotment of Bonds in the Issue.

Upon uploading of the Application details, the Members of the Syndicate and Trading Members will submit the Application Forms, along with the payment instruments to the Escrow Collection Banks, which will realise the payment instrument, and send the Application Form and the KYC documents to the Registrar. The Registrar shall check the KYC documents submitted and match Application details as received from the online platform of the BSE with the Application Amount details received from the Escrow Collection Banks for reconciliation of funds received from the Escrow Collection Banks. In case of discrepancies between the two data bases, the details received from the online platform of the BSE will prevail. The Members of the Syndicate/ Trading Members are requested to note that all Applicants are required to be banked with only the banking branches of Escrow Collection Banks, details of which will be available at the websites of the Lead Managers at www.axiscap.in, www.edelweissfin.com, www.hdfcbank.com, www.karvy.com and www.rrfinance.com/www.rrfcl.com, respectively (A link for the said websites will be available at the website of the BSE at www.bseindia.com. Accordingly, Applicants are requested to note that they must submit Application Forms to Trading Members who are located in towns/ cities which have at least one banking branch of the Escrow Collection Banks. Upon Allotment, the Registrar will dispatch Bond Certificates to the successful Applicants to their addresses as provided in the Application Form. **Please note that, in the event that KYC documents of an Applicant are not in order, the Registrar will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar at the earliest.**

Please note that in such an event, any delay by the Applicant to provide complete KYC documents to the Registrar will be at the Applicant's sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond Certificates are withheld by the Registrar. Further, our Company will not be liable for any delays in payment of interest on the Bonds allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.

Members of the Syndicate or Trading Members are also required to ensure that the Applicants are competent to contract under the Indian Contract Act, 1872 including minors applying through guardians, at the time of acceptance of the Application Forms.

To supplement the foregoing, the mode and manner of Application and submission of Application Forms is illustrated in the following chart.

Mode of Application	To whom the Application Form has to be submitted
ASBA Applications	(i) to the Members of the Syndicate only at the Syndicate ASBA Application Locations; or (ii) to the Designated Branches of the SCSBs where the ASBA Account is maintained; **or**

Mode of Application	To whom the Application Form has to be submitted
	(iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	(i) to the Members of the Syndicate; **or** (ii) to Trading Members.

Application Size

Applications are required to be for a minimum of such Bonds and multiples of such Bonds thereafter as specified in the relevant Tranche Prospectus.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by FIIs^

An FII who purchases the Bonds under this Issue shall make the payment for purchase of such securities either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by such FII with a designated branch of an authorized dealer in terms of the applicable regulations governing the same.

Applications by FIIs for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) its SEBI registration certificate; (ii) an inward remittance certificate; (iii) a resolution authorising investment in the Bonds; and (iii) specimen signatures of authorised persons.

Investments by FIIs

Investments by FIIs in the Issue will be restricted by various circulars issued by SEBI and RBI providing for corporate debt limits. In particular, the SEBI circular bearing reference No. CIR/IMD/FIIC/6/2013, dated April 1, 2013 provides that the following categories of debt limits shall be merged into a single category named 'Corporate Debt':

1. Corporate debt – Old for FIIs (US$ 20 billion).
2. Corporate debt – Old for QFIs (US$ 1 billion).
3. Corporate debt – Long Term (US$ 5 billion).
4. Corporate debt in relation to the long term infrastructure sector (US$ 12 billion).
5. Investment by QFIs in debt mutual fund schemes which invest in the infrastructure sector (US$ 3 billion).
6. Investment in Infrastructure Debt Funds (US$ 10 billion).

The combined limit for FIIs in the Corporate Debt category is US$ 51 billion, as provided in the table below.

Type of Instrument	Investment cap (US$ billion)	Eligible Investors	Remarks
Government Debt	25	FIIs and QFIs	Eligible investors may invest in Treasury Bills only up to US$ 5.5 billion within the limit of US$ 25 billion
Corporate Debt	51	FIIs and QFIs	Eligible investors may invest in Commercial Papers only up to US$ 3.5 billion within the limit of US$ 51 billion

The RBI has, through its circular (bearing RBI/2012-13/391) dated January 24, 2013 enhanced the limit for investment by FIIs in the government debt (long term) category by US$ 5 billion to US$ 15 billion and the corporate non-infrastructure debt category by US$ 5 billion. In terms of the aforesaid RBI circular, the changes are summarized below:

a) In the government debt (long term), the provision regarding 3 years residual maturity at the time of first purchase shall no longer be applicable. However, within this category, FIIs shall not be allowed to invest in short term paper like treasury bills.

b) In terms of the aforesaid circular, the limit of US$ 5 billion in the corporate non-infrastructure debt shall not be available for investment in certificate of deposits and commercial paper. Investments in certificate of deposits are not permitted within the limit of US$ 20 billion.

c) The US $ 1 billion limit for QFIs shall continue to be over and above the revised limit of US$ 25 billion available for FII investment in corporate non-infrastructure debt.

d) For the US$ 12 billion sub-category for investment in corporate long term infrastructure bonds, the following changes have been made :

(i) The restriction of 1 year lock-in period has been removed.
(ii) The 5 year initial maturity restriction has been removed.

At the time of first purchase by FIIs, the residual maturity shall be 15 months.

e) For the sub-category of US$ 10 billion reserved for FII investments in Infrastructure Debt Funds, the restriction of 1 year lock-in has been removed. The requirement of residual maturity of 15 months at the time of first purchase remains unchanged.

f) Through its circular (bearing CIR/IMD/FII&C/18/2012) dated July 20, 2012, SEBI had permitted QFIs to invest in those debt mutual fund schemes that hold at least 25% of their assets (either in debt or equity or both) in the infrastructure sector under the US$ 3 billion investment limit for debt mutual fund schemes. These schemes were required to invest in infrastructure debt having a minimum residual maturity of 5 years. This restriction of 5 years residual maturity has been removed while the restriction of 3 years initial maturity has been introduced.

g) All the above changes in lock-in, initial maturity and residual maturity requirements shall apply for investments by FIIs and Sub-Accounts in debt securities to be made after the date of this circular.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (the "**SEBI FII Regulations**"), an FII (as defined in the SEBI FII Regulations), may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. An FII is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations.

Applications by NRIs^

We propose to issue Bonds to Eligible NRIs on a repatriable as well as non-repatriable basis. Eligible NRI Applicants should note that only such Applications as are accompanied by payment in Indian Rupees only shall be considered for Allotment. An Eligible NRI can apply for Bonds offered in the Issue subject to the conditions and restrictions contained in the Foreign Exchange Management (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements including the interest rate requirement as provided in the CBDT Notification. Allotment of Bonds to Eligible NRIs shall be subject to the Application Amounts paid by the NRI as described below:

1. **In case of Eligible NRIs applying on repatriation basis:** If the Application Amounts are received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/ cheques drawn on a bank in India or by transfer of funds held in the investor's rupee denominated accounts i.e. Non Resident External ("**NRE**") / Foreign Currency Non Resident ("**FCNR**") Account maintained with an RBI authorised dealer or a RBI authorised bank in India.

2. **In case of Eligible NRIs applying on non-repatriation basis:** If the Application Amounts are received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through rupee denominated demand drafts/ cheques drawn on a bank in India or by transfer of funds held in the investor's rupee denominated accounts i.e.. Non-resident Ordinary ("**NRO"**) account/ NRE account/

FCNR Account/ Non Resident Special Rupee ("**NRSR**") Account maintained with an RBI authorised dealer or a RBI authorised bank in India.

Applications by Eligible NRIs (applying either on a repatriation or a non – repatriation basis) should be accompanied by (i) a bank certificate confirming that the demand draft in lieu of the Application Money has been drawn on an NRE account; and (ii) if such Eligible NRI is a Person of Indian Origin ("**PIO**"), a PIO card.

^**The Issuer does not make any representations and does not guarantee eligibility of any foreign investor, including, *inter alia,* FIIs and Eligible NRIs for investment into the Issue either on a repatriation basis or on a non-repatriation basis. All foreign Investors have to verify their eligibility and ensure compliance with all relevant and applicable notifications by the RBI and extant guidelines as well as all relevant and applicable guidelines, notifications and circulars by SEBI pertaining to their eligibility to invest in the Bonds at the stage of investment in every Tranche Issue, at the time of remittance of their investment proceeds as well as at the time of disposal of the Bonds. The Issuer will not check or confirm eligibility of such investments in the Issue.**

Issue and Allotment of Bonds to NRI Applicants

Our Company confirms that:

i. the rate of interest on each series of Bonds does not exceed the prime lending rate of the State Bank of India as on the date on which the resolution approving the Issue was passed by our Board, plus 300 basis points;

ii. the period for redemption of each Series of Bonds will not be less than 3 years;

iii. we do not and shall not carry on agricultural /plantation /real estate business/ trading in Transferable Development Rights and does not and shall not act as Nidhi or Chit Fund Company;

iv. We will file the following with the nearest office of the Reserve Bank, not later than 30 days from the date:

   (a) of receipt of remittance of consideration received from Eligible NRIs in connection with the Issue, full details of the remittances received, namely:

      (i) a list containing names and addresses of each NRI Applicant who have remitted funds for investment in the Bonds on non-repatriation basis and repatriation basis;

      (ii) amount and date of receipt of remittance and its rupee equivalent; and

      (iii) names and addresses of Authorised Dealers through whom the remittance has been received; Please note that Application Amounts for the Bonds has to be paid in cheques or demand drafts only, in Rupee denominated currency only; and

   (b) of closure of the Issue, full details of the monies received from NRI Applicants, namely:

      (i) a list containing names and addresses of each NRI allottee and number of Bonds issued to each of them on non-repatriation basis and repatriation basis, and

      (ii) a certificate from our Compliance Officer that all provisions of the FEMA, and rules and regulations made thereunder in connection with the issue of the Bonds have been duly complied with.

We further confirm that the monies received from FIIs and Eligible NRIs who are Allotted Bonds pursuant to the Issue, will not be utilised for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for the purpose of re-lending. For further details, including details of utilization of funds, see the section titled "Objects of the Issue" on page 43.

Applications by Mutual Funds

A mutual fund scheme cannot invest more than 15.00% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20.00% of the NAV of the scheme with the prior approval of the board of trustees and the board of asset management company.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Applications Forms by a mutual fund registered with SEBI for Allotment of the Bonds in physical form must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Commercial Banks

Scheduled Commercial Banks can apply in this Issue based upon their own investment limits and approvals. Applications by them for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) a board resolution authorising investments; and (ii) a letter of authorisation. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Insurance Companies registered with the IRDA

In case of Applications for Allotment of the Bonds in physical form made by an insurance company registered with the IRDA, a certified copy of its certificate of registration issued by IRDA must be lodged along with Application Form. The Applications must be accompanied by certified copies of (i) its Memorandum and Articles of Association; (ii) a power of attorney (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized signatories. Failing this, our Company reserves the right to accept or reject any Application for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by an Alternative Investments Fund eligible to invest in accordance with the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) the SEBI registration certificate of such Alternative Investment Fund; (i) a resolution authorising the investment and containing operating instructions; and (ii) specimen signatures of authorised persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in whole or in part, in either case, without assigning any reason thereof. Alternative Investment Funds applying for Allotment of the Bonds shall at all time comply with the conditions for categories as per their SEBI registration certificate and the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012.

Applications by Public Financial Institutions authorized to invest in the Bonds

Applications by Public Financial Institutions for Allotment of the Bonds in physical form must be accompanied by certified true copies of (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, Limited Liability Partnerships and bodies corporate registered under applicable laws in India

Applications made by companies, Limited Liability Partnerships and bodies corporate for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) any Act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form. Failing this, our Company, in consultation with the Lead Manager, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Applications by provident funds and pension funds which are authorized to invest in the Bonds

Applications by provident funds and pension funds which are authorised to invest in the Bonds, for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (iii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

Application made by National Invest Fund for Allotment of the Bonds in physical form must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons. Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the Bonds in physical form in whole or in part, in either case, without assigning any reason therefor.

Application by Commercial Banks, co-operative banks and Regional Rural Banks

Commercial Banks, co-operative banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board resolutions authorising investments; and (ii) letters of authorisation. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Trusts

Applications made by a trust, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications cannot be made by:

a) Minors without a guardian name (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
b) Foreign nationals, except as may be permissible under the CBDT Notification or under the applicable law;
c) FIIs/ NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
d) Overseas Corporate Bodies;
e) Indian Venture Capital Funds;
f) Foreign Venture Capital Investors; and
g) Persons ineligible to contract under applicable statutory/ regulatory requirements.

In case of Applications for Allotment of the Bonds in dematerialised form, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the BSE by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.

Nothing in this Draft Shelf Prospectus constitutes an offer of Bonds for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or the securities laws of any state of the United States or other jurisdiction and the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Shelf Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

No offer to the public (as defined under Directive 20003/71/EC, together with any amendments and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the bonds and the information contained in this Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus.

Payment instructions

Payment mechanism for ASBA Applicants

An ASBA Applicant shall specify details of the ASBA Account in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of intimation from the Registrar, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Escrow Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 12 (twelve) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be.

Payment mechanism for non ASBA Applicants

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

In terms of the FEMA Borrowing Regulations, monies borrowed in Indian rupees from persons resident outside India (as defined in FEMA) cannot be utilised for re-lending activities. Accordingly, we will open and maintain a separate escrow accounts with the Escrow Collection Banks in connection with all Application Amounts received from FIIs, Eligible NRIs, and other non resident Applicants across all Categories (the "**Non Resident Escrow Accounts**"). All application Amounts received from FIIs, Eligible NRI Applicants, and other non resident Applicants across all Categories shall be deposited in the Non Resident Escrow Account, maintained with each Escrow Collection Bank. Upon receipt of requisite instructions from the Lead Managers and the Registrar in the manner detailed in the Escrow Agreement, the Escrow Collection Banks shall transfer the monies from the Non Resident Escrow Accounts to a separate bank account, ("**Non Resident Public Issue Account"**), which shall be different from the Public Issue Account. The Company shall at all times ensure that any monies kept in the Non Resident Escrow Account and the Non Resident Public Issue Account shall be utilised only in accordance with applicable statutory and/or regulatory requirements for the following purposes:

(a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our Company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds/ debentures);
(b) Statutory payments;
(c) Establishment and administrative expenses;
(d) Other working capital requirements of our Company; and
(e) Any other purposes and end-uses as may be allowed by RBI from time to time through relevant regulations/guidelines/clarifications issued by RBI.

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application Amount as per the following terms:

a) The payment instruments from all resident Applicants shall be payable into the Escrow Accounts drawn in favour of "[●]".

b) The payment instruments from FII and Eligible NRI Applicants and other non resident Applicants across all Categories shall be payable in the Non Resident Escrow Accounts drawn in favour of "[●]".

c) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected.

d) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants until the Designated Date.

e) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts and the Non Resident Escrow Accounts as per the terms of the Escrow Agreement, the Shelf Prospectus and the respective Tranche Prospectus(es) into the Public Issue Account and the Non Resident Public Issue Account, respectively. The Escrow Collection Bank shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted Bonds to the Refund Accounts.

Please note that Applications accompanied by Application Amounts in cash/ stock invest/ money orders/ postal orders will not be accepted.

The Escrow Collection Banks will act in terms of the Shelf Prospectus, the respective Tranche Prospectus(es) and the Escrow Agreement. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein. It is mandatory for our Company to keep the proceeds of the Issue in an escrow account until the documents for creation of security as stated in this Shelf Prospectus are executed.

Additional information for Applicants

1. Application Forms submitted by Applicants (except for Applicants applying for the Bonds in physical form) whose beneficiary accounts are inactive shall be rejected.

2. For ASBA Applicants, no separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Members of the Syndicate or the SCSB or the Trading Member, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Members of the Syndicate/ Trading Member or the relevant Designated Branch, they are liable to be rejected.

Applicants are advised not to submit Application Forms to Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB) and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI Debt Regulations. Material updates, if any, between the date of filing of the respective Tranche Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

(a) Applications must be made in the prescribed Application Form.

(b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the respective Tranche Prospectus(es) and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Members of the Syndicate, or the Trading Members, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.

(c) Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in the respective Tranche Prospectus(es).

(d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. Applications can be in single or joint names (not exceeding three names).

(f) If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the DP account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

(g) Applicants applying for Allotment in dematerialised form must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of NSE by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the Bonds.

(h) ASBA Applicants utilising physical Application Forms must ensure that the Application Forms are completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the respective Tranche Prospectus(es) and in the Application Form.

(i) If the ASBA Account holder is different from the ASBA Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

(j) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

(k) Applications for all the Series of the Bonds may be made in a single Application Form only.

(l) All Applicants are required to tick the relevant box of the "Mode of Application" in the Application Form, choosing either the ASBA or Non-ASBA mechanism.

We shall allocate and Allot Bonds of Tranche [●] Series [●] maturity to all valid Applications, wherein the Applicants have not indicated their choice of the relevant Series applied for.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE BONDS IN DEMATERIALISED FORM SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM ARE EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds (for non-ASBA Applicants), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Syndicate nor the Trading Members, nor the Registrar, nor the Escrow Collection Banks, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants applying for Allotment of the Bonds in dematerialized form may note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the BSE by the Members of the Syndicate, the Trading Members or the SCSBs, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or

in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, and the Members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar except in relation to the Issue.

By signing the Application Form, Applicants applying for the Bonds in dematerialised form would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders/ Allotment Advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant (other than ASBA Applicants) in the Application Form would be used only to ensure dispatch of refund orders. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Escrow Collection Banks, Registrar nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund orders/Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Electronic registration of Applications

(a) The Members of the Syndicate, SCSBs and Trading Members will register the Applications using the on-line facilities of the BSE. The Lead Managers, our Company, and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs and Trading Members, (ii) the Applications uploaded by the SCSBs and the Trading Members, (iii) the Applications accepted but not uploaded by the SCSBs or the Trading Members, (iv) with respect to ASBA Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) with respect to ASBA Applications accepted and uploaded by Members of the Syndicate at the Syndicate ASBA Application Locations for which the Application Amounts are not blocked by the SCSBs.

(b) The BSE will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of the Members of the Syndicate, Trading Members and their authorised agents and the SCSBs during the Issue Period. On the Issue Closing Date, the Members of the Syndicate, Trading Members and the Designated Branches shall upload Applications till such time as may be permitted by the BSE. This information will be available with the Members of the Syndicate and Trading Members on a regular basis. Applicants are cautioned that a high inflow of Applications on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for Allotment.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the BSE, a graphical representation of consolidated demand for the Bonds, as available on the website of the BSE, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, SCSBs, the Members of the Syndicate and Trading Members, as the case may be, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Series(s) of Bonds applied, Application Amounts, details of payment instruments (for non – ASBA Applications) and any other details that may be prescribed by the online uploading platform of the BSE.

(e) A system generated TRS will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the TRS from the SCSBs, Members of the Syndicate or the Trading Members, as the case may be. The registration of the Applications by the SCSBs, Members of the Syndicate or Trading Members does not guarantee that the Bonds shall be allocated/ Allotted by our Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the BSE to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the BSE.

(g) In case of apparent data entry error by either the Members of the Syndicate or the Trading Members, in entering the Application Form number in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the BSE.

(h) Only Applications that are uploaded on the online system of the BSE shall be considered for Allotment.

General Instructions

Do's

- **Check if you are eligible to apply;**
- **Read all the instructions carefully and complete the Application Form;**
- If the Allotment of the Bonds is sought in dematerialized form, ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;
- Applications are required to be in single or joint names (not more than three);
- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta;
- Ensure that Applications are submitted to the Members of the Syndicate, Trading Members or the Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date;
- Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the collection centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the BSE, as the case may be;
- Ensure that the Applicant's names (for Applications for the Bonds in dematerialised form) given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;

- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form for ASBA Applications;

- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. In case of Applications for Allotment in physical form, Applicants should submit a self-certified copy of their PAN card as part of the KYC documents. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

- Ensure that the Demographic Details (for Applications for the Bonds in dematerialised form) as provided in the Application Form are updated, true and correct in all respects;

- Ensure that you request for and receive a TRS for all your Applications and an acknowledgement as a proof of having been accepted;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds;

- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

- **Applicants (other than ASBA Applicants) are requested to write their names and Application number on the reverse of the instruments by which the payments are made;**

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

- Tick the Series of Bonds in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;

- Do not pay the Application amount in cash, by money order, postal order, stock invest;

- Do not send the Application Forms by post; instead submit the same to the Members of the Syndicate and Trading Members or the SCSBs (as the case may be) only;

- Do not submit Application Forms to the Escrow Collection Banks (unless such Escrow Collection Bank is also an SCSB);

- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;

- Do not fill up the Application Form such that the Bonds applied for exceeds the Issue size and/or investment limit or maximum number of Bonds that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

- Do not submit an Application in case you are not eligible to acquire the Bonds under applicable law or your relevant constitutional documents or otherwise;

- Do not submit the Application Forms without the Application Amount; and

- Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

Additional instructions specific for ASBA Applicants

Do's

- Before submitting the physical Application Form with the Member of the Syndicate at the Syndicate ASBA Application Locations ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;

- For ASBA Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Members of the Syndicate at the Syndicate ASBA Application Locations and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Registrar or Trading Members;

- For ASBA Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB), to our Company, the Registrar or the Members of the Syndicate or Trading Members.

- Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder;

- Ensure that you have mentioned the correct ASBA Account number in the Application Form;

- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch, or to the Members of the Syndicate at the Syndicate ASBA Application Locations, or to the Trading Members, as the case may be;

- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form; and

- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, or the Trading Member, as the case may be, for the submission of the Application Form.

Don'ts

- Do not make payment of the Application Amounts in any mode other than through blocking of the Application Amounts in the ASBA Accounts shall not be accepted under the ASBA process;

- Do not submit the Application Form with a Member of the Syndicate at a location other than the Syndicate ASBA Application Locations;

- Do not send your physical Application Form by post. Instead submit the same with a Designated Branch or a member of the Syndicate at the Syndicate ASBA Application Locations, or a Trading Member, as the case may be; and

- Do not submit more than five Application Forms per ASBA Account.

Applications shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time), or such extended time as may be permitted by the BSE during the Issue Period on all days between Monday and Friday, both inclusive barring public holidays, at the Collection Centres or with the Members of the Syndicate or Trading

Members at the Syndicate ASBA Application Locations and the Designated Branches of SCSBs as mentioned on the Application Form. On the Issue Closing Date, Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. and shall be uploaded until 5.00 p.m. or such extended time as may be permitted by the BSE. It is clarified that the Applications not uploaded in the electronic application system of the BSE would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, some Applications may not get uploaded due to lack of sufficient time. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday). Neither our Company, nor the Lead Managers, Consortium Members or Trading Members are liable for any failure in uploading the Applications due to failure in any software/hardware system or otherwise.

Additional instructions specific for Applicants seeking Allotment of the Bonds in physical form

Any Applicant who wishes to subscribe to the Bonds in physical form shall undertake the following steps:

- **Please complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide the Depository Participant details in the Application Form.** The requirement for providing Depository Participant details shall be mandatory only for the Applicants who wish to subscribe to the Bonds in dematerialised form.

- Please provide the following documents along with the Application Form:

  (a) Self-attested copy of the PAN card;
  (b) Self-attested copy of your proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:

    - ration card issued by the GoI; or
    - valid driving license issued by any transport authority of the Republic of India; or
    - electricity bill (not older than three months); or
    - landline telephone bill (not older than three months); or
    - valid passport issued by the GoI; or
    - voter's identity card issued by the GoI; or
    - passbook or latest bank statement issued by a bank operating in India; or
    - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill; or
    - AADHAR letter.

- Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited.

  In absence of the cancelled cheque, our Company may reject the Application or it may consider the bank details as given on the Application Form at its sole discretion. In such case the Company, Lead Managers and Registrar shall not be liable for any delays/ errors in payment of refund and/ or interest.

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor our Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the aforestated documents, may be rejected at the sole discretion of our Company.

In relation to the issuance of the Bonds in physical form, please note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.

2. In case of Bonds that are being issued in physical form, our Company will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate a "**Consolidated Bond Certificate**").

3. **Any Applicant who provides the Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only. Such Applicant shall not be Allotted the Bonds in physical form.**

4. Our Company shall dispatch the Consolidated Bond Certificate to the address of the Applicant provided in the Application Form.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public financial institutions, commercial banks, cooperative banks and regional rural banks authorized to invest in the Bonds, companies within the meaning of section 3 of the Companies Act and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; Limited Liability Partnerships; multilateral and bilateral development financial institutions, Alternative Investment Funds and state industrial development corporations	The Application must be accompanied by certified true copies of: • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds and National Investment Fund	The Application must be accompanied by certified true copies of: • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Applicants through a power of attorney under Category I	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of

Type of Investors	Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
	association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/authorized signatory as per the relevant resolution.
Resident Indian individuals under Categories II and III	N.A.
HUF through the Karta under Categories II and III	The Application must be also accompanied by certified true copies of: • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category II and Category III	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney has to be lodge with the Application Form
FIIs	The Application must be also accompanied by certified true copies of: • SEBI registration certificates. • An inward remittance certificate. • A resolution authorising investment in the Bonds. • Specimen signatures of authorised persons
Eligible NRIs	The Application must be also accompanied by certified true copies of: • A certificate from the issuing bank confirming that the demand draft has been drawn on an NRE/NRO/FCNR/NRSR account. • A PIO Card (if the Eligible NRI is a PIO).
Trusts	The Application must be also accompanied by certified true copies of: • The registered instrument for creation of such trust. • A power of attorney, if any, in favour of one or more trustees thereof. • Such other documents evidencing registration thereof under applicable statutory/regulatory requirements

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, see the section titled "Issue Procedure – Methods of Application" at page 124.

OTHER INSTRUCTIONS

Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the Bonds for the same or different Series of Bonds, subject to a minimum Application size of ₹ [●] and in multiples of ₹ [●] thereafter, for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same Applicant belonging to Category IV aggregating to a value exceeding ₹ 10,00,000 shall be grouped in Category III, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be a multiple Application.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. In this context:

(i) Tripartite Agreements dated September 20, 2011, between us, the Registrar and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.

(ii) It may be noted that Bonds in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. The BSE has connectivity with NSDL and CDSL.

(iii) Interest or other benefits with respect to the Bonds held in dematerialised form would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

(iv) The trading of the Bonds shall be in dematerialized form only.

For further information relating to Applications for Allotment of the Bonds in dematerialised form, see the sections titled "Issue Procedure – Methods of Application" and "Issue Procedure – General Instructions" on pages 124 and 137, respectively.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Compliance Officer as well as the contact persons of our Company/ Lead Managers or the Registrar in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of Allotment Advice/ credit of Bonds in depository's beneficiary account/ refund orders, etc., applicants may contact our Compliance Officer as well as the contact persons of our Company/Lead Managers or Registrar. Please note that Applicants who have applied for the Bonds through Trading Members should contact the BSE in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / credit of Bonds in depository's beneficiary account/ refund orders, etc.

Rejection of Applications

The Board of Directors and/or any committee of our Company and/or the Chairman and Managing Director reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for being less than the minimum Application size;
- Applications not being signed by the sole/ joint Applicants;
- Applications submitted without payment of the Application Amount;

- In case of partnership firms, the application forms submitted in the name of individual partners and/or accompanied by the individual's PAN rather than the PAN of the partnership firm;
- Applications submitted without payment of the full Application Amount. However, our Company may allot Bonds upto the full value of the Application Amount paid, in the event that such Application Amounts exceed the minimum Application Size as specified in the relevant Tranche Prospectus;
- In case of Applicants applying for Allotment in physical form, date of birth of the sole/ first Applicant not mentioned in the Application Form;
- Investor Category in the Application Form not being ticked;
- In case of Applications for Allotment in physical form, bank account details not provided in the Application Form;
- Signature of the Applicant missing;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- Applications by stock invest or accompanied by cash/money order/postal order;
- Applications made without mentioning the PAN of the Applicant;
- GIR number mentioned in the Application Form instead of PAN;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications submitted directly to the Escrow Collection Banks (if such Escrow Collection Bank is not an SCSB);
- ASBA Applications submitted to the Members of Syndicate or a Trading Members at locations other than the Syndicate ASBA Application Locations or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collecting Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;
- For Applications for Allotment in dematerialised form, DP ID, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant ID, Client ID and PAN available in the records with the depositories;
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form;
- Application Forms from ASBA Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant;
- Applications for an amount below the minimum Application size;
- ASBA Applications not having details of the ASBA Account to be blocked;
- Applications (except for ASBA Applications) where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Non- ASBA Applications accompanied by more than one payment instrument;
- Applications not uploaded on the terminals of the BSE;
- Applications for Allotment of Bonds in dematerialised form providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- With respect to ASBA Applications, the ASBA Account not having credit balance to meet the Application Amounts or no confirmation is received from the SCSB for blocking of funds;
- Applications by foreign nationals who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- In case of Eligible NRIs applying on non repatriation basis if: (i) in case of application for allotment in physical form, the account number mentioned in the application form where the sale proceeds/ maturity proceeds/ interest on Bonds is to be credited is a repatriable account; or (ii) in case of application for allotment in demat form, the status of the demat account mentioned is repatriable;

- Bank certificate not provided along with demand draft for Eligible NRI Applicants;
- PIO Applications without the PIO Card;
- SCSBs making an ASBA Application (a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilised for the purpose of applying in public issues;
- Where PAN details in the Application Form and as entered into the bidding platform of the BSE, are not as per the records of the Depositories; and
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form.

For further instructions regarding Application for the Bonds, Applicants are requested to read the Application Form.

Allotment Advice/ Refund Orders

In case of Applications other than those made through the ASBA process, the unutilised portion of the Application Amounts will be refunded to the Applicant within 12 (twelve) Working Days of the Issue Closure Date through any of the following modes:

i. **Direct Credit** – Applicants having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

ii. **NECS** – Payment of refund would be done through NECS for Applicants having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds through this mode will be done for Applicants having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

iii. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Applicant’s bank has been assigned the Indian Financial System Code (“**IFSC**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

iv. **RTGS** – If the refund amount exceeds ₹ 200,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the refund bank(s) for the same would be borne by us. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Applicant.

v. For all other Applicants (not being ASBA Applicants), refund orders will be despatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Applicants and payable at par at places where Application are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

In the case of Applicants other than ASBA Applicants, applying for the Bonds in dematerialised form, the Registrar will obtain from the Depositories the Applicant’s bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Applicants in their Application Forms. Accordingly, Applicants are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Applicant’s sole risk and neither our Company, the Registrar, the Escrow Collection Banks, or the Members of the Syndicate, will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

In case of ASBA Applicants, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 (twelve) Working Days of the Issue Closing Date.

Our Company and the Registrar shall credit the allotted Bonds to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret/ Refund Orders by registered post/speed post/ordinary post at the Applicant's sole risk, within 12 Working Days from the Issue Closure Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT.

Further,

a) Allotment of Bonds in the Issue shall be made within a time period of 12 Working Days from the Issue Closure Date;

b) Credit to dematerialised accounts will be given within two Working Days from the Date of Allotment;

c) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the applicants within 12 Working Days from the Issue Closure Date, for the delay beyond 12 Working Days; and

d) Our Company will provide adequate funds to the Registrar for this purpose.

Retention of oversubscription

Our Company is making a public issue of the Bonds aggregating upto ₹ [●] crore* with an option to retain oversubscription of Bonds up to ₹ [●] crore.

**** In terms of the CBDT Notification, in addition to the tranche(s) of public issue, our Company may also raise Bonds on a private placement basis in one or more tranches during the process of the present Issue, not exceeding ₹1,250 crores, i.e. upto 25% of the allocated limit for raising funds through the Bonds during the Fiscal 2013, at its discretion. Our Company shall ensure that Bonds issued through the public issue route and private placement route shall together not exceed ₹5,000 crores. In case our Company raises funds through private placements during the process of the present Issue, the Shelf Limit for the Issue shall get reduced by such amount raised.***

Grouping of Applications and allocation ratio

For the purposes of the Basis of Allotment:

A. *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together, **("QIB Portion")**;

B. *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together, **("Corporate Portion")**;

C. *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together, **("High Net Worth Individual Portion")**; and

D. *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together, **("Retail Individual Investor Portion")**.

For removal of doubt, the terms "**QIB Portion**", "**Corporate Portion**", "**High Net Worth Individual Portion**" and "**Retail Individual Investor Portion**" are individually referred to as a "**Portion"** and collectively referred to as **"Portions"**.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue upto ₹ [●] crore. The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds upto the Base Issue Size shall be collectively termed as the **"Overall Issue Size".**

Allocation ratio

Reservations shall be made for each of the Portions in the below mentioned basis:

QIB Portion	Corporate Portion	High Net Worth Individual Portion	Retail Individual Investor Portion
[●]% of the Overall Issue Size.	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size.	40% of the Overall Issue Size out.

Basis of Allotment

As specified in the respective Tranche Prospectus(es).

Our Company would allot Tranche [●] Series [●] Bonds to all valid Applications, wherein the Applicants have not indicated their choice of Series of Bonds.

Investor Withdrawals and Pre-closure

Withdrawal of Applications during the Issue Period

Withdrawal of ASBA Applications

ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate, Trading Member or Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been made. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members at the Syndicate ASBA Application Locations, upon receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the BSE. In case of ASBA Applications submitted directly to a Designated Branch of an SCSB, upon receipt of the request for withdrawal from an ASBA Applicant, the relevant Designated Branch shall undertake requisite actions, including deleting details of the withdrawn ASBA Application Form from the electronic platform of the BSE and un-blocking of the funds in the ASBA Account directly.

Withdrawal of non – ASBA Applications

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member, as the case may be, through whom the Application had been made. Upon receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member, as the case may be, shall undertake requisite actions, including deleting details of the withdrawn Application Form from the electronic platform of the BSE.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw an Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of the Basis of Allotment.

Pre-closure: Our Company, in consultation with the Lead Managers reserves the right to close the Issue at any time prior to the Issue Closing Date (subject to full subscription of the Retail Individual Investor Portion prior to such early closure). Our Company shall allot Bonds with respect to the Applications received till the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Utilisation of Application Amounts

The sum received in respect of the Issue will be kept in separate bank accounts and we will have access to such funds as per applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of the Issue

(a) All monies received pursuant to the Issue of Bonds to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act.

(b) Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.

(c) Details of all unutilised monies out of issue of Bonds, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

(d) We shall utilize the Issue proceeds only upon creation of security as stated in this Shelf Prospectus, receipt of the listing and trading approval from the BSE.

(e) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property.

(f) All subscription monies received from FIIs, Eligible NRIs and all other non resident Applicants across all Categories through the Issue shall be kept in a separate account opened and maintained by the Company, the proceeds of which account shall not be utilised for any lending purposes in terms of the FEMA Borrowing Regulations.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 68 A of the Companies Act, which is reproduced below:

"*Any person who:*

a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Listing

The Bonds will be listed on the BSE. Our Company has applied for an in-principle approval to the BSE for permission to deal in and for an official quotation of our Bonds. The application for listing of the Bonds will be made to the BSE at an appropriate stage.

If permissions to deal in and for an official quotation of our Bonds are not granted by the BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Shelf Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE are taken within 12 Working Days from the Issue Closure Date.

For the avoidance of doubt, it is hereby clarified that in the event of non subscription to any one or more of the Series of Bonds, such Bonds with Series of Bonds shall not be listed.

Undertaking by the Issuer

We undertake that:

a) the complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Trading Members) shall be attended to by us expeditiously and satisfactorily;

b) we shall take necessary steps for the purpose of getting the Bonds listed within the specified time;

c) the funds required for dispatch of refund orders/ allotment advice/ certificates by registered post shall be made available to the Registrar by our Company;

d) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the Bonds are outstanding;

e) we shall forward the details of utilisation of the funds raised through the Bonds duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;

f) we shall disclose the complete name and address of the Debenture Trustee in our annual report;

g) we shall provide a compliance certificate to the Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the Shelf Prospectus and the respective Tranche Prospectus(es); and

h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Debt Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares or debentures and/or their consolidation/splitting are as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

	SHARE CAPITAL
	Articles Capital
5.	The Share Capital of the Company is Rs 2,500 crores (Rupees two thousand and five hundred crores) divided into 2,50,00,000 (two crore and fifty lacs) equity shares of ₹ 1,000/- each.
	Company's shares not to be purchased
6.	No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares.
	Allotment of shares
7.	Subject to the provisions of the Act and these articles and to the rights of the President, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such person and on such terms and conditions as they think fit.
	CERTIFICATES
	Share Certificate
9. (1)	Every person whose name is entered as a member in the register shall, without payment, be entitled to a certificate under the common seal of the Company specifying the share or shares held by him and the amount paid thereon, provided that no certificate of any share or shares in the Company shall be issued except in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or of its fractional coupons of requisite value save in cases of issues against letters of acceptance or renunciation or in cases of issue of bonus shares. If the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board thinks fit.
(2)	In respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders and shall be sufficient delivery to all.
	Issue of new share, debenture certificate etc. in place of defaced, lost or destroyed
10. (1)	No certificate of any share(s), debenture(s) or letter(s) of allotment shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those, which are defaced, torn or old decrepit, worn out; or where the cages on reverse for recording transfers have been fully utilised, unless the certificate or the allotment letter in lieu of which it is issued is surrendered to the Company. The Company shall not charge any fee for sub-division and consolidation of shares and debenture certificates, sub-division of letter(s) of allotment, splitting, consolidation, renewal and Pucca transfer Receipts into denominations corresponding to the market units of trading, issue of new certificates in lieu of old, decrepit or worn out or where the cages on the reverse 'for recording transfers have been fully utilised, registration of transfer of its shares and debentures, sub-division of renounceable letters of Right and registration of .any Power of Attorney, Probate, letter of Administration or similar other documents. Provided that the Company may charge fees which may be agreed upon by the Stock Exchange for sub-division and consolidation of share and debenture certificates, sub-division of letters of allotments and' splitting, consolidation renewal and Pucca Transfer receipts into denominations other than those fixed for the market units of trading.
(2)	No duplicate share/debenture certificate shall be issued in lieu of those that are lost and/or destroyed without the prior consent of the Board or without payment of such fees as may be agreed upon by the Stock Exchange and on such reasonable terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigation of evidence as the Board thinks fit.
	CALLS
	Calls on shares
11.	The board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares and specify the time or times of payments, and each member shall pay to the Company at the time or times so specified the amount called on his shares:
	Provided, however, that the board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time to any of the members whom for residence at a distance or other cause, the directors may deem entitled to such extension, but no

		member shall be entitled to such extension save as a matter of grace and favour.
		When interest on call payable.
12.		If a sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made shall pay interest on the same at such rate not exceeding 6 per cent per annum as the board shall fix from the day appointed for the payment thereof to the time of actual payment but the board may waive payment of such interest wholly or in part.
		Payment in anticipation of calls may carry interest.
13.		The board may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances have been made, the Company may pay interest at such rate not exceeding 6 per cent per annum as the members paying such sum in advance and the board agree upon, and the board may, at any time, repay the amount so-advanced upon giving to such member three months notice in writing.
		Joint-holders' liability to pay.
14.		The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
		LIEN
		Company's lien on shares
15.		The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company but the board of directors may, at any time, declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
		TRANSFER AND TRANSMISSION OF SHARES
		Register of transfers
22.		The Company shall keep a book to be called the Register of transfers and therein enter the particulars of several transfers or transmissions of any share.
		Transfer and transmission of shares
23.		The right of members to transfer their shares shall be restricted as follows:-
	a)	a share may be transferred by a member or other person entitled to transfer to a person approved by the President; and
	b)	subject as aforesaid, the directors, may in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.
		Notice of refusal to register transfer
24.	(1)	If the directors refuse to register the transfer of any shares they shall, within two months from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, is delivered to the Company send to the transferee and the transferor or to the person giving intimation of such transfer, as the case may be, notice of the refusal.
	(2)	In case of debentures/bonds, the transfer, transmission/sub-division or consolidation shall be effected within one month from the date of lodgement thereof: Provided that the notice of refusal to register transfer transmission, sub-division or consolidation shall be sent within one month from the date on which the instrument of transfer or the intimation/request of transmission/ sub-division or consolidation, as the case may be, is lodged with the company
		Company not bound to recognize any interest in shares other than that of the registered holders.
25.		Save as herein otherwise provided, the directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claims to or interest in such share on the part of a person, whether or not it shall have express or implied notice thereof.
		Execution of transfer
26.		The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
		Form of transfer
27.		Shares in the Company shall be transferred in the prescribed form as-given in the Company (Central Government) General Rules and Forms 1956 or any amendment thereof.
		Transfer to be left at office and evidence of title to be given
28.		Every instrument of transfer shall be left at the office for registration accompanied

	by the certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company but any instrument of transfer which the directors may decline to register shall be returned to the person depositing the same.
	Transmission by operation of law
29.	Nothing contained in article 23 shall prejudice any power of the Company to register as share-holder any person to whom the right to any shares in the Company has been transmitted by operation of law.
	When transfer books and register may be closed
30.	The transfer books and register of members or-the-register of debenture holders may be closed for any time or times not exceeding in the aggregate 45 days in each year but not exceeding 30 days at a time, by giving not less than seven days previous notice and in accordance with Section 154 of the Act.
	Director's right to refuse registration
31.	The directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in the ordinary transfer presented for registration.
	INCREASE, REDUCTION AND ALTERATION OF CAPITAL
	Transfer and transmission of debentures etc.
10 (3)	For the transfer/transmission of a security/bond/debenture of the Company the security/bond/debenture holder (hereinafter referred to as the Bond holder) and the heirs of the bond holders will be required to comply with the terms and conditions of the security/bond/debenture issue. If the bond holder or his legal heir fails to comply with the required formalities like submission of the probate of will/letter of administration/ succession certificate or any other document required then HUDCO Board will have right to refuse transfer/transmission of security/bond/ debenture and convey refusal as provided under these Articles. However, in the event of death, bankruptcy or insolvency of an existing bond holder if the compliance of the required formalities create hardship to any of the bond holder of HUDCO or his legal heir and HUDCO Board is convinced of this fact, HUDCO Board may in its absolute discretion (which discretion shall not be questioned) dispense with the requirement of the production of the probate of will, letter of administration or succession certificate or compliance of any other requirement by the bond holder or his heir and authorise the company to register the name of the bond holder or his heirs on the basis of the indemnity bond and/or any other document as the Board may deem fit.
	Power to increase capital
32.	Subject to the approval of the President the directors may, with the sanction of the Company in general meeting increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
	On what condition new shares may be issued
33.	Subject to such direction as may be issued by the President in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the directors shall determine.
	How far new shares to rank with shares in original capital.
34.	Except so far as otherwise provided by the conditions of issue, or by these articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, lien, voting, surrender and otherwise.
	New shares to be offered to members
35.	The new shares shall be offered to the members in proportion to the existing shares held by each member and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the Company.
	Reduction of capital etc.
36.	Subject to such direction as may be issued by - the President in this behalf and to the provisions of Sections 100 to 104 of the Act, the Company may, from time to time, by special resolution reduce its capital in any way and in particular and without prejudice to the generality of the foregoing power may:
(a)	extinguish or reduce the liability on any of the shares in respect of share capital not paid up
(b)	either with or without extinguishing or reducing liability on any of its shares,
(i)	cancel any paid up share capital which is lost or is unrepresented by available assets; or
(ii)	payoff any paid up share capital which is in excess of the wants of the Company upon the

	footing that it may be called up again or otherwise, and the directors may subject to the provisions of the Act, accept surrender of shares.
	Sub-division and consolidation of shares
37.	Subject to the approval of the President, the Company in general meeting may, from time to time:
(a)	increase its share capital by such amount as it thinks expedient by issuing new shares;
(b)	consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
(c)	convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any other denomination;
(d)	sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that, in the sub-division, the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
(e)	cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled. And shall file with the Registrar such notice of exercise of any such powers as may be required by the Act.
	MODIFICATION OF CLASS RIGHTS
	Power to modify
38.	If at any time, the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and ·107 of the Act, and subject to the prior approval of the President be modified, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is:
(a)	ratified in writing by the holders of at least three fourth of the nominal value of the issued shares of that class; or
(b)	confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall *mutatis mutandis* apply to every such meeting, except that the quorum thereof shall be members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This article is not by implication to curtail the power of modification which the Company would have if the article was omitted.
	BORROWING POWERS
	Power to borrow
39.	Subject to the provisions of the Act, the board may, from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at the meeting of the Board. Provided that the borrowings will be regulated as may be decided by the Board of Directors keeping -in view the guidelines and subject to the directions issued by the Government of India from time to time.
40.	The Board may, keeping in view the guidelines and subject to the directions issued by the Government of India from time to time, raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual, or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
	Securities may be assignable free from equities
41.	Debentures, debenture stock, bonds or other securities, may be made assignable free from any equities between the Company and the persons to whom the same may be issued.
	Issue of debentures etc. at discount or with special privilege
42.	Subject to the approval of the President and Sections 79 and 117 of the Act, any debentures, debenture stock, bonds or other securities may be issued at a discount,· premium or otherwise, and with any special privileges to redemption, surrender, drawings, appointment of directors and otherwise.
	Persons not to have priority over any prior charge
43.	Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the share-holders or otherwise to obtain priority over such prior charge.
	GENERAL MEETINGS

	General meeting
45.	The first annual general meeting of the Company shall be held within 18 months from the date of its incorporation and thereafter the next annual general meeting of the Company shall be held within 6 months after the expiry of the financial year in which the first annual general meeting was held and thereafter an annual general meeting shall be held by the Company within 6 months after the expiry of each financial year, in accordance with the provisions of Section 166 of the Act. Such general meetings shall be called "annual general meetings" and all other meetings of the Company shall be called "extra-ordinary general meetings".
	When extraordinary meeting to be called
46.	The board may, whenever it thinks fit, and it shall when so required by the President or on the requisition of the holders of not less than one-tenth of the paid-up 'capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extra-ordinary meeting of the Company and in the case of such requisition the following provisions shall have effect :-
(1)	The requisition must state the objects of meeting and must be signed by the requisitionists and deposited at the office and may consist of several documents in like form each signed by one or more requisitionists.
(2)	If the board does not proceed within 21 days from the date of deposit of valid requisitions to call a meeting on a day not later than 45 days from such date, the meeting may be called by such of the requisitionists as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to in clause (a) of sub-section (4) of Section 169 of the Act whichever is less.
(3)	Any meeting convened under this article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the directors. If, after a requisition has been received, it is not possible for a sufficient number of directors to meet in time so as to form a quorum, any director may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.
	Notice of Meeting.
47.	At least twenty one clear days' notice in writing specifying the place, day and hour of General Meetings, with a statement of business to be transacted at the meeting shall be served on every member in the manner provided by the Act, but with the consent in writing of all the members entitled to receive notice of the same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.
	Business of annual meeting.
58.	The business of any annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the directors and of the auditors, to declare dividends, and to transact any other business which under these articles ought to be transacted at any annual general meeting. All other business transacted at an annual general meeting, and all business transacted at an extra ordinary general meeting shall be deemed special.
	PROCEEDINGS AT GENERAL MEETINGS
	Quorum
59.	Five members present in person, of whom one shall be a representative of the President, shall be a quorum for a general meeting.
	Right of President to appoint any person as his representative.
60. (1)	The President, so long as he is a shareholder of the Company, may, from time to time appoint such person as he thinks fit (who need not be a member or members of the Company) to represent him at all or any meetings of the company
(2)	Any person appointed under sub-clause (1) of the article, who is personally present at the meeting, shall be deemed to be a member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll.
(3)	The President may, from time to time, cancel any appointment made under sub-clause (1) of this article and make fresh appointments.
(4)	The production at the meeting of an order of the 'President, evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.
(5)	Any person appointed by the President under. this article may, if so authorised by such order, appoint a proxy whether specially or generally.
	Chairman of general meeting
61.	The Chairman of the board of directors shall be entitled to take the chair at every general meeting or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another director as Chairman, and if no director

	shall be present or, if all the directors present decline to take the chair, then the members present, shall choose one of the members to be Chairman.
	When if quorum not present, meeting to be dissolved and when to be adjourned
62.	If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon any requisition of the members as aforesaid shall be dissolved but in any other case it shall stand adjourned to the same day in the next week not being a public holiday (but if the same be a public holiday the meeting shall stand adjourned to the succeeding date of such public holiday) at the same time and place and if, at such adjourned meeting, a quorum is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.
	How questions to be decided at meeting
63.	Every question submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes the chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote to which he may be entitled as a member.
	What is to be evidence of the passing of resolution where poll not demanded
64.	At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a member present in person or proxy or by duly authorised representative, .find unless a poll is so demanded a declaration by the chairman that the resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
	Poll
65.	If a poll is duly demanded, it shall be taken in such manner and at such time and place as are in accordance with Sections 179 and 180 of the Act.
	Power to adjourn general meeting.
66.	The chairman of a general meeting may, with the consent of the member, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
	In what cases poll taken without adjournment
67.	Subject to provisions of Section 180 of the Act, any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting without adjournment.
68.	**Business may proceed not withstanding demand of poll**
	The demand of a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.
	Chairman's decision conclusive
69.	The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
	VOTES OF MEMBERS
	Votes of members
70.	Upon a show of hands every member present in person shall have one vote, and upon a poll, every member present in person or by proxy or by duly authorised representative shall have one vote for every share held by him.
	BOARD OF DIRECTORS
	Number of directors
82.	Until otherwise determined in a general meeting the number of directors of the Company shall be not less than three and not more than ten. The directors are not required to hold any qualification shares.
	Appointment of chairman, managing director and other directors
83. (1)	The President shall appoint the chairman and shall appoint other directors in consultation with the chairman provided that no such consultation is necessary in respect of government representatives on the board of directors of the Company. The directors (including the chairman/managing director) shall be paid such salary and/or allowances as the President may, from time to time, determine.
(2)	The President may, from time to time, appoint a managing director and other whole-time director/directors on such terms and remuneration (whether by way of salary or otherwise) as he may think fit.
(3)	Subject to the relevant provisions of the Act, -the President shall have the right to remove or dismiss the chairman, the managing director/wholetime director and the directors for any reasons whatsoever and shall have the right to fill in any vacancy in the office of the chairman, managing director/ whole-time director or the directors caused by removal, dismissal.

	resignation, death, or otherwise.
(4)	Subject to the provisions of Section 292 of the Companies Act, the directors may, from time to time, entrust and confer upon the chairman or the managing director, for the time-being such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and on such terms and conditions and with such restrictions as they may think expedient and may from time to time, revoke, withdraw, alter or vary all or any of such powers. The President may, from time to time, appoint General Manager(s) Constituent units, in consultation with the Board of Directors, on such terms and remuneration as he may think fit and remove or dismiss them for any reasons whatsoever and shall have the right to fill in any vacancy in the office of the General Manager(s) caused by removal, dismissal, resignation, death or otherwise.
	Disqualifications of directors
88.	A person shall not be capable of being appointed as a director of the Company if he suffers from any of the disqualifications enumerated in Section 274 of the Act. The office of a director shall be vacated if any of the conditions set out in Section 283 of the Act comes to happen. This is without prejudice to the right of the President to remove any director without assigning any reasons whatsoever.
	Powers of chairman
93.	The Chairman shall reserve for the orders of President any proposals or decisions of the directors in any matter which, in the opinion of the Chairman, is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. Without prejudice to the generality of the above provision the directors shall reserve for the order of the President any proposal or decision for:
(i)	the sale, lease or disposal otherwise of the whole, or substantially the whole of the undertaking of the Company.
(ii)	the formation of a subsidiary Company.
(iii)	the winding up of the Company; and
(iv)	the division of capital into different classes of shares.
	Rights of the President
127.	Notwithstanding anything contained in any of these Articles the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directives or instruction so issued. In particular the President will have the powers:
(i)	to give directions to the Company as to the exercise and performance of its functions in matter involving national security of substantial public interest;
(ii)	to authorise the amount of capital to be raised and the terms and conditions on which it may be raised;
(iii)	to approve the corporation's revenue budget in case there is an element of-deficit which is proposed to be met by obtaining funds from the Government;
(iv)	to approve purchases and contracts of a major nature involving substantial capital out-lay which are in excess of the powers vested in the corporation;
(v)	to call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time;
(vi)	to approve the enterprise's five-year and annual plans of development and the Company's capital budget;
(vii)	to approve agreements involving foreign collaboration proposed to be entered into by the Company. Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President considers that the interest of the national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company
	General power of Company vested in directors
84. (1)	Subject to the provisions of the Act, the board of directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the memorandum and articles of the Company or otherwise, to be exercised or done by the Company in general meeting.

	Provided further that in exercising any such power or doing any such act or thing, the board shall be subject to the provisions contained in that behalf in the Act or any other Act or in the memorandum and articles of the Company, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in general meeting.
(2)	No regulation made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.
	DIVIDENDS
	Dividends
100	The profits of the Company available for payment of dividends, subject to any special rights relating thereto created or authorized to be created by these presents and subject to Section 93 of the Act and subject to the provisions of these presents as to reserve fund shall, with the approval of the President, be divisible among members in the proportion to the amount of the capital held by them respectively.
	Paid up in Advance
101	Where capital is paid up on any shares in advance of calls, such capital shall not, confer a right to participate in profits.
	Declaration of dividends
102	The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the capital, and may fix the time for payment but no dividend shall exceed the amount recommended by the directors.
	Dividends out of profits only and not to carry interest
103	No dividend shall be payable, otherwise than out of the profits of the year or other period or any other undistributed profits of the Company and no dividend shall carry interest as against the Company.
	Interim dividend
105.	The directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
	Unclaimed dividend
113.	All dividends unclaimed for one year, after having been declared, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. No unclaimed dividend shall be forfeited.
	WINDING UP
	Distribution of assets on winding up
128.	If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up of the shares held by them respectively. And if, in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of our Company situated at HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India, from 10.00 a.m. and 12.00 noon on any Working Day during which Issue is open for public subscription under the respective Tranche Prospectus(es).

MATERIAL CONTRACTS

1. Memorandum of Understanding dated August 28, 2013 between our Company and the Lead Managers.
2. Memorandum of Understanding dated August 27, 2013 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated August 27, 2013 between our Company and the Debenture Trustee.
4. Escrow Agreement dated [●], 2013 between our Company, the Registrar, the Escrow Collection Banks and the Lead Managers.
5. Tripartite Agreements dated September 20, 2011, between CDSL/NSDL, our Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Copy of shareholders resolution dated December 20, 2006 under section 293 (1) (d) of the Companies Act on borrowing limit.
3. Copy of the Board resolution dated August 23, 2013 approving the Issue.
4. Letter dated August 16, 2013 by CARE assigning a rating of 'CARE AA+' to the Bonds.
5. Letter dated August 19, 2013 by IRRPL assigning a rating of 'IND AA+' to the Bonds.
6. Consents of each of the Directors, the Compliance Officer, Lead Managers, legal counsel to the Company as to Indian law, Registrar to the Issue, Bankers to our Company, the Debenture Trustee for the Bonds and the Credit Rating Agencies to include their names in the Draft Shelf Prospectus, in their respective capacities.
7. Consent of the Auditors, for inclusion of their name and the report on the Accounts in the form and context in which they appear in the Draft Shelf Prospectus and their statement on tax benefits mentioned herein.
8. Auditor's Report dated August 29, 2013 on the reformatted financial information prepared under Indian GAAP for the financial year March 31, 2009, 2010, 2011, 2012 and 2013.
9. Statement of tax benefits dated August 29, 2013 issued by our Statutory Auditors.
10. Notification 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by the CBDT.
11. Annual Report of our Company for the last five Fiscals.
12. In-principle listing approval from the BSE vide its letter no. [●] dated [●], 2013.
13. Due Diligence Certificate dated [●], 2013 filed by the Lead Managers with SEBI.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of our Company in compliance with applicable laws.

DECLARATION

We, the undersigned, hereby declare that all the relevant provisions of the Companies Act, 1956, the guidelines issued by the Government of India and the regulations and guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, including the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, have been complied with and no statement made in this Draft Shelf Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules and regulations made thereunder, as the case may be.

We further certify that all the statements in this Draft Shelf Prospectus which is to be read with the Shelf Prospectus and the relevant Tranche Prospectus for each Tranche Issue, are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Shelf Prospectus does not contain any mis-statements.

Signed by the Board of Directors of the Company

Veerappa Parameshwarappa Baligar
Chairman and Managing Director

Nand Lal Manjoka
Director

Anil Kumar Kaushik
Director

Susheel Kumar
Director

Naresh Salecha
Director

Dinesh Bhikhubhai Mehta
Director

Virender Ganda
Director

Shukhadeo Thorat
Director

Place: New Delhi

Date: August 29, 2013

ANNEXURE A: FINANCIAL STATEMENTS

REFORMATTED AUDITED FINANCIAL STATEMENTS

EXAMINATION REPORT

The Board of Directors
Housing and Urban Development Corporation Ltd.
HUDCO Bhawan, Core-7-A,
India Habitat Centre,
Lodhi Road,
New Delhi - 110 003

Dear Sir,

Re: Proposed public issue by the Housing and Urban Development Corporation Ltd. ("Issuer") of Tax Free Bonds (the "Bonds") of face value of Rs.1,000 each, in the nature of secured, redeemable, non-convertible Bonds at par in one or more tranches for an issue size within the limits of Rs. 5000 crore allocated under notification No. 61/2013/F.No. 178/37/2013-(ITA.I) dated August 8, 2013 issued by Central Board of Direct Taxes.

1. We have examined the reformatted financial information of **Housing and Urban Development Corporation Ltd.** (the "Company") annexed to this report and initialed by us for identification purposes only. The said reformatted financial information has been prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act") and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("SEBI Regulations"), as amended, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement letter dated August 28, 2013, in connection with the Company's Proposed Issue of secured, redeemable, non-convertible Bonds, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961. The reformatted financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these reformatted financial statements. This reformatted Financial Information is proposed to be included in the Draft Shelf Prospectus, Shelf prospectus and Tranche prospectus (collectively referred to as "offer document") of the Company.

2. **Financial Information as per Audited Financial Statements**

   We have examined the attached 'Statements of Assets and Liabilities' of the Company for the financial year as at 31st March, 2009 to 31st March, 2013 (Annexure I), 'Statement of Profit and Loss' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure II), and 'Cash Flow Statement' of the Company for the financial years from 31st March, 2009 to 31st March, 2013 (Annexure III), referred to as **'Reformatted Financial Statements'**. The Reformatted Financial Statements have been extracted from the audited financial statements of the Company. The financial statements of the Company for the year ended 31st March 2013, 2012, 2011 and 2010 have been audited by Agiwal & Associates , Chartered Accountants and for the year ended 31st March, 2009, by S.N.Dhawan & Co., Chartered Accountants. The Reformatted Financial Statements for the year as at 31st March, 2009 to 31st March, 2013 have been adopted by the board. Based on our examination of these Reformatted Financial Statements, we state that:

   i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure IV and V, respectively to this report.

   ii. The figures of earlier years have been regrouped/reclassified in accordance with Revised Schedule VI to the Companies Act 1956 & Guidance Note thereto issued by the Institute of Chartered Accountants of India (but not restated retrospectively except to the changes effected due to change in accounting procedure/treatment of Wealth Tax and Interest on Income Tax under Section 234A, B and C), wherever necessary, to conform to the classification adopted for the Reformatted Financial Statements.

   iii. There are no extraordinary items that need to be disclosed separately in the Reformatted

Financial Statements.

iv These Reformatted Financial Statements have been prepared in “Rs. in Crore” for the convenience of the readers.

v. There are qualifications in the auditor’s report on financial statements as on and for the year ended 31st March, 2013 which are as under:

Basis for Qualified Opinion

a. During the year, Company decided to make additional provision of Rs. 65 crore for Non Performing Assets beyond the NHB norms. As a result, the adhoc provision for the same stood at Rs. 380 crore as at 31st March, 2013 as against Rs. 315 crore as at 31st March, 2012 and profit for the year is lower by Rs. 65 crore. [Refer Point 3(b) of Note 25 (Annexure V)].

b. The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [Refer Significant Accounting Policy 2(b) of Note 1(Annexure IV)].

Matter of Emphasis

c. We draw attention to the following points:

i) Some of the balances of loan Accounts are subject to confirmation/reconciliation. [Refer Point 3(a) of Note 25(Annexure V)]

ii) In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [Refer Point 2(b) of Note 25(Annexure V)].

iii) Further, as indicated in Point 2(b) of Note 25, the Company has charged interest amounting to Rs. 20.57 crore(Rs.15.02 crore as at 31st March, 2012) for the year ended 31st March, 2013 , as per Board Resolution passed in 2009. The balance outstanding is Rs. 233.71 crore (debit) in “HUDCO AGP Surplus Account” and shown it under other income-interest on construction project and informed the same to the concerned Ministry. Specific confirmation from the Ministry is awaited.

iv) The Institute of Chartered Accountants of India(ICAI) has given its opinion vide their letter dated 23.5.2013, as requested by the company on expenditure on account of Corporate Social Responsibility(CSR) accounting that unspent expenditure on CSR activities should not be recognized as provision, but a reserve may be created as an appropriation of profits. Accordingly, CSR provision of Rs. 19.87 crore, amount unspent as at 1.4.2012 has been reversed to the credit of the statement of profit & loss through prior period account and CSR reserve of Rs. 19.87 crore has been created as appropriation of profit and which resulted increase in profit before tax amounting to Rs. 19.52 crore. [Refer Point 22(a) of Note 25(Annexure V)].

v) Due to change in Accounting policy relating to reimbursement of Mobile phones to the employees, the profit for the year is lower by Rs. 0.02 crore (Net of tax)[Refer Point 8 of Note 25(Annexure V)].

d. *Our opinion is not qualified in respect of Matter of Emphasis.*

vi. There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March, 2012 which are as under:

i) *During the year, Company is required to make a additional provision of Rs.352.19 crores as per the NHB norms. For the above provisions, Rs. 315 crores has been utilized from cumulative adhoc provisions available. As a result, the adhoc provision stood at Rs. 315 crores as at 31/03/2012 as against Rs. 630 crores as at 31/03/2011- and profit for the current year is lower by Rs. 315/- crores. [Refer Point 3(b) of Note 26(Annexure V)].*

ii) *The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [refer Significant Accounting Policy 2(b) of of Note 26 pertaining to Annexure IV].*

iii) *Attention is further invited to the following:*

(a) *Some of the balances of Loan Accounts are subject to confirmation/ reconciliation. (refer to point 3(a) of Note 26(Annexure V))*

(b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. (refer to point 3(c) of Note 26(Annexure V))*

(c) *In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [refer Point 2(b) of Note 26(Annexure V))*

Further, as indicated in Point 2(b) of Note 26, the Company has charged interest amounting to Rs. 15.02 crores (upto 31/03/2012) which includes prior period interest income of Rs. 8.49 crores as per Board resolution passed in 2009 on balance outstanding of loans Rs. 204.87 crores (debit) in HUDCO AGP Surplus Account and shown it under other income-interest on construction project and informed the same to the concerned ministry. Specific confirmation from the ministry is yet to come.

iv) *The Company is complying with National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to State Governments / State Governments Agencies the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated 05.04.2011 as stated above; the same are complied with except in two cases. [refer Point 7(iv) of Note 26(Annexure V)]*

vii. There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March, 2011 which are as under:

i) *The Company has made an additional provision on loans amounting to Rs.30 crores during the year beyond National Housing Bank's norms. The cumulative additional provision on loans beyond NHB norms as on 31.3.2011 stood at Rs. 630 crores. As a result, the profit for the year is lower by Rs.630 crores [refer Note 4(b) of Note 26(Annexure V)].*

ii) *The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained [refer Significant Accounting Policy 2 (b) of Note 26 pertaining to Annexure IV].*

iii) Attention is further invited to the following :

a) Some of the balances of Loan Accounts are subject to confirmation/reconciliation. [refer Note 4(a) of Note 26(Annexure V)]

b) Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 4(c) of Note 26(Annexure V)]

c) In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [refer Note 2(b) of Note 26(Annexure V)]

d) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies. [refer Note 8 of Note 26(Annexure V)]

viii There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March, 2010 which are as under:

i) The Company has during the year changed its accounting policy from deferring borrowing cost such as brokerage charges, arranger fees, stamp duty, etc. to treat these expenses as expenditure. As a result, the profit for the year is lower by Rs. 14.10 crores. [refer Note 15 of Note 26(Annexure V)]

ii) The Company has made an additional provision on loans amounting to Rs.600 Crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.600 Crores. [refer Note 5(b) of Note 26(Annexure V)]

iii) The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained. [refer Significant Accounting Policy 2 (b) of Note 26(Annexure V)]

iv) Attention is further invited to the following :

a) Non confirmation/reconciliation of balances of Loan Accounts and consequential adjustments, if any. [refer Note 5(a) of Note 26(Annexure V)]

b) Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 5(c) of Note 26(Annexure V)]

c) In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [refer Note 2(b) of Note 26(Annexure V)]

d) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies. [refer Note 10 of Note 26(Annexure V)]

ix There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March, 2009 which are as under:

i) The Company has made an additional provision on loans amounting to Rs.180 crores *beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.180 crores. [refer Note 5(b) of Note 26(Annexure V)]*

ii) *The Company is accounting for application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis, the effect of which has not been ascertained. [refer Significant Accounting Policy 2 (b) of Note 26(Annexure V)]*

iii) *Attention is further invited to the following :*

a) *Non confirmation/reconciliation of balances of Loan Accounts and consequential adjustments, if any. [refer Note 5(a) of Note 26(Annexure V)]*

b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 5(c) of Note 26(Annexure V)]*

c) *In respect of disputes relating to Andrews Ganj Project undertaken by the Company on behalf of the Ministry of Urban Development, the ministry has intimated the Company that it cannot pass on the financial liability to the Government Account on account of various disputes. The Company on its part has refused to accept any liability on account of disputes. We are unable to comment upon the financial implication, if any. [refer Note 2(b) of Note 26(Annexure V)]*

d) *The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Governments / State Governments Agencies. [refer Note 10 of Note 26(Annexure V)]*

3. We have examined these Reformatted Financial Statements taking into consideration the guidance note on reports in company prospectus (Revised) issued by the Institute of Chartered Accountants of India & it may be informed ***that these Reformatted Financial Statements have not been adjusted for changes in accounting policies retrospectively in the respective financial years to reflect the same accounting policies for all the reporting periods and the adjustments of amounts pertaining to previous years in the respective financial years to which they relate.***

4**.** Other Financial Information of the Company:

We have examined the following information relating to the Company as at and for each of the years ended 31st March, 2013, 2012, 2011, 2010 and 2009 proposed to included in the offer document as approved by the Board of Directors annexed to this report:

i. Significant Accounting Policies as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure IV);

ii. Significant Notes to Accounts as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure V);

iii. Related Party Information as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VI);

iv. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure VII);

v. Statement of the Dividend as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March. 2009 (Annexure VIII);

vi. Statement of Tax Shelter as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March, 2009 (Annexure IX);

vii. Capitalization Statement as at 31st March, 2013 (Annexure X); and

viii. Statement of Contingent Liabilities as at and for each of the years ended 31st March, 2013, 31st March, 2012, 31st March, 2011, 31st March, 2010 and 31st March 2009 (Annexure XI).

5. This report should not, in any way, be construed as a reissuance or redrafting of any of the previous audit reports nor should this be construed as a new opinion on any of the Reformatted Financial Statements.

6. This report is intended solely for your information and for inclusion in the offer document, in connection with the proposed issue of Bonds, having Benefits Under Section 10(15)(iv)(h) of the Income Tax Act, 1961 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

7. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

For Dhawan & Co.,
Chartered Accountants
(Firm registration No. 002864N)

(Sunil Gogia)
(Partner)
Membership No. 073740

Place of Signature: New Delhi
Dated: **August 29, 2013**

Annexure-I

HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED

Statement of Assets & Liabilities

(₹ in crore)

S.No	PARTICULARS	NOTE No.	As at 31st March, 2013	NOTE No. *	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
I	**EQUITY AND LIABILITIES**							
(1)	**Share Holders' Funds**							
	(a) Share Capital	**2**	2,001.90	**2**	2,001.90	2,001.90	2,001.90	2,001.90
	(b) Reserves and Surplus	**3**	4,512.06	**3**	3,986.99	3,519.07	3,095.19	2,665.96
	Sub-Total (1)		**6,513.96**		**5,988.89**	**5,520.97**	**5,097.09**	**4,667.86**
(2)	**Non-current Liabilities**							
	(a) Long-term Borrowings	**4**	13,504.40	**4**	13,713.59	9,531.54	11,255.93	14,718.72
	(b) Deferred Tax Liabilities (Net)	**5**	416.39	**5**	350.37	281.85	237.36	234.39
	(c) Other Long-term Liabilities	**6**	104.15	**6**	51.74	119.71	128.90	196.08
	(d) Long-term Provisions	**7**	219.23	**7**	211.83	163.40	143.01	168.43
	Sub-Total (2)		**14,244.17**		**14,327.53**	**10,096.50**	**11,765.20**	**15,317.62**
(3)	**Current Liabilities**							
	(a) Short-term Borrowings	**8**	48.54	**8**	-	100.00	220.00	-
	(b) Trade Payable	**9**	18.78	**9**	31.10	10.72	10.46	10.15
	(c) Other Current Liabilities	**10**	5,894.90	**10**	6,928.91	6,861.00	4,821.53	5,264.41
	(d) Short-term Provisions	**11**	228.80	**11**	217.05	147.74	69.14	53.22
	Sub-Total (3)		**6,191.02**		**7,177.06**	**7,119.46**	**5,121.13**	**5,327.78**
	Total (1+2+3)		**26,949.15**		**27,493.48**	**22,736.93**	**21,983.42**	**25,313.26**
II	**ASSETS**							
(1)	**Non-current Assets**							
	(a) Fixed Assets	**12**		**12**				
	(i) Tangible Assets		71.06		71.37	74.20	68.88	71.95
	(ii) Intangible Assets		-		0.01	0.01	0.01	0.02
	(iii) Capital work-in-progress		17.65		13.87	11.81	9.58	9.07
			88.71		**85.25**	**86.02**	**78.47**	**81.04**
	(b) Non-current Investments	**13**	683.98	**13**	813.98	1,223.98	1,298.98	1,523.98
	(c) Long-term Loans and Advances	**14**	21,141.78	**14**	19,111.64	16,366.74	14,803.89	16,482.28
	(d) Other Non-current Assets		-	**15**	-	6.40	1.85	-
	Sub-Total (1)		**21,914.47**		**20,010.87**	**17,683.14**	**16,183.19**	**18,087.30**
(2)	**Current Assets**							
	(a) Current Investments	**15**	-	**16**	410.00	75.00	225.00	519.21
	(b) Trade Receivable	**16**	10.60	**17**	12.52	16.57	12.15	21.82
	(c) Cash and Bank Balances	**17**	696.77	**18**	2,778.84	716.20	755.86	1,052.38
	(d) Other Current Assets	**18**	4,327.31	**19**	4,281.25	4,246.02	4,807.22	5,632.55
	Sub-Total (2)		5,034.68		7,482.61	**5,053.79**	**5,800.23**	**7,225.96**
	Total (1+2)		**26,949.15**		**27,493.48**	**22,736.93**	**21,983.42**	**25,313.26**
	Significant Accounting Policies	**1**		**1**				
	Explanatory Notes	**25**		**26**				

Note: The Notes referred to above form an integral part of the Financial Statements

***** - Note No. as stated after Statement of Assets & Liabilities as at 31st March'2013 may be read for Notes from F Y 2009 to 2012 .

Annexure-II

HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED

Statement of Profits

(₹ in crore)

S.No	PARTICULARS	NOTE No.	Year Ended 31st March, 2013	NOTE No. *	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
I	**Income**							
II	Revenue from Operations	**19**	2,866.35	**20**	2,738.36	2,263.46	2,421.80	2,697.93
III	Other Income	**20**	56.89	**21**	40.27	15.13	106.55	15.25
IV	**Total Revenue (II+III)**		**2,923.24**		**2,778.63**	**2,278.59**	**2,528.35**	**2,713.18**
V	**Expenses**							
(i)	Finance Cost	**21**	1,567.92	**22**	1,629.08	1,273.27	1,413.76	1,904.14
(ii)	Employee Benefits Expense	**22**	122.30	**23**	110.52	114.45	92.48	75.75
(iii)	Depreciation and Amortisation		4.96		4.60	11.42	4.52	4.67
(iv)	Other Expenses	**23**	50.68	**24**	50.64	29.40	23.27	24.28
(v)	Provision on Loans		133.00		37.18	27.80	210.67	-65.35
(vi)	Provision on Debtors/recoverables, other loans and advances		2.39		6.71	1.43	0.14	0.15
(vii)	Provision on Investment		-		-	-	-	0.16
	Total Expenses (V)		**1,881.25**		**1,838.73**	**1,457.77**	**1,744.84**	**1,943.80**
VI	**Profit before exceptional, extraordinary Items and tax (IV-V)**		1,041.99		939.90	820.82	783.51	769.38
VII	Exceptional Items		-		-	-	-	-
VIII	**Profit before extraordinary Items and tax (VI-VII)**		**1,041.99**		**939.90**	**820.82**	**783.51**	**769.38**
IX	Extraordinary Items		-		-	-	-	-
X	Prior period adjustments	**24**	19.71	**25**	0.07	0.29	0.87	6.25
XI	Deferred Tax Liability for prior years transferred to General Reserve		-		-	-	-	(120.96)
XII	**Profit Before Tax (VIII-IX-X)**		**1,061.70**		**939.97**	**821.11**	**784.38**	**654.67**
XIII	**Tax Expense**							
(i)	Current tax		-295.50		(250.00)	(223.79)	(267.71)	(184.41)
(ii)	Deferred tax		**(66.01)**		(68.52)	(44.49)	(2.97)	(71.07)
(iii)	Fringe benefit tax		-		-	-	-	(0.85)
(iv)	Adjustment of tax of earlier years (Net)		0.37		8.88	(2.80)	(18.39)	2.65
	Total Tax Expense XII (i+ii+iii)		**(361.14)**		**(309.64)**	**(271.08)**	**(289.07)**	**(253.68)**
XIV	**Profit for the period (XI+XII)**		**700.56**		**630.33**	**550.03**	**495.31**	**400.99**
XV	**Earnings per Share (Face value ₹ 1000)**							
	(Refer S.No 16 of Note No 26 - Explanatory Notes)							
	(1) Basic		**349.95**		314.87	274.75	247.42	200.30
	(2) Diluted		**349.95**		314.87	274.75	247.42	200.30
	Significant Accounting Policies	**1**		**1**				
	Explanatory Notes	**25**		**26**				

Note: The Notes referred to above form an integral part of the Financial Statements

***** - Note No. as stated after Statement of Profits for the year ended 31st March'2013 may be read for Notes from F Y 2009 to 2012 .

NOTE 2: SHARE CAPITAL

(₹ in crore)

S. No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Authorised**					
	25,000,000 equity shares of ₹ 1000/- each					
	(previous year 25,000,000 equity shares					
	of ₹ 1000/- each)	**2,500.00**	**2,500.00**	**2,500.00**	**2,500.00**	**2,500.00**
B	**Issued, Subscribed and Paid up**					
	20,019,000 equity shares of ₹ 1000/- each					
	fully paid-up in cash (previous year 20,019,000 equity					
	shares of ₹ 1000/- each fully paid-up in cash)	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
		2,001.90	**2,001.90**	**2,001.90**	**2,001.90**	**2,001.90**

(The entire Share Capital is held/owned by the Government of India and its nominees)

Note 3: RESERVES AND SURPLUS

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Capital (KfW) Reserve**					
	Balance from previous year	58.80	58.49	56.77	53.96	45.81
	Add: Additions during the year	0.01	0.31	1.72	2.81	8.15
	Balance as at the end of the year	**58.81**	**58.80**	**58.49**	**56.77**	**53.96**
B	**Bonds Redemption Reserve**					
	Balance from previous year	192.27	-	-	-	-
	Less: Transferred to Statement of Profit & Loss	-	-	-	-	-
	Add: Transferred from Surplus in Statement of Profit & Loss	289.27	192.27	-	-	-
	Balance as at the end of the year	**481.54**	**192.27**	**-**	**-**	**-**

Pursuant to regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, the company creates Bonds Redemption Reserve (BRR) upto 50% of the value of bonds issued through public issue under SEBI Guidelines, during the maturity period of such bonds. Ministry of Corporate Affairs has further clarified vide circular No. 04/2013 dated 11.02.2013 that the adequacy of Bonds / Debentures Redemption Reserve (BRR / DRR) will be 25% of the value of debenture issued through public issue as per prevalent SEBI (issue and listing of Debt Securities) Regulations 2008 and no BRR / DRR is required in case of privately placed debentures.

In view of the contractual obligation of HUDCO by way of disclosure in the offer document with the investors of Public Issue of Tax-free Bonds raised in the year 2011-12 and 2012-13, it is stated that HUDCO has created reserve of DRR to the extent of 50% of value of bonds issued through Public Issue, the Company has created and maintained BRR / DRR upto 50%.

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
C	**Special Reserve**					
	(a) Created (u/s 36(1) (viii) of the Income Tax Act,1961					
	upto Financial Year 1996-97)					
	Balance from previous year	181.75	181.75	181.75	181.75	181.75
	(b) Created and Maintained (u/s 36(1) (viii) of the					
	Income Tax Act,1961 from Financial Year 1997-98 onwards)					
	Balance from previous year	2,352.05	2,084.05	1,870.05	1,670.05	1,495.05
	Add: Transferred from Surplus in Statement of Profit & Loss	270.00	268.00	214.00	200.00	175.00
		2,622.05	2,352.05	2,084.05	1,870.05	1,670.05
	Balance as at the end of the year	**2,803.80**	**2,533.80**	**2,265.80**	**2,051.80**	**1,851.80**
D	**General Reserve**					
	Balance from previous year	1,013.96	1,007.83	810.06	588.07	300.53
	Less: Utilised for leave encashment on account of AS - 15		-	-	-	-
	Less: Utilised for post-retirement medical benefit on account of AS - 15		-	-	-	-
	Less: Utilised for Gratuity on account of AS - 15		-	-	-	-
	Add: Transferred from Statement of Profit & Loss on account of prior years					
	Add: Deferred Tax Liability		-	-	-	120.97
	Add: Transferred from Surplus in Statement of Profit & Loss	0.10	6.13	197.77	221.99	166.57
	Balance as at the end of the year	**1,014.06**	**1,013.96**	**1,007.83**	**810.06**	**588.07**

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
E	**Welfare Reserve**					
	(This is to be used for the Welfare of employees of the company as per approved guideline)					
	Balance from previous year	58.16	56.95	46.56	46.65	40.17
	Less: Transferred to Statement of Profit & Loss	-	0.91	-	2.36	-
	Add: Transferred from Surplus in Statement of Profit & Loss	2.87	-	3.59	-	0.28
	Add: Transferred from Surplus in Statement of Profit & Loss	5.53	2.12	6.80	2.27	6.20
	Balance as at the end of the year	**66.56**	**58.16**	**56.95**	**46.56**	**46.65**
F	**Corporate Social Responsibility (CSR) Reserve**					
	Add: Transferred from Surplus in Statement of Profit & Loss	19.87	-	-	-	-
	Less: Transferred to Statement of Profit & Loss	0.35	-	-	-	-
	Balance as at the end of the year(Refer S.No 22 (a) of Note No 25 - Explanatory Notes)	**19.52**	-	-	-	-

The Company had formulated a Corporate Social Responsibility (CSR) policy in line with guideline on CSR for Central Public Sector Enterprises issued by DPE. As per policy approved by the Company, during the year 2012-13 the Company has allocated 1.5% of previous year's profit after tax (PAT) amounting to ₹ 9.45 crore (Previous allocated 2% of the PAT amounting to ₹ 11 crore) towards CSR budget. The issue of accounting treatment of CSR was referred to ICAI for opinion. As per ICAI opinion the Company has followed Reserve Route during the year 2012-13 and written back the unspent provision of CSR of previous years ₹ 19.87 crore to the statement of Profit and Loss.

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
G	**Sustainable Development Reserve**					
	Add: Transferred from Surplus in Statement of Profit & Loss	0.77	-	-	-	-
	Balance as at the end of the year (Refer S.No 22 (b) of Note No 25 - Explanatory Notes)	**0.77**	**-**	**-**	**-**	**-**

The Company had formulated a Sustainable Development (SD) policy in line with guideline on SD for Central Public Sector Enterprises issued by DPE during the year 2012-13. As per policy approved by the Company, during theyear 2012-13 the Company has allocated ₹ 0.50 crore + 0.1% of previous year's profit after tax (PAT) amounting to ₹ 1.13 crore towards SD. The unspent amount of ₹ 0.77 crore has been appropriated from profit as SD Reserve.

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
H	**Research and Development Reserve**					
	Add: Transferred from Surplus in Statement of Profit & Loss	-	-	-	-	-
	Balance as at the end of the year (Refer S.No 22 (c) of Note No 25 - Explanatory Notes)	-	-	-	-	-

The Company had formulated a Research and Development (R & D) policy in line with guideline on R & D for Central Public Sector Enterprises issued by DPE during the year 2012-13. As per policy approved by the Company, during the year 2012-13 the Company has allocated 0.5% of previous year's profit after tax (PAT) amounting to ₹ 3.15 crore towards R & D. The unspent amount of ₹ 0.0002 crore has been appropriated from profit as R & D Reserve.

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
I	**Surplus Account**					
i	Balance from previous year	130.00	130.00	130.00	125.48	125.47
ii	Add: Balance from statement of Profit & Loss	700.56	630.33	550.03	495.31	400.99
	Add: Transferred from Bonds Redemption Reserve	-	-	-	-	-
iii	Add: Transferred from Welfare Reserve	-	0.91	-	2.36	-
iv	Add: Transferred from Corporate Social	0.35	-	-	-	-

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
	Responsibility (CSR) Reserve					
v	Less: Transferred to Welfare Reserve	2.87	-	3.59	-	0.28
vi	**Total amount available for appropriation**	**828.04**	**761.24**	**676.44**	**623.15**	**526.18**
vii	Less: Interim/Proposed Final Dividend (Refer S.No 14 of Note No 25 - Explanatory Notes)	150.00	140.01	110.02	59.08	45.24
viii	Less: Dividend Tax	25.50	22.71	17.85	9.81	7.69
ix	Less: Special Reserve	270.00	268.00	214.00	200.00	175.00
x	Less: Bonds Redemption Reserve	289.27	192.27	-	-	-
xi	Less: General Reserve	0.10	6.13	197.77	221.99	166.57
xii	Less: Welfare Reserve	5.53	2.12	6.80	2.27	6.20
xiii	Less: Corporate Social Responsibility (CSR) Reserve	19.87	-	-	-	-
xiv	Less: Sustainable Development Reserve	0.77	-	-	-	-
xv	Less: Research and Development Reserve	-	-	-	-	-
xvi	Balance as at the end of the year	**67.00**	**130.00**	**130.00**	**130.00**	**125.48**
	Total Reserves and Surplus	**4,512.06**	**3,986.99**	**3,519.07**	**3,095.19**	**2,665.96**

NOTE 4: NON CURRENT - LONG TERM BORROWINGS

(₹ in crore)

S.No	PARTICULARS		As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
(A)	**SECURED LOANS**						
I	**Special Priority Sector Bonds**						
	SPS Bond series B & C (Bank of India)		57.50	62.50	67.20	71.65	75.85
		Sub-Total I	**57.50**	**62.50**	**67.20**	**71.65**	**75.85**
	The repayment dates for SPS bonds series B and C is semi annual: for series B from 10.12.2008 to 10.06.2015 and for series C from 10.12.2015 to 10.06.2022. Bonds are secured by lien over Certificate of Deposits for US $ 12.50 million (Previous year US $ 13.44 million) placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the maturity schedule of the underlying ADB loans						
II (a)	**TAX FREE BONDS 2011**		5,000.00	5,000.00	-	-	-
		Sub-Total II (a)	5,000.00	5,000.00			
II (b)	**TAX FREE BONDS 2012**		2,401.35	-	-	-	-
		Sub-Total II (b)	2,401.35	-			
		Total II (a) + (b)	7,401.35	5,000.00	-	-	-
III	**LOANS FROM BANKS**						
	Bank of India		86.27	93.77	100.81	107.45	113.68
			86.27	**93.77**	**100.81**	**107.45**	**113.68**
IV	**LOANS FROM FINANCIAL INSTITUTIONS**						
	National Housing Bank		579.96	212.00	-	-	-
			579.96	**212.00**	**-**	**-**	**-**
	Total Secured Loans		**8,125.08**	**5,368.27**	**168.01**	**179.10**	**189.53**
(B)	**UNSECURED LOANS**						
I	**DEBENTURES**						
	Subscribed by Banks, Companies and Trusts		**-**	**-**	**-**	**77.00**	**147.00**
II	**BONDS**						
(i)	HUDCO Bonds		2,826.90	3,863.30	4,608.50	6,142.91	6,292.59
(ii)	HUDCO Gujarat Punarnirman Special Tax free Bonds		-	-	73.50	353.10	353.10
(iii)	Bonds - Subordinated Debt under Tier - II Capital		-	-	-	500.00	500.00
			2,826.90	**3,863.30**	**4,682.00**	**6,996.01**	**7,145.69**
III	**LOANS FROM VARIOUS BANKS**						
	Term loans from Banks (PLR/ Base Rate)		961.12	3,082.80	3,119.40	1,944.76	4,689.26
			961.12	**3,082.80**	**3,119.40**	**1,944.76**	**4,689.26**
IV	**LOANS FROM FINANCIAL INSTITUTIONS :**						
(i)	General Insurance Corporation of India & its four subsidiaries		-	-	5.53	26.73	69.85
(ii)	National Housing Bank		-	-	-	252.30	336.70
(iii)	Life Insurance Corporation of India		-	-	-	26.67	136.67
			-	**-**	**5.53**	**305.70**	**543.22**
V	**LOANS FROM GOVERNMENT OF INDIA UNDER:**						
	Line of credit from KreditanstaltfürWiederaufbau		23.62	52.96	52.96	52.96	52.96

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
	(KfW)					
		23.62	**52.96**	**52.96**	**52.96**	**52.96**
VI	**Public Deposits**	951.14	667.88	839.62	1,032.85	1,205.93
		951.14	**667.88**	**839.62**	**1,032.85**	**1,205.93**
VII	**Interest Bearing Cash Securities**	-	0.15	0.15	0.17	0.42
		-	**0.15**	**0.15**	**0.17**	**0.42**
VIII	**LOANS IN FOREIGN CURRENCY :**					
(i)	Loans from Japan Bank for International Cooperation (JBIC)	223.23	265.57	247.41	221.95	242.81
(ii)	Loans from Asian Development Bank (ADB)	281.18	295.51	295.87	317.08	357.49
(iii)	Loans from US Capital Market	112.13	117.15	120.59	128.35	144.41
	(Guaranteed by USAID & Counter Guaranteed by Canara Bank @ 0.5% of the outstanding Loan)					
		616.54	**678.23**	**663.87**	**667.38**	**744.71**
	Total Unsecured Loans	**5,379.32**	**8,345.32**	**9,363.53**	**11,076.83**	**14,529.19**
	Grant Total	**13,504.40**	**13,713.59**	**9,531.54**	**11,255.93**	**14,718.72**

NOTE TO NOTE 4: NON CURRENT - BORROWINGS (pertaining to Loan Outstanding as on 31.03.2013)

Annual Accounts 2012-13

Details of Long-term Borrowing

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No	Date of drawal / Institution	Rate on drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2013	Frequency of repayment	Redemption Details
(A)	**Secured Loans**						
i	**Bank of India**						
	-15.02.1999		150.00	86.27	@ 1 years G-Sec + 350bps p.a. Currently the ROI is 11.40% p.a	Semi-Annual	10 Jun. and 10 Dec.
ii	**National Housing Bank**						
	-12.12.2011	6.25%	250.00	174.00	6.25%	Quarterly	1st-Apr.,Jul.,Oct. & Jan.
	-25.04.2012	6.25%	250.00	193.00	6.25%	Quarterly	1st-Apr.,Jul.,Oct. & Jan.
	-30.10.2012	6.25%	250.00	212.96	6.25%	Quarterly	1st-Apr.,Jul.,Oct. & Jan.
	Total National Housing Bank			**579.96**			
(B)	**Unsecured Loans**						
I	**Loans from various Banks**						
i	**Bank of Baroda**						

S.No	Date of drawal / Institution	Rate on drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2013	Frequency of repayment	Redemption Details
	- 16.06.2011	10.00%	53.00	17.66	10.25%	Annual	16th June
	- 18.06.2011	10.00%	20.00	6.66	10.25%	Annual	18th June
	- 30.06.2011	10.00%	83.00	27.66	10.25%	Annual	30th June
	- 06.07.2011	10.00%	172.00	57.33	10.25%	Annual	6th July
	- 20.07.2011	10.25%	172.00	57.33	10.25%	Annual	20th July
	Total Bank of Baroda			**166.64**			
ii	**Canara Bank**						
	- 18.03.2011	9.50%	100.00	23.55	10.25%	Quarterly	18th-Jun.,Sep.,Dec. & Mar
	- 15.04.2011	9.50%	20.00	10.00	10.25%	Quarterly	15th-Apr.,Jul.,Oct. & Jan.
	- 21.04.2011	9.50%	25.00	12.50	10.25%	Quarterly	21st- Apr., Jul.,Oct. & Jan.
	- 20.07.2011	10.25%	525.00	291.67	10.25%	Quarterly	20th-Apr.,Jul.,Oct. & Jan.
	Total Canara Bank			**337.72**			
iii	**State Bank of Bikaner & Jaipur**						
	- 09.05.2008	10.55%	200.00	**66.67**	10.15%	Quarterly	24th-Apr.,Jul.,Oct. & Jan.
iv	**State Bank of Patiala**						
	- 29.03.2012	10.50%	300.00	**180.00**	10.25%	Semi-Annual	29th Sept. & 29th March
v	**State Bank of Travancore**						
	- 31.07.2009	7.25%	45.00	4.50	10.25%	Semi-Annual	31st July & 31st January
	- 12.08.2009	7.25%	55.00	5.50	10.25%	Semi-Annual	31st July & 31st January
	- 19.03.2010	7.00%	250.00	14.29	10.25%	Quarterly	19th- Jun., Sep.,Dec.& Mar.
	Total State Bank of Travancore			**24.29**			
vi	**Syndicate Bank**						
	- 22.07.2011	10.25%	100.00	50.00	10.25%	Quarterly	22th-Apr.,Jul.,Oct. & Jan.
	- 29.07.2011	10.25%	114.00	19.80	10.25%	Quarterly	29th-Apr,Jul.,Oct. & Jan.
	Total Syndicate Bank			**69.80**			
vii	**Union Bank of India**						
	- 18.07.2011	10.25%	396.00	**66.00**	10.25%	Quarterly	20th-Apr.,Jul.,Oct. & Jan.
viii	**United Bank of India**						
	- 20.07.2011	10.25%	300.00	**50.00**	10.25%	Quarterly	20th-Apr.,Jul., Oct. & Jan.

S.No	Date of drawal / Institution	Rate on drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2013	Frequency of repayment	Redemption Details
	Total Bank Loans			**961.12**			
II	**LOANS FROM GOVERNMENT OF INDIA UNDER:**						
	Line of credit from KfW						
	- 11.11.1993			0.17	5.75%	Bullet basis	on 11.11.2015
	- 07.01.1993			23.45	5.75%	Bullet basis	on 07.01.2015
			Total KfW	**23.62**			
III	**Public Deposits**						
	Apr., 2014 - Mar. 2015			311.19		Repayable over a period of two to seven years	
	Apr., 2015 - Mar. 2016			570.54			
	Apr., 2016 - Mar. 2017			51.03			
	Apr., 2017 - Mar. 2018			16.17			
	Apr., 2018 - Mar. 2019			2.18			
	Apr., 2019 - Mar. 2020			0.03			
	Total Public Deposits			**951.14**			

NOTE 4 (Contd.)

Annual Accounts 2012-13

Details of Long-term Borrowing

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No	Date of drawal / Institution	Currency of drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2013	Frequency of repayment	Redemption Details
IV	**LOANS IN FOREIGN CURRENCY :**	**Foreign Currency**	**Amount in Million**				
i	**Loans from JBIC**						
	- 28.03.1997	JPY	1,157.16		2.10% p.a. (fixed)	Semi-Annual	Repayable from 20.07.2016 to 20.07.2023
	- 27.03.1998	JPY	406.00				
	- 31.03.1999	JPY	944.65				
	- 22.06.1999	JPY	1,159.92				
	- 16.11.1999	JPY	241.34				
	- 17.03.2000	JPY	3,613.47				
	- 06.10.2000	JPY	67.60				
	- 10.11.2000	JPY	176.27				
	- 15.12.2000	JPY	295.15				
	- 27.02.2001	JPY	351.39				
	- 30.03.2001	JPY	257.05				
	Unswapped JBIC outstanding Loan out of above	JPY	2,985.16	**172.42**			
	Swapped JPY outstanding Loan out of above				Principal only Swap premium @ 6.6125%	Semi-Annual	Repayable from 20.07.2014 to 20.01.2016
	with Yes Bank	JPY	845.85	**50.81**			

S.No	Date of drawal / Institution	Currency of drawal	Amount Drawn	Amount Outstanding	Rate of Interest as on 31.3.2013	Frequency of repayment	Redemption Details
					p.a.		
	Total JBIC			**223.23**			
ii	**Loan from Asian Development Bank**						
	- 31.12.1997	US $	20.00			Semi-Annual	Repayable from 15.06.2014 to 15.06.2022
	- 13.11.1998	US $	30.00		@ 6M LIBOR for US $ + 0.40% p.a. Currently the ROI is 0.9130% p.a		
	Swapped US $ outstanding Loan out of above						
	with Bank of India	US $	28.76	156.41			
	- 06.12.1999	US $	50.00		12.50% p.a	Semi-Annual	
	Swapped US $ outstanding Loan out of above						
	with Exim Bank	US $	28.76	124.77			
	Total Asian Development Bank			**281.18**			
ii	**Loan from US Capital Market**						
(a)	**USAID-1**						
	-24.09.1999	US $	10.00				
	Swapped US $ outstanding Loan out of above				12.50% p.a	Semi-Annual	Repayable from 23.09.2014 to 23.08.2029
	with Exim Bank	US $	7.75	33.79			
(b)	**USAID-2**						Repayable from 15.09.2014 to 15.09.2030
	- 28.09.2000	US $	20.00				
	Swapped US $ outstanding Loan out of above						
	with ICICI Bank	US $	6.50	28.90	6.18% p.a	Semi-Annual	
	with State Bank of India	US $	5.00	22.25	6.2025% p.a		
	Unswapped US$ outstanding Loan out of above	US $	5.00	27.19	@ 6M LIBOR for	Semi-Annual	
					US $ + 0.035% p.a.		
					Currently the ROI		
					is 0.4799% p.a		
	Total USAID			**112.13**			
	Total Foreign Currency Loans			**616.54**			

NOTE 5: DEFERRED TAX LIABILITIES

(₹ in crore)

S. No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Deferred Tax Liabilities**					
i	Miscellaneous expenses yet to be written off	-	-	-	-	6.93
ii	Depreciation	4.41	4.00	3.71	5.73	5.86
iii	Special Reserve u/s 36(1)(viii) of Income Tax Act,1961	953.01	822.22	735.25	681.60	607.16
	Sub Total (A)	**957.42**	**826.22**	**738.96**	**687.33**	**619.95**
B	**Deferred Tax Assets**					
i	Provision on investment	1.15	1.10	1.10	1.13	1.15
ii	Provision for Debtors	3.68	2.74	0.56	0.11	0.11
iii	Provision on Loans	484.68	419.57	407.50	407.94	345.79
iv	Provision on Jabalpur Earthquake	1.70	1.62	1.62	1.66	1.70
v	Provision for staff loans	0.03	0.03	0.03	0.03	0.03
vi	Provision on advances	0.05	0.15	0.15	0.15	0.15
vii	Provision for leave encashment	11.28	9.06	8.52	6.90	4.43
viii	Provision for Gratuity	-	-	-	-	1.60
ix	Provision for retirement benefit	30.39	23.31	20.50	18.09	19.23
x	Provision for Welfare Expenses	0.19	0.08	0.08	0.07	0.13
xi	Provision for LTC	3.96	4.45	3.71	4.86	3.69
xii	Provision for PF Contribution	1.40	2.83	4.52	-	-
xiii	Disallowance of interest under section 43B of Income Tax Act, 1961	2.52	4.46	8.82	9.03	7.55
xiv	Provision for Productivity Linked Incentive	-	-	-	-	-
xv	Provision for Revision in Pay	-	-	-	-	-
xvi	Provision on Corporate Social Responsibilities (CSR)	-	6.45	-	-	-
	Sub Total (B)	**541.03**	**475.85**	**457.11**	**449.97**	**385.56**
C	**Net Deferred Tax Liabilities (A) - (B)**	**416.39**	**350.37**	**281.85**	**237.36**	**234.39**

NOTE 6: OTHER LONG TERM LIABILITIES

(₹ in crore)

S. No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Others**					
i	Security and other deposits	6.02	5.92	16.08	15.80	6.90
B	**Interest accrued but not due**					
i	Unsecured Loans	98.13	45.82	103.63	113.10	189.18
	Total	**104.15**	**51.74**	**119.71**	**128.90**	**196.08**

NOTE 7: LONG TERM PROVISIONS

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Provision for employees benefit**					
(i)	Leave encashment	29.65	25.02	23.78	20.78	13.03
(ii)	Post retirement medical benefit	81.69	65.39	57.94	54.45	56.56
(iii)	Gratuity	-	-	-	-	4.72
(iv)	Welfare expenses	0.49	0.23	0.19	0.23	0.38
(v)	Leave travel concession	-	13.71	11.43	14.63	10.84
(vi)	Pay revision	-	-	-	-	24.00
(vii)	Provident Fund (funded)	4.12	8.73	13.94	-	-
	(Refer S.No 6 of Note No 26 - Explanatory Notes)					
B	**Others**					
(i)	Contingent Provisions for Standard Assets as per NHB norms	103.28	98.75	56.12	52.92	58.90
	Total	**219.23**	**211.83**	**163.40**	**143.01**	**168.43**

NOTE 8: SHORT TERM BORROWINGS

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Unsecured Loan from Bank (Short Term)**					
	7.65% p.a. (Repayable within one year)	-	-	100.00	220.00	-
B	**Secured Loan from Bank (Short Term)**					
	Loan against Fixed Deposits (Repayable within one year	48.54	-	-	-	-
	Total	**48.54**	**-**	**100.00**	**220.00**	-

NOTE 9: TRADE PAYABLE

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Expenses Payable**					
	(Refer S.No 10 of Note No 25 - Explanatory Notes)	18.78	31.10	10.72	10.46	10.15
	Total	**18.78**	31.10	10.72	10.46	10.15

NOTE 10: OTHER CURRENT LIABILITIES

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
(A)	**CURRENT MATURITIES OF LONG TERM DEBT**					
I	**SECURED LOANS**					
i	Special Priority Sector Bonds series B & C (Bank of India)	5.00	4.70	4.45	4.20	3.80
ii	Loan from Bank (Bank of India)	7.50	7.05	6.63	6.23	5.86
iii	National Housing Bank	84.78	28.50	-	-	-
	Sub Total Secured Loans	**97.28**	**40.25**	**11.08**	**10.43**	**9.66**
II	**UNSECURED LOANS**					
i	DEBENTURES	-	-	77.00	70.00	81.00
ii	BONDS	1,536.40	1485.60	2,314.01	149.68	297.00
iii	LOANS FROM VARIOUS BANKS	1,227.32	3,045.60	3,044.11	2,314.72	3,381.20
		2,763.72	**4,531.20**	**5,435.12**	**2,534.40**	**3,759.20**
iv	LOANS FROM FINANCIAL INSTITUTIONS :					
(a)	General Insurance Corporation of India & its four subsidiaries	-	5.53	21.19	43.12	56.16
(b)	Life Insurance Corporation Of India	-	-	13.33	96.67	146.67
(c)	National Housing Bank	-	-	-	63.30	63.30
		-	**5.53**	**34.52**	**203.09**	**266.13**
v	**LOANS FROM GOVERNMENT OF INDIA UNDER :**					
	Line of credit from KreditanstaltfürWiederaufbau (KfW)		-	-	-	-
	[Refer Details of Current Maturity of long-term debt - (B) II]	29.34				
	Total Government of India Loans	**29.34**	-	-	-	-
vi	Public Deposits	288.31	**484.24**	**625.39**	**1,257.94**	**459.76**
		288.31	**484.24**	**625.39**	**1,257.94**	**459.76**
vii	Interest Bearing Cash Securities	-	-	0.03	0.24	-
		-	-	**0.03**	**0.24**	-
viii	**LOANS IN FOREIGN CURRENCY :**					
(a)	Loan from JBIC	25.40	18.81	14.91	15.61	16.32
(b)	Loan from Asian Development Bank	24.44	22.22	19.45	18.40	18.45
(c)	Loan from US Capital Market	6.63	6.63	6.63	4.44	1.09
		56.47	**47.66**	**40.99**	**38.45**	**35.86**
	Sub Total Unsecured Loans	**3,137.84**	**5,068.63**	**6,136.05**	**4,034.12**	**4,520.95**
	Total Current maturities of LongTerm Debt	**3,235.12**	**5,108.88**	**6,147.13**	**4,044.55**	**4,530.61**
(B)	Interest accrued but not due	322.50	400.48	389.56	504.30	399.21
(C)	Bank book overdraft in current account	2,079.45	1,144.08	50.00	-	6.71
(D)	Sundry Creditors	0.29	0.43	0.38	0.95	0.74
(E)	Security, Earnest money and other deposits	1.74	1.42	1.19	0.14	0.38
(F)	Amount received in advance	6.18	10.51	6.66	5.23	7.35

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
(G)	Liability towards Investors Education and Protection Fund	35.25	52.38	29.60	32.84	46.14
(H)	KfW R & D account	48.22	50.07	49.95	49.45	48.67
(I)	KfW Interest account	9.87	9.87	9.87	9.79	9.64
(J)	Amount received from KfW	94.11	94.32	91.34	87.98	83.80
(K)	Grant / Subsidy received from different Ministries/Agencies	8.77	8.57	8.25	7.64	6.73
	Amount received/receivable against sale of project	-	-	-	-	-
(L)	Amt payable to Ministry - AGP and BCP	0.97	0.93	30.18	42.26	92.72
	Premium for forward sale contact accrued but not due	-	-	-	-	0.03
(M)	Amount Payable to Staff	16.52	16.41	10.46	13.16	5.65
(N)	Other Liabilities	35.91	30.56	36.43	23.24	26.03
		2,659.78	**1,820.03**	**713.87**	**776.98**	**733.80**
		5,894.90	**6,928.91**	**6,861.00**	**4,821.53**	**5,264.41**

NOTE TO NOTE 10: OTHER CURRENT LIABILITIES - CURRENT MATURITIES OF LONG TERM DEBT

(pertaining to Loan Outstanding as on 31.03.2013)

	Details of Current Maturity of long term debt				**(Foreign Currency amounts in Millions, INR ₹ in crore)**
S.No	**Date of drawal / Institution**		**Amount**	**Rate of Interest as on 31.3.2013**	**Redemption Details**
(A)	**Unsecured Loans**				
I	**Banking Loans**				
i	**Bank of Baroda**				
	-29.04.2010		186.30	9.75%	29.04.2013
	-25.03.2011		44.40	10.25%	25.09.2013 & 25.03.2014
	-18.06.2011		6.67	10.25%	18.06.2013
	-16.06.2011		17.67	10.25%	16.06.2013
	-30.06.2011		27.67	10.25%	30.06.2013
	-06.07.2011		57.33	10.25%	06.07.2013
	-20.07.2011		57.33	10.25%	20.07.2013
		Total Bank of Baroda	**397.37**		
ii	**Bank of Maharashtra**				
	-31.01.2004		3.50	10.25%	31.07.2013 & 31.01.2014
	-15.03.2004		6.50	10.25%	31.07.2013 & 31.01.2014
	-19.03.2004		10.00	10.25%	31.07.2013 & 31.01.2014
		Total Bank of Maharashtra	**20.00**		
iii	**Canara Bank**				
	-18.03.2011		11.78	10.25%	18.06.2013, 18.09.2013, 18.12.2013, & 18.03.2014
	-15.04.2011		4.44	10.25%	15.04.2013, 15.07.2013, 15.10.2013, & 15.01.2014
	-21.04.2011		5.56	10.25%	21.04.2013, 21.07.2013, 21.10.2013, & 21.01.2014
	-20.07.2011		116.67	10.25%	20.04.2013, 20.07.2013, 20.10.2013 & 20.01.2014
		Total Canara Bank	**138.45**		
iv	**State Bank of Bikaner &**				

	Details of Current Maturity of long term debt			(Foreign Currency amounts in Millions, INR ₹ in crore)
S.No	**Date of drawal / Institution**	**Amount**	**Rate of Interest as on 31.3.2013**	**Redemption Details**
	Jaipur			
	-20.10.2009	**88.89**	10.15%	24.04.2013, 24.07.2013, 24.10.2013 & 24.01.2014
v	**State Bank of Patiala**			
	-29.03.2012	**60.00**	10.25%	29.09.2013 & 29.03.2014
vi	**State Bank of Travancore**			
	-19.03.2010	14.29	10.25%	19.06.2013, 19.09.2013, 19.12.2013 & 19.03.2014
	-31.07.2009	9.00	10.25%	31.07.2013 & 31.01.2014
	-12.08.2009	11.00	10.25%	31.07.2013 & 31.01.2014
	Total State Bank of Travancore	**34.29**		
vii	**Syndicate Bank**			
	-22.07.2011	20.00	10.25%	22.04.2013, 22.07.2013, 22.10.2013 & 22.01.2014
	-29.07.2011	8.00	10.25%	29.04.2013, 29.07.2013, 29.10.2013 & 29.01.2014
	Total Syndicate Bank	**28.00**		
vii	**Union Bank of India**			
	-01.02.2011	28.33	10.25%	19.05.2013, 19.08.2013, 19.11.2013 & 19.02.2014
	-18.07.2011	132.00	10.25%	20.04.2013, 20.07.2013, 20.10.2013 & 20.01.2014
	Total Union Bank of India	**160.33**		
ix	**United Bank of India**			
	-20.07.2011	**100.00**	10.25%	20.04.2013, 20.07.2013, 20.10.2013 & 20.01.2014
x	**Vijaya Bank**			
	-03.01.2011	66.67	10.20%	03.04.2013, 03.07.2013, 03.10.2013 & 03.01.2014
	-09.02.2011	18.34	10.20%	09.05.2013, 09.08.2013, 09.11.2013 & 09.02.2014
	-12.03.2011	24.33	10.20%	12.06.2013, 12.09.2013, 12.12.2013 & 12.03.2014
	-19.03.2011	30.33	10.20%	19.06.2013, 19.09.2013, 19.12.2013 & 19.03.2014
	-31.03.2011	60.33	10.20%	30.06.2013, 30.09.2013, 31.12.2013 & 31.03.2014
	Total Vijaya Bank	**200.00**		
	Total Banking Loans	**1,227.33**		

Note 10 (Contd.)

Annual Accounts 2012-13

Details of Current Maturity of long term debt

(Foreign Currency amounts in Millions, INR ₹ in crore)

S.No	Date of drawal / Institution	Amount	Rate of Interest as on 31.3.2013	Redemption Details
II	**LOAN FROM GOVERNMENT OF**			

S.No	Date of drawal / Institution			Amount	Rate of Interest as on 31.3.2013	Redemption Details
	INDIA UNDER :					
	Line of credit from KreditanstaltfürWiederaufbau (KfW)					
	-04.07.1991			9.50	5.75%	04.07.2013
	-31.03.1992			19.84	5.75%	31.03.2014
			Total KfW Loan	**29.34**		
III	**Public Deposits**					Repayable within one year
	April, 2013			7.23		
	May, 2013			13.79		
	June, 2013			6.41		
	July, 2013			14.07		
	August, 2013			10.40		
	September, 2013			18.27		
	October, 2013 to March,2014			218.14		
			Total Public Deposits	**288.31**		
S.No	**Date of drawal / Institution**			**Amount**	**Rate of Interest as on 31.3.2013**	**Redemption Details**
IV	**Loans in Foreign Currency:**					
i	**Loan from JBIC**					20.07.2013 and 20.01.2014
	Swapped with YES Bank	JPY	422.93	25.40	Principle only Swap premium @ 6.6125% p.a	
ii	**Loan from Asian Development Bank**				@ 6M LIBOR for US $ + 0.40% p.a. currently the ROI is 0.9130% p.a.	15.06.2013 and 15.12.2013
	Swapped with Bank of India	US $	2.50	13.59		
	Swapped with Exim Bank	US $	2.50	10.85	12.50% p.a.	
iii	**Loan from US Capital Market**					
	USAID-1					
	Swapped with Exim Bank	US $	0.50	2.18	12.50% p.a.	23.09.2013 and 23.03.2014
	USAID-2				Principle only Swap premium @ 6.6125% p.a	
	Swapped with ICICI Bank	US $	1.00	4.45		15.09.2013 and 15.03.2014
			Total Foreign Currency Loans	**56.47**		
#	Covered by irrevocable power of attorney in favour of lenders / trustee.					

(B) Footnotes:

1 Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 will be determined on the respective due dates. Debentures / Bonds / PDS aggregating to ₹ 35.25 crore towards interest and principal (Previous Year ₹ 52.38 crore) were due and unclaimed as on 31.3.2013. During the year an amount of ₹ 0.11 crore which is required to be transferred to "Investor Education and Protection Fund" after completion of statutory period of seven years has been transfered (Previous Year ₹ NIL crore). However, an old amount of ₹ 1.13 crore which is required to be transferred after completion of statutory period of seven years has also not been transferred due to the instructions of the Judiciary.

2 Includes Principal overdue & interest overdue as on 31.03.2013 amounting to ₹ 4.63 crore (previous year ₹ 4.63 crore) and ₹ 7.50 crore (previous year ₹ 6.10 crore) respectively.

3 Includes ₹ 8.78 crore (Previous year ₹ 8.78 crore) (Net of refunds) as on 31.03.2013 received on account of various Grants / Subsidies. Cummulative Grants / Subsidies received as on 31.03.2013 is ₹ 1458 crore (Previous year ₹ 1457.96 crore), out of which ₹ 1449.22 crore (Previous year ₹ 1449.18 crore) has been released (Net of refunds). The Utlisation Certificates to the extend of ₹ 1288.67 crore has been received and for balance amount of Utilisation Certificates are being followed up.

NOTE 11: SHORT TERM PROVISIONS

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Provision for employees benefit**					
(i)	Leave encashment	3.53	2.91	2.47	-	-
(ii)	Post retirement medical benefit	7.73	6.45	5.23	-	-
(iii)	Welfare expenses	0.07	0.02	0.04	-	-
(iv)	Leave travel concession	11.64	-	-	-	-
	(Refer S.No 6 of Note No 25 - Explanatory Notes)					
B	**Others**					
(i)	Provision for Income Tax/FBT	297.00	253.00	-	-	-
(ii)	Less: Advance Income Tax (Including TDS)	286.24	250.34	-	-	-
(iii)	Net Provision for Income Tax	10.76	2.66	-	-	-
(iv)	Wealth tax	0.20	0.15	0.15	0.15	0.15
(v)	Proposed Final Dividend	150.00	140.01	110.02	59.08	45.24
(vi)	Dividend Tax	25.50	22.71	17.85	9.81	7.69
C	**Contingent Provisions for Standard Assets as per NHB norms**	19.37	22.27	11.98	0.10	0.14
D	**Corporate Social Responsibilities (CSR)**					
(i)	Corporate Social Responsibilities [Refer Note No.3 (F)]	-	25.86	-	-	-
(ii)	Less: Cumulative Expenditure Incurred	-	5.99	-	-	-
		-	19.87	-	-	-
	Total	**228.80**	**217.05**	**147.74**	**69.14**	**53.22**

NOTE 12: FIXED ASSETS

(Rs. in crore)

S.No.	ITEMS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK				
		Total Cost as at 31.03.13	Total Cost as at 31.03.12	Total Cost as at 31.03.11	Total Cost as at 31.03.10	Total Cost as at 31.03.09	Total Cost as at 31.03.13	Total Cost as at 31.03.12	Total Cost as at 31.03.11	Total Cost as at 31.03.10	Total Cost as at 31.03.09	Total Cost as at 31.03.13	Total Cost as at 31.03.12	Total Cost as at 31.03.11	Total Cost as at 31.03.10	Total Cost as at 31.03.09
A	**TANGIBLE**															
i	Land (Freehold)	4.61	4.86	4.86	4.86	4.86	-	-	-	-	-	4.61	4.86	4.86	4.86	4.86
ii	Land (Leasehold) * #	8.24	7.99	8.09	8.09	8.09	1.44	1.34	1.25	1.15	1.06	6.80	6.65	6.84	6.94	7.03
iii	Building (Freehold)	9.71	3.13	3.13	1.56	1.09	5.21	2.15	2.09	1.14	0.77	4.50	0.99	1.04	0.42	0.32
iv	Building (Leasehold) #	78.86	82.73	82.73	69.65	70.12	38.35	39.06	36.76	28.39	26.56	40.51	43.67	45.97	41.26	43.56
v	Flat (Freehold) #	10.36	9.05	9.05	9.05	9.05	5.57	4.42	4.18	3.92	3.65	4.79	4.63	4.87	5.13	5.40
vi	Flat (Leasehold) #	10.61	11.92	11.92	11.92	11.92	6.65	7.30	7.06	6.80	6.53	3.96	4.62	4.86	5.12	5.39
vii	Airconditioner and Cooler	2.03	1.73	1.70	1.67	1.59	1.26	1.29	1.23	1.17	1.12	0.77	0.44	0.47	0.50	0.47
viii	Office Equipments	20.90	25.78	24.52	23.40	23.21	17.26	21.89	21.22	20.53	19.75	3.64	3.89	3.30	2.87	3.46
ix	Furniture and Fixtures	4.69	4.53	4.48	4.44	4.31	3.95	3.81	3.68	3.52	3.33	0.74	0.72	0.80	0.92	0.98
x	Vehicle	2.04	1.98	2.32	2.00	1.90	1.30	1.07	1.12	1.13	1.41	0.74	0.91	1.20	0.87	0.49
xi	Library Books	0.93	0.91	0.89	0.86	0.83	0.93	0.91	0.89	0.86	0.83	-	-	-	-	-
xii	Miscellaneous Assets	3.79	3.79	3.70	3.62	3.50	3.79	3.79	3.70	3.62	3.50	-	-	-	-	-
	Total A	**156.77**	**158.40**	**157.39**	**141.12**	**140.47**	**85.71**	**87.03**	**83.18**	**72.23**	**68.51**	**71.06**	**71.38**	**74.21**	**68.89**	**71.96**
B	**INTANGIBLE**															
i	Software	1.63	1.63	1.63	1.63	1.63	1.63	1.62	1.62	1.62	1.61	-	0.01	0.01	0.01	0.02
	Total A + B	**158.40**	**160.03**	**159.02**	**142.75**	**142.10**	**87.34**	**88.65**	**84.80**	**73.85**	**70.12**	**71.06**	**71.39**	**74.22**	**68.90**	**71.98**
C	**Less : Grants**															
i	Air Conditioner	-	0.03	0.03	0.03	0.03	-	0.03	0.03	0.03	0.03	-	-	-	-	-
ii	Office Equipment	0.09	0.20	0.20	0.20	0.20	0.09	0.19	0.19	0.19	0.19	-	0.01	0.01	0.01	0.01
iii	Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv	Library Books	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
v	Miscellaneous Assets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-
	Total C	**0.10**	**0.24**	**0.24**	**0.24**	**0.24**	**0.10**	**0.23**	**0.23**	**0.23**	**0.23**	-	**0.01**	**0.01**	**0.01**	**0.01**
	Total (A + B) - C	**158.30**	**159.79**	**158.78**	**142.51**	**141.86**	**87.24**	**88.42**	**84.57**	**73.62**	**69.89**	**71.06**	**71.38**	**74.21**	**68.89**	**71.97**
D	Capital Work-In-Progress	**17.65**	**13.87**	**11.81**	**9.58**	**9.07**	-	-	-	-	-	**17.65**	**13.87**	**11.81**	**9.58**	**9.07**
	(For 2012-13)															

* Includes land of ₹ 0.36 crore on perpetual lease (Previous year ₹ 0.09 crore) hence no depreciation has been provided.

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\# The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of ₹ 35.37 crore (previous year ₹ 39.65 crore) are yet to be executed.

NOTE 13: NON CURRENT INVESTMENTS

(₹ in crore)

S.No	PARTICULARS			As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Equity Shares (Long Term) (Trade Investment)**			14.97	4.97	4.97	4.97	4.97
	Less : Provision			3.00	3.00	3.00	3.00	3.00
				11.97	1.97	1.97	1.97	1.97
B	**Equity Shares (Long Term) - Joint Venture**			2.40	2.40	2.40	2.40	2.40
	Less : Provision			0.39	0.39	0.39	0.39	0.39
				2.01	2.01	2.01	2.01	2.01
C	**Bonds**			670.00	810.00	1,220.00	1,295.00	1,520.00
			Total (A+B+C)	**683.98**	**813.98**	**1,223.98**	**1,298.98**	**1,523.98**
	Additional disclosures required in respect of the investments							
I	**Aggregate of quoted investments:**							
(i)	Cost			2.60	2.60	2.60	2.60	2.60
(ii)	Market Value			1.86	2.99	4.78	3.71	1.90
II	**Aggregate of unquoted investments:**							
(i)	Cost			684.77	814.77	1,224.77	1,299.77	1,524.77
(1)	**Equity Shares (Long Term) (Trade Investment)**							

S.No	PARTICULARS	Number	Face Value (₹)	As at 31.03.2013 (₹in crore)	As at 31.03.2012 (₹in crore)	As at 31.03.2011 (₹in crore)	As at 31.03.2010 (₹in crore)	As at 31.03.2009 (₹in crore)
(A)	**Quoted Investments**							
i	Indbank Housing Limited	2,500,000	10	2.50	2.50	2.50	2.50	2.50
ii	Sri KPR Industries Limited	100,000	10	0.10	0.10	0.10	0.10	0.10
	Total Quoted (i+ii)			2.60	2.60	2.60	2.60	2.60
(B)	**Unquoted Investments**							
i	TN Urban Finance Infrastructure Dev. Corporation. Ltd.	20,000	100	0.20	0.20	0.20	0.20	0.20
ii	Cent Bank Home Finance Ltd.	170,000	100	1.70	1.70	1.70	1.70	1.70
iii	Intra Consolid(India) Limited	100,000	10	0.10	0.10	0.10	0.10	0.10
iv	Nagarjuna Ceramics Ltd. *	100,000	10	0.10	0.10	0.10	0.10	0.10
v	MarnitePolycast Ltd.	100,000	10	0.10	0.10	0.10	0.10	0.10
vi	Periwal Bricks Ltd.	100,000	10	0.10	0.10	0.10	0.10	0.10
vii	Trans Fibre Pipes (I) Ltd.	71,900	10	0.07	0.07	0.07	0.07	0.07
viii	Cochin International Airport Ltd.	10,000,000	10	10.00	0.00	0.00	0.00	0.00
	Total Unquoted (i+ii+iii+iv+v+vi+vii+viii)			12.37	2.37	2.37	2.37	2.37

(C)	**Equity Share - Joint Venture**							
i	Pragati Social Infrastructure Development Ltd.	130,000	10	0.13	0.13	0.13	0.13	0.13
ii	MCM Infrastructure Pvt. Ltd.	260,000	10	0.26	0.26	0.26	0.26	0.26
iii	Shristi Urban Infrastructure Development Ltd.	2,000,000	10	2.00	2.00	2.00	2.00	2.00
iv	Signa Infrastructure India Ltd.	13,000	10	0.01	0.01	0.01	0.01	0.01
	Refer S.No 19(C) & 20 of Note No 26 - Explanatory Notes							
	Total Equity Share (i+ii+iii+iv)			2.40	2.40	2.40	2.40	2.40
(2)	**Bonds**							
	14.00% Karnataka Renewable Energy Developoment Ltd.	-	-	-	-	-	-	-
i	11.50% Gujarat Electricity Board	-	-	-	-	100.00	175.00	250.00
	8.00% West Bengal Inf. Dev. Finance Corp. Ltd.			200.00	-	-	-	-
ii	11.85% West Bengal Inf. Dev. Finance Corp. Ltd.	-	-	-	-	250.00	250.00	250.00
iii	8.00% West Bengal Inf. Dev. Finance Corp. Ltd. **	2,000	1,000,000	-	200.00	200.00	200.00	200.00
iv	11.30% HP Infrastructure Dev. Board **	14,000	100,000	-	140.00	200.00	200.00	200.00
	11.10% J & K Power Development Corporation Ltd.						-	150.00
v	8.15% A P Power Finance Corporation Ltd. **	2,700	1,000,000	270.00	270.00	270.00	270.00	270.00
vi	8.00% Maharashtra JeewanPradhikaran **	2,000	1,000,000	200.00	200.00	200.00	200.00	200.00
	Total Bonds (i+ii+iii+iv+v+vi)			670.00	810.00	1,220.00	1,295.00	1,520.00
	Total Unquoted			684.77	814.77	1,224.77	1,299.77	1,524.77
	For 2012-13							
*	Share Certificates sent for correction but not received back.							
**	Floating charge has been created on Statutory Liquid Assets by way of trust deed with M/s IL & FS Trust Company Ltd. in terms of							
	Sub-section (1) & (2) of Section 29B of National Housing Bank Act, 1987.							

NOTE 14: LONG TERM LOANS AND ADVANCES

(₹ in crore)

S. No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Loans**					
i	Opening Balance	19,329.59	16,537.05	15,000.90	16,880.99	17,364.14
ii	Add : Advanced during the year	5,673.82	6,341.17	4,842.49	2,737.81	3,665.35
iii	Less : Repayment received during the year	3,763.90	3,548.63	3,306.34	4,613.09	4,148.50
	Sub Total A (i+ii-iii)	21,239.51	19,329.59	16,537.05	15,005.71	16,880.99
iv	Less : KFW Release	-	-	-	2.03	7.08
		21,239.51	19,329.59	16,537.05	15,003.68	16,873.91
v	Less : Provision On Loans (Refer S.No 3 & 18 of Note No 25 - Explanatory Notes)	152.01	270.13	209.89	238.41	429.10
	Sub Total (A-iv)	**21,087.50**	**19,059.46**	**16,327.16**	**14,765.27**	**16,444.81**
B	**Staff Loans ***	35.79	35.56	27.50	26.51	25.75
C	Add : Interest accrued on above *	12.23	11.50	10.62	10.61	10.27
	Sub Total (B+C)	48.02	47.06	38.12	37.12	36.02
	* Includes secured by way of mortgage of ₹ 39.60 crore (Previous year ₹ 39.93 crore).					
D	**Loan (Secured against Hudco Public Deposit)**	0.20	0.03	0.03	0.07	0.05
	Add : Interest accrued on above	-	-	-	-	-
		0.20	0.03	0.03	0.07	0.05
E	**Advances**					
i	Advance against capital purchases	5.87	4.90	1.21	1.21	1.21
ii	Deposit for Services	0.19	0.19	0.22	0.22	0.19
	Sub Total (B+C+D+E i+E ii)	**54.28**	**52.18**	**39.58**	**38.62**	**37.47**
F	**Miscellaneous expenditure (to the extent not written off or adjusted)**	-	-	-	-	-
	Sub Total F	-	-	-	-	-
	Total (A+B+C+D+E+F)	**21,141.78**	**19,111.64**	**16,366.74**	**14,803.89**	**16,482.28**

NOTE 15: OTHER NON CURRENT ASSETS

(₹ in crore)

S. No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	Work-in-Progress - BSUP Project	-	-	6.40	1.85	-
	Total	**-**	**-**	**6.40**	**1.85**	**-**

NOTE 16: CURRENT INVESTMENTS

(₹ in crore)

S.No	PARTICULARS			As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Bonds**			-	410.00	75.00	225.00	519.21
				-	**410.00**	**75.00**	**225.00**	**519.21**
	Additional disclosures required in respect of the investments							
I	**Aggregate of quoted investments:**							
i	Cost			-	-	-	-	-
ii	Market Value			-	-	-	-	-
II	**Aggregate of unquoted investments:**							
i	Cost			-	410.00	75.00	225.00	519.21
S.No	**PARTICULARS**	Number	Face Value (₹)	**As at 31.03.2013 (₹in crore)**	**As at 31.03.2012 (₹in crore)**	**As at 31.03.2011 (₹in crore)**	**As at 31.03.2010 (₹in crore)**	**As at 31.03.2009 (₹in crore)**
	Bonds							
i	14.00% Karnataka Renewable Energy Developoment Ltd. *	1,940	100,000	-	-	-	-	19.21
ii	11.50% Gujarat Electricity Board *	10,000	100,000	-	100.00	75.00	75.00	-
iii	8.00% West Bengal Inf. Dev. Finance Corp. Ltd.	50,000	100,000	-	-	-	-	500.00
iv	11.85% West Bengal Inf. Dev. Finance Corp. Ltd.	25,000	100,000	-	250.00	-	-	-
v	11.30% HP Infrastructure Dev. Board **	6,000	100,000	-	60.00	-	-	-
vi	11.10% J & K Power Development Corporation Ltd.	15,000	100,000	-	-	-	150.00	-
				-	410.00	75.00	225.00	519.21
	(For 2012-13)							
*	Held with J & K Bank Depository Services who are showing a balance of ₹ 135.80 crore of Karnataka Renewable Energy							
	Development Ltd. against a face value of ₹ Nil and ₹ 250 crore of Gujarat Electricity Board against a Face Value of ₹ 100 crore							
	difference appearing in HUDCO's books. The is because of redemption of these bonds. The intimation of which was not given by							
	investee to Depository Services.							
**	Floating charge has been created on Statutory Liquid Assets by way of trust deed with M/s IL & FS Trust Company Ltd. in terms of							
	Sub-section (1) & (2) of Section 29B of National Housing Bank Act, 1987.							

NOTE 17: CURRENT ASSETS -TRADE RECEIVABLES

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Unsecured**					
I	**Outstanding for a period exceeding six months from the due date**					
(i)	Considered good	4.42	3.74	13.13	10.48	18.95
(ii)	Considered doubtful	10.78	8.50	1.85	0.43	0.32
	Sub Total (i+ii)	15.20	12.24	14.98	10.91	19.27
(iii)	Less: Provision for doubtful debts (Refer S.No 13 of Note No 25 - Explanatory Notes)	10.78	8.50	1.85	0.43	0.32
	Sub Total (i+ii-iii)	4.42	3.74	13.13	10.48	18.95
II	**Other**					
(i)	Considered good	6.18	8.78	3.44	1.67	2.87
	Total (I+II)	**10.60**	**12.52**	**16.57**	**12.15**	**21.82**

Footnote:

S.No	PARTICULARS	As at 31.03.2013 (₹in crore)	As at 31.03.2012 (₹in crore)	As at 31.03.2011 (₹in crore)	As at 31.03.2010 (₹in crore)	As at 31.03.2009 (₹in crore)
14.1	Secured, considered good	-	-	-	-	-
	Unsecured, considered good	10.60	12.52	16.57	12.15	21.82
	Doubtful	-	-	-	-	-
14.2	**Trade Receivable stated above include debts due by**					
	Director	**Nil**	**Nil**	Nil	Nil	Nil
	Other Officers of the Company	**Nil**	**Nil**	Nil	Nil	Nil
	Firm in which Director is a partner	**Nil**	**Nil**	Nil	Nil	Nil
	Private Company in which director is a member	**Nil**	**Nil**	Nil	Nil	Nil

NOTE 18: CASH AND BANK BALANCES

(₹ in crore)

S.No	PARTICULARS	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Cash and Cash Equivalents**					
(i)	Bank Deposits (Less than 3 months)	86.92	2,504.82	369.64	340.63	276.62
(ii)	Cash and Revenue Stamps in hand	-	-	0.03	0.04	0.02
(iii)	Demand draft in hand	-	5.94	-	-	0.41
(iv)	Remittance in transit(Inter Office)	3.53	4.54	0.11	1.39	-
B	**Others Bank Balances**					
(i)	Bank Deposits (More than 12 months)	-	-	-	-	-
(ii)	Bank Deposits *	170.00	171.91	159.91	171.05	203.02
(iii)	Balance with Banks **	436.32	91.63	186.51	242.75	572.31
	Total (A+B)	**696.77**	**2,778.84**	**716.20**	**755.86**	**1,052.38**
	For 2012-13					
*	Under lien with Bank of India, Cayman Islands branch, USA.					
**	**Balances with Banks includes: Earmarked balances with Bank**					
	Human Settlement Management Institute (HSMI) Bank Account ₹ 3.60 crore Includes ₹ 0.08 crore (Previous year ₹ 0.08 crore) earmarked balance held under No-Lien account of Andrews Ganj Project.					

NOTE 19: OTHER CURRENT ASSETS

(₹ in crore)

S.No	PARTICULARS			As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
A	**Loans**							
i	Opening Balance			4,458.10	4,668.70	5,288.62	5,553.77	4,784.51
ii	Add : Advanced during the year			409.81	564.57	262.06	360.26	354.73
iii	Less : Repayment received during the year			166.27	775.17	881.98	630.21	-414.52
			Sub Total (i+ii-iii)	**4,701.64**	**4,458.10**	4,668.70	5,283.82	5,553.76
iv	Less : KFW Release			**4.63**	4.64	7.92	10.98	12.90
			Sub Total (i+ii-iii-iv)	**4,697.01**	**4,453.46**	4,660.78	5,272.84	5,540.86
v	Less : Excess amount (Pending adjustment)			**0.30**	0.30	0.19	34.27	0.50
			Sub Total (i+ii-iii-iv-v)	**4,696.71**	**4,453.16**	4,660.59	5,238.57	5,540.36
vi	Less : Provision On Loans (Refer S.No 3 & 18 of Note No 25 - Explanatory Notes)			**1,151.30**	901.81	977.80	936.56	529.18
			Sub Total (i+ii-iii-iv-v-vi)	**3,545.41**	**3,551.35**	3,682.79	4,302.01	5,011.18
vii	Add : Interest accrued and due on above			**63.74**	5.85	46.92	12.47	30.02
			Sub Total A (i+ii-iii-iv-v-vi+vii)	**3,609.15**	**3,557.20**	**3,729.71**	**4,314.48**	**5,041.20**
B(i)	**Staff Loans ***			10.36	7.47	8.82	5.37	5.58
B(ii)	Add : Interest accrued on Staff Loan *			1.04	0.84	1.24	0.78	0.80
		Sub Total [B(i)+B(ii)]		11.40	8.31	10.06	6.15	6.38
B(iii)	Less : Provision on Staff Loans			0.09	0.09	0.09	0.09	0.09
	(Refer S.No 13 of Note No 25 - Explanatory Notes)			11.31	8.22	9.97	6.06	6.29
		Sub Total B [B(i)+B(ii)-B(iii)]		**11.31**	**8.22**	**9.97**	**6.06**	**6.29**
	* Includes secured by way of mortgage of ₹ 5.92 crore (Previous year ₹ 5.85 crore).							
C(i)	**Loan (Secured against Hudco Public Deposit)**			-	0.02	0.58	0.08	9.12
C(ii)	Add : Interest accrued on above			-	-	0.01	0.01	1.55
			Sub Total C[C(i)+C(ii)]	**0.00**	**0.02**	**0.59**	**0.09**	**10.67**
D	**Advances**							
i	Deposit for Services			6.01	3.01	-	-	-
ii	Prepaid Expenses			0.62	0.48	0.46	0.52	0.48
iii	Loans and Advances to related party			-	-	-	-	-
iv	Other loans and Advances							
v	Advances for works **			14.40	14.61	14.85	28.32	28.11
vi	Amount Recoverable from Ministry (Andrews Ganj Project)			165.01	138.36	-	-	-
	(Refer S.No 2 of Note No 25 -							

S.No	PARTICULARS			As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
	Explanatory Notes)							
vii	Advances to Employees			0.18	0.25	0.18	0.19	0.39
viii	Advance Income Tax (Including TDS)			-	-	226.88	273.76	191.37
ix	Less : Provision for Income Tax			-	-	224.00	269.00	186.95
				-	-	2.88	4.76	4.42
x	Income Tax Payments subject to litigation			238.79	238.79	223.09	220.62	214.83
xi	Interest Tax Payments subject to litigation			6.59	6.59	6.59	7.02	7.02
xii	Service Tax Payments subject to litigation			2.49	2.49	0.25	-	-
xiii	Others			38.05	35.43	34.03	36.67	30.07
		Sub Total		472.14	440.01	282.33	298.10	285.32
xiv	Less : Provision (Refer S.No 13 of Note No 25 - Explanatory Notes)			0.25	0.46	0.46	0.46	0.46
		Sub Total D		**471.89**	439.55	281.87	297.64	284.86
		Sub Total (B+C+D)		**483.20**	**447.79**	**292.43**	**303.79**	**301.82**
	** Includes₹ 14.21 crore (Previous year ₹ 14.37 crore) on account of Andrews Ganj Project.							
E	**Interest accrued but not due on :**							
i	Bonds			37.17	46.57	49.60	34.29	72.62
ii	Fixed Deposit with Scheduled Bank -- Indian Branches			0.65	26.08	3.67	2.11	0.40
iii	Deposit with Scheduled Bank -- Foreign Branches			0.49	0.64	0.44	0.47	1.68
iv	Loans			166.56	174.70	143.26	110.76	153.11
			Sub Total E (i+ii+iii+iv)	**204.87**	**247.99**	**196.97**	**147.63**	**227.81**
F	**Work-in-Progress**							
i	Andrews Ganj Project (Refer S.No 2 of Note No 25 - Explanatory Notes)			19.34	26.91	26.91	26.91	74.52
ii	BSUP Project			10.75	8.93	-	-	-
		Sub Total(i+ii)		30.09	35.84	26.91	26.91	74.52
iii	Less : Work Completed (AGP)			0.00	7.57	-	-	47.61
		Sub Total(i+ii-iii)		30.09	28.27	26.91	26.91	26.91
iv	Closing work in progress	**Sub Total F**		**30.09**	**28.27**	**26.91**	**26.91**	**26.91**
G	**Work Completed**			-	-	14.41	14.41	14.41
H	Less : Adjustment during the year			-	-	14.41	-	-
				-	**-**	**-**	**14.41**	**14.41**
I	**Others**							
i	Amount receivable from Government of India under							
	Jabalpur Earthquake Scheme			5.00	5.00	5.00	5.00	5.00
ii	Less: Provision (Refer S.No 13 of Note No 25 - Explanatory Notes)			5.00	5.00	5.00	5.00	5.00
		Sub Total I (i-ii)		-	-	-	-	-
			Sub Total (E+F+G+H+I)	**234.96**	**276.26**	**223.88**	**188.95**	**269.13**
			Total	**4,327.31**	**4,281.25**	**4,246.02**	**4,807.22**	**5,612.15**

S.No	PARTICULARS			As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2010	As at 31st March, 2009
J	**Miscellaneous expenditure (to the extent not written off or adjusted)**			-	-	-	-	20.40
		Sub Total J		**-**	**-**	**-**	**-**	**20.40**
			Total	**4,327.31**	**4,281.25**	**4,246.02**	**4,807.22**	**5,632.55**

NOTE 20: REVENUE FROM OPERATIONS

(₹ in crore)

S.No	PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
A	**Interest Income**					
i	Interest on Loans	2,698.36	2,562.17	2,114.07	2,236.09	2,497.64
ii	Less: Penal Interest waived off	25.49	87.41	79.86	55.96	57.01
	Sub Total (i-ii)	2,672.87	2,474.76	2,034.21	2,180.13	2,440.63
iii	Interest on Bonds	107.32	123.33	137.01	160.41	196.38
iv	Interest on Staff Advances	1.80	1.59	1.30	1.10	1.13
v	Interest on Loan against Public Deposits	0.02	0.01	0.06	0.40	0.90
vi	Interest on Fixed Deposits					
vii	Scheduled Bank - Indian Branches	46.91	99.85	39.26	27.21	15.14
viii	Scheduled Bank - Foreign Branches	2.07	1.78	1.81	3.14	7.25
	Sub Total (vii+viii)	48.98	101.63	41.07	30.35	22.39
B	**Other Operations Income**					
i	Other Income on Loans	26.08	21.77	38.58	42.24	13.46
ii	Other Income on Bonds	-	-	-	0.19	0.19
	Sub Total (i+ii)	26.08	21.77	38.58	42.43	13.65
C	**Other Financial Service**					
i	Consultancy, Trusteeship and Consortium	9.28	15.27	11.23	6.98	22.85
	Total (A+B+C)	**2,866.35**	**2,738.36**	**2,263.46**	**2,421.80**	**2,697.93**

NOTE 21: OTHER INCOME

(₹ in crore)

S.No	PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
A	**Dividend Income**					
(i)	Dividend on long term equity shares	0.27	0.27	0.21	0.02	0.01
B	**Net gain / loss on sale of investments**					
(i)	Profit on sale of fixed assets (Net)	0.02	0.03	0.01	0.03	0.04
C	**Other**					
(i)	Rental Income	16.12	13.46	11.41	9.59	9.30
(ii)	Interest on Income tax Refund	0.25	3.92	-	-	-
(iii)	Overhead Charges on Construction Project	0.13	2.23	0.23	0.79	0.75
(iv)	Interest on Construction Project (Refer S.No 2 (b) of Note No 25 - Explanatory Notes)	20.57	15.02	-	-	-
(v)	Management Development Programme	1.49	1.59	0.88	0.37	0.22
(vi)	Translation/Exchange gain on Foreign Currency Loan	15.20	-	-	75.16	-
(vii)	Miscellaneous Income	2.84	3.75	2.39	20.59	4.93
	Total (A+B+C)	**56.89**	**40.27**	**15.13**	**106.55**	**15.25**

NOTE 22: FINANCE COST

(₹ in crore)

S.No	PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
(A)	**INTEREST EXPENDITURE**					
(i)	Interest on secured loans	523.33	31.75	20.10	16.20	23.39
(ii)	**Interest on unsecured loans**					
	(a) Indian Currency	986.00	1,484.68	1,191.61	1,309.37	1,547.75
	(b) Foreign Currency					
	- Unswapped	6.22	6.63	4.64	4.08	4.70
	- Swapped	29.06	30.33	39.08	49.08	60.86
(iii)	Other Interest	-	0.03	-	-	-
(iv)	Interest on Income tax	1.50	3.00	0.21	1.29	1.69
	Sub-Total (A)	**1,546.11**	**1,556.42**	**1,255.64**	**1,380.02**	**1,638.39**
(B)	**OTHER BORROWING COST**					
(i)	Government Guarantee Fee	4.35	4.24	4.36	5.14	4.32
(ii)	Premium on Forward Sale Contract	-	-	0.16	3.04	0.97
(iii)	Miscellaneous expenditure Written Off	-	-	-	22.87	9.56
(iv)	Other Expenses on loans	17.46	28.14	3.50	2.69	4.61
	Sub-Total (B)	**21.81**	**32.38**	**8.02**	**33.74**	**19.46**
(C)	**Net loss in Foreign currency Translation and Transaction**	-	40.28	9.61	-	246.29
	Sub-Total (C)	-	**40.28**	**9.61**	-	**246.29**
	Total (A) + (B) + (C)	**1,567.92**	**1,629.08**	**1,273.27**	**1,413.76**	**1,904.14**

NOTE 23: EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

		Year Ended 31st March, 2013		Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009	
S.No	**PARTICULARS**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**
A	Salaries, Allowances & Other Amenities **	0.18	117.04	0.33	106.55	0.39	89.80	0.68	77.04	0.28	69.36
B	Group Saving Linked Insurance Premium	-	0.03	-	0.02	-	0.02	-	0.02	-	0.02
C	Gratuity **	-	1.28	-	2.16	-	4.46	-	8.53	-	2.73
D	Insurance **	-	0.09	-	0.08	-	0.05	-	0.05	-	0.04
E	Welfare	-	1.63	-	0.96	-	0.70	-	0.62	-	0.45
F	Staff Development/Training	0.03	0.71	-	0.21	-	0.12	-	0.14	0.01	0.24
G	Provident Fund / Pension Fund	-	1.39	0.01	0.41	0.02	19.11	0.04	5.92	0.02	2.81
H	Administrative Charges-Provident Fund	-	0.09	-	0.09	-	0.08	-	0.09	-	0.05
I	Contribution to Benevolent Fund	-	0.04	-	0.04	-	0.11	-	0.07	-	0.05
	Total(A+B+C+D+E+F+G+H+I)	**0.21**	**122.30**	**0.34**	**110.52**	**0.41**	**114.45**	**0.72**	**92.48**	**0.31**	**75.75**

* Included in total.

**Includes provision / payment for Directors.

NOTE 24: OTHER EXPENSES

(₹ in crore)

		Year Ended 31st March, 2013		Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009	
S.No	PARTICULARS	Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total
A	**ADMINISTRATIVE**										
i	Office Rent $	-	0.51	-	0.53	-	0.70	-	0.66	-	0.68
ii	Repairs & Maintenance to Building	-	6.19	-	4.37	-	3.82	-	3.58	-	3.79
iii	Repairs & Maintenance to Other Assets	-	1.52	-	1.81	-	1.63	-	1.55	-	1.23
iv	Repairs & Maintenance to Vehicle	-	0.45	-	0.37	-	0.31	-	0.31	-	0.38
v	Insurance	-	0.12	-	0.16	-	0.07	-	0.11	-	0.09
vi	Rates & Taxes	-	3.34	-	1.86	-	1.84	-	2.20	-	0.81
vii	Travelling	0.23	5.32	0.40	4.43	0.26	2.62	0.26	2.61	0.60	3.43
viii	Legal & Professional Fees	-	2.96	-	2.65	-	2.14	-	1.24	-	1.71
ix	Auditors Remuneration :										
	a) Audit Fees										
	(i) Current Year	-	0.10	-	0.07	-	0.07	-	0.05	-	0.05
	(ii) Previous Year	-	-	-	-	-	0.02	-	-	-	-
	b) Tax Audit Fees										
	(i) Current Year	-	0.05	-	0.03	-	0.03	-	0.02	-	0.02
	(ii) Previous Year	-	-	-	-	-	0.01	-	-	-	-
	c) Other Services	-	0.12	-	0.18		0.10		0.06		0.06
	d) Reimbursement of expenses	-	0.06	-	0.01	-	0.01	-	0.01	-	0.03
x	Electricity	-	2.03	-	1.59	-	1.59	-	1.56	-	1.20
xi	Printing, Stationery & Photocopying	-	0.71	-	0.56	-	0.45	-	0.67	-	0.56
xii	Postage, Telegram, Telephone & Telex	-	1.09	-	1.07	-	1.07	-	1.25	-	1.11
xiii	Advertisement, Publicity & Sponsorship	-	2.27	-	1.49	-	0.36	-	0.73	-	1.63
xiv	Exhibition & Conference (Net)	-	0.32	-	0.36	-	0.03	-	0.04	-	0.12
xv	Subscription & Membership	-	0.18	-	0.18	-	0.19	-	0.21	-	0.19
xvi	Donation	-	-	-	0.01	-	-	-	-	-	-
xvii	Miscellaneous #	0.07	8.08	0.12	5.26	0.05	5.86	0.05	4.19	0.07	5.30
	Total A	**0.30**	**35.42**	**0.52**	**26.99**	0.31	22.92	0.31	21.05	0.67	22.39
B	**OTHERS**										
i	Grant in Aid/ R & D expenditure	-	-	-	0.96	-	0.20	-	1.70	-	0.56
ii	Expenses on Consultancy	-	0.34	-	0.53	-	0.47	-	0.27	-	0.68
iii	Expenses on Management Development	-	1.61	-	1.24	-	0.81	-	0.25	-	0.45
	Programme										
iv	Expenses on Research Studies	-	-	-	0.05	-	0.01	-	-	-	0.20
v	Expenses on Completed Project	-	-	-	-	-	-	-	-	-	-
vi	Early Redemption Expenses	-	-	-	-	-	-	-	-	-	-

		Year Ended 31st March, 2013		Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009	
S.No	**PARTICULARS**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**	**Directors ***	**Total**
vii	Corporate Social Responsibilities	-	9.80	-	20.87		4.99	-	-	-	-
viii	Research & Development	-	3.15	-	-	-	-	-	-	-	-
ix	Sustainable Development	-	0.36	-	-	-	-	-	-	-	-
	Total B	-	**15.26**	-	**23.65**	-	6.48	-	2.22	-	1.89
	Total (A+B)	**0.30**	**50.68**	**0.52**	**50.64**	**0.31**	**29.40**	**0.31**	**23.27**	**0.67**	**24.28**
	For 2012-13										
$	Refer S.No 15 of Note No 25 - Explanatory Notes										
*	Included in total.										
#	Includes ₹ 0.05 crore (Previous year ₹ 0.03 crore) on account of Sitting fee paid to Directors.										

NOTE 25: PRIOR PERIOD ADJUSTMENTS

(₹ in crore)

S.No	PARTICULARS	Year Ended 31st March, 2013	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009
A	**INCOME**					
i	Salary Allowances & Other benefits	0.02	0.01	-	-	5.47
ii	Insurance	-	-	-	-	-
iii	Publicity	-	-	-	-	-
iv	Legal Charges	-	-	-	-	0.04
v	Consultancy fee	-	-	-	0.39	0.16
vi	Trusteeship & Consortium fee	-	-	-	-	0.04
vii	Grant in aid	-	0.07	-	-	-
viii	Advertisement	-	0.01	-	-	-
ix	Water & Electricity	0.01				
x	Printing	-	-	0.03	-	-
xi	Interest on loan	-	-	-	0.06	0.11
xii	Interest on borrowings	-	-	-	0.39	0.28
xiii	Interest on Bonds & Other Borrowings	-	0.01	0.26	0.06	-
xiv	Depreciation	-	-	-	-	0.57
xv	Corporate Social Responsibility (Refer S.No 22 (a) of Note 25 - Explanatory Notes)	19.87	-	-	-	-
xvi	Miscellaneous receipts	0.01	0.02	-	-	0.07
	Total A	**19.91**	**0.12**	**0.29**	**0.90**	**6.74**
B	**EXPENDITURE**					
i	Salary Allowances & Other benefits	-	-	-	-	-
ii	Office Rent	-	-	-	0.02	0.01
iii	Repairs and Manintenance	0.11	-	-	-	0.29
iv	Rates & Taxes	-	-	-	-	-
v	Insurance	0.01	0.01	-	-	-
vi	Legal Charges	-	-	-	-	-
vii	Management Consultancy	0.06	-	-	-	-
viii	Membership	-	0.01	-	-	-
ix	Publicity	-	0.02	-	-	-
x	Water & Electricity	-	-	-	-	0.12
xi	Grant in aid	-	-	-	-	0.01
xii	Interest on loan	-	-	-	-	-
xiii	Interest on borrowings	-	-	-	-	-
xiv	Interest on Bonds & Other Borrowings	-	-	-	-	-
xv	Interest on Investment	-	-	-	0.01	-
xvi	Other Expenses	0.02	0.01	-	-	0.06
	Total B	**0.20**	**0.05**	-	0.03	0.49
Excess of Income over Expenditure / (Expenditure over Income)		**19.71**	**0.07**	**0.29**	**0.87**	**6.25**

Annexure III

CASH FLOW STATEMENT

(₹ in crore)

S.No	Particulars	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
A	**CASH FLOW FROM OPERATING ACTIVITIES**					
(i)	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	1042.00	939.90	820.82	783.51	769.38
	Add/ (Less): Adjustments for:					
(ii)	Depreciation	4.96	4.60	11.42	4.52	4.67
(iii)	Financial Charges written off	-	-	-	22.87	9.56
(iv)	Provision on loans & advances	135.07	43.82	29.23	210.78	(66.05)
(v)	Provision on Investment	-	-	-	-	0.17
(vi)	Provision for leave encashment	5.25	1.68	5.47	7.75	1.31
(vii)	Provision for post retirement medical benefit	17.58	8.67	8.72	(2.11)	4.28
(viii)	Provision for Gratuity	-	-	-	(4.72)	(3.97)
(ix)	Provision for welfare expenditure	0.31	0.02	-	(0.15)	0.01
(x)	Provision for LTC	(2.07)	2.28	(3.20)	3.79	0.98
(xi)	Provision for pay revision	-	-	-	(24.00)	15.79
(xii)	Provision for Provident Fund	(4.61)	(5.21)	13.94	-	-
(xiii)	Provision for Corporate Social Responsibilities (CSR)	-	19.87	-	-	-
(xiv)	Prior Period Adjustments (Net)	19.71	0.07	0.29	0.87	6.25
(xv)	Deferred Tax Liability for prior years Adjustments	-	-	-	-	(120.96)
(xvi)	Profit on sale of investments	-	-	-	(0.19)	(0.19)
(xvii)	Loss/ (Profit) on sale of Fixed Assets (Net)	(0.02)	(0.03)	(0.01)	(0.03)	(0.04)
(xviii)	Translation/exchange (Gain)/Loss on Foreign Currency Loan	(15.20)	40.28	9.61	(75.16)	246.29
(xix)	Miscellaneous expenditure	-	0.00	0.00	(2.47)	(1.95)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1202.98**	**1055.95**	**896.29**	**925.26**	**865.53**
	Adjustment for					
(i)	Decrease/(Increase) in Loans	(2211.36)	(2544.04)	(989.84)	2189.57	(288.69)
(ii)	(Increase)/Decrease in Current Assets, other Loans & Advances	(270.88)	(466.85)	(235.02)	(133.88)	(259.13)
(iii)	Increase/(Decrease) in Current Liabilities and Provisions	570.92	808.08	(298.99)	(311.23)	(418.60)
(iv)	CASH GENERATED FROM OPERATIONS	(708.34)	(1146.86)	(627.56)	2669.72	(100.89)
(v)	Direct taxes paid(Net of refunds)	278.50	250.34	211.58	252.06	210.57
(vi)	KFW Reserve	0.01	0.31	1.72	2.81	8.15
(xii)	General Reserve	-	-	-	-	120.96
(xiii)	Deferred Tax Assets adjustments	-	-	-	-	-
	NET CASH FLOW FROM OPERATING ACTIVITIES	**(429.83)**	**(896.21)**	**(414.26)**	**2924.59**	**238.79**
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
(i)	Sale / (Purchase) of Investment	540.00	75.00	225.00	519.40	19.39
(ii)	Purchase of fixed assets	(8.48)	(3.88)	(19.00)	(2.01)	(9.38)
(iii)	Sale of Fixed assets	0.08	0.08	0.04	0.09	0.09
	NET CASH FLOW FROM INVESTING ACTIVITIES	**531.60**	**71.20**	**206.04**	**517.48**	**10.10**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
(i)	Proceed from borrowings (Net)		3003.52	248.58	(3653.69)	100.06

S.No	Particulars	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009
		(2,019.21)				
(ii)	Corporate Dividend Tax Paid	(22.71)	(17.85)	(9.81)	(7.69)	(11.57)
(iii)	Dividend Paid	(140.01)	(110.02)	(59.08)	(45.24)	(68.11)
	NET CASH FLOW FROM FINANCING ACTIVITIES	**(2181.93)**	**2875.65**	**179.69**	**(3706.62)**	**20.38**
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	**(2080.16)**	**2050.64**	**(28.53)**	**(264.55)**	**269.27**
	* CASH & CASH EQUIVALENTS - OPENING BALANCE	2,606.93	556.29	584.82	849.36	580.09
	* CASH & CASH EQUIVALENTS - CLOSING BALANCE	526.77	2606.93	556.29	584.81	849.36
	NET INCREASE/DECREASE IN CASH & CASH EQUIVALENTS	**(2080.16)**	**2050.64**	**(28.53)**	**(264.55)**	**269.27**

Note:

1 Cash and Cash equivalents include Cash in hand, deposits with banks and short term highly liquid investments. The above closing balance does not include foreign deposit amounting to ₹ 170 crore (previous year ₹ 171.91 crore).

2. Previous year figures have been regrouped wherever necessary.

Annexure IV

SIGNIFICANT ACCOUNTING POLICIES

Annual Accounts 2012-13

1. Basis of Preparation of Financial Statements

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2010 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

(a) Income is recognised in accordance with Accounting Standard AS-9 on “Revenue Recognition” issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.

(b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger’s fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

(a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.

(b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under “Current Liabilities” and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

(a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.

(b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

(c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.

(d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.

(e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.

(f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:

(i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

(ii) Mobile phones purchased upto 31.3.2012 are depreciated @ of 45% p.a. on straight line method and after 2 years balance value of 10% is recovered as per the existing accounting policy. On mobile phones purchased from 1.4.2012 onwards, 90% of the cost which is reimbursed to employees upfront, shall be directly charged to revenue in the year of purchase. The modified policy is applicable on mobile phone purchased after 1.4.2012 onwards.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, “Intangible Assets” are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 “Accounting for Investments” issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

(a) Foreign exchange transactions are recorded at the rates (RBI reference rate) prevailing on the dates of the respective transactions.

(b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate (RBI reference rate) as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.

(c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Statement of Profit & Loss.

(d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate (RBI reference rate) at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

(a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees’ Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Statement of Profit & Loss. The Corporation’s obligation towards gratuity, provident fund and post retirement medical benefits to employees are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

(b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 / 30 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

(a) Tax expense comprises of current and deferred. Current income tax and wealth tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.

(b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.

(c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if :

(a) the Company has a present obligation as a result of past event.

(b) a probable outflow of resources is expected to settle the obligation and

(c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in the case of:

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

(b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

(iii) Contingent assets are neither recognised nor disclosed.

Annual Accounts 2011-12

1. Basis of Preparation of Financial Statements

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

(a) Income is recognised in accordance with Accounting Standard AS-9 on "Revenue Recognition" issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.

(b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger's fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.

b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under "Current Liabilities" and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.

b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.

d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.

e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.

f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:

(i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

(ii) On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, “Intangible Assets” are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 “Accounting for Investments” issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

(a) Foreign exchange transactions are recorded at the rates (RBI reference rate) prevailing on the dates of the respective transactions.

(b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate (RBI reference rate) as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.

(c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Profit and Loss Account.

(d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate (RBI reference rate) at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

(a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees’ Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Profit & Loss Account. The Corporation’s obligation towards gratuity, provident fund and post retirement medical benefits to employees are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

(b) The Corporation’s obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

(a) Tax expense comprises of current and deferred. Current income tax and wealth tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.

(b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.

(c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if :

(a) the Company has a present obligation as a result of past event.

(b) a probable outflow of resources is expected to settle the obligation and

(c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in the case of:

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

(b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

(iii) Contingent assets are neither recognised nor disclosed.

Annual Accounts 2010-11

1. Basis of Preparation of Financial Statements

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

(a) Income is recognised in accordance with Accounting Standard AS-9 on "Revenue Recognition" issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.

(b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger's fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.

b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under "Current Liabilities" and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.

b) Land/ Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.

d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.

e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.

f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:

   i. On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

   ii. On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, "Intangible Assets" are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

(a) Foreign exchange transactions are recorded at the rates prevailing on the dates of the respective transactions.

(b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.

(c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Profit and Loss Account.

(d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

(a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees' Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Profit & Loss Account. The Corporation's obligation towards gratuity, provident fund and post retirement medical benefits to employees are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

(b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

(a) Tax expense comprises of current and deferred. Current income tax and wealth tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.

(b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.

(c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if :

(a) the Company has a present obligation as a result of past event.

(b) a probable outflow of resources is expected to settle the obligation and

(c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in the case of:

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

(b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

(iii) Contingent assets are neither recognised nor disclosed.

Annual Accounts 2009-10

1. Basis of Preparation of Financial Statements

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

(a) Income is recognised in accordance with Accounting Standard AS-9 on “Revenue Recognition” issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.

(b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger’s fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.

b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under “Current Liabilities” and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.

b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.

d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.

e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.

f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:

i. On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

ii. On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, "Intangible Assets" are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

(a) Foreign exchange transactions are recorded at the rates prevailing on the dates of the respective transactions.

(b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.

(c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Profit and Loss Account.

(d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

(a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees' Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Profit & Loss Account. The Corporation's obligation towards gratuity to employees and post retirement medical benefits are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

(b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

(a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax, wealth tax and fringe benefit tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.

(b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.

(c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if :

(a) the Company has a present obligation as a result of past event.

(b) a probable outflow of resources is expected to settle the obligation and

(c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in the case of:

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

(b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

(iii) Contingent assets are neither recognised nor disclosed.

Annual Account 2008-2009

1. Basis of Preparation of Financial Statements

The accounts of the Company have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, the provisions of the Companies Act, the accounting standards issued by the Institute of Chartered Accountants of India / Companies (Accounting Standard) Rules, 2006 and the Housing Finance Companies (NHB) Directions, 2001 issued by National Housing Bank (NHB) as adopted consistently by the Company.

2. Revenue Recognition

(a) Income is recognised in accordance with Accounting Standard AS-9 on “Revenue Recognition” issued by the Institute of Chartered Accountants of India except income from Non Performing Assets (NPA) which is recognised as per the prudential norms issued by NHB.

(b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Deferred Revenue Expenditure

The ancillary cost of raising the borrowings namely brokerage charges, arranger’s fees, stamp duty, etc. are deferred to be amortized in equal annual instalments over the period of borrowing effective from the year of respective borrowing including moratorium period. In the case of public issue of bonds, the amount of brokerage charges/commission is treated as deferred expenditure to be amortized in annual instalments over the maximum maturity period of bonds from the year of allotment.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

(a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.

(b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under “Current Liabilities” and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

(a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.

(b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

(c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.

(d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.

(e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.

(f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:

(i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.

(ii) On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, “Intangible Assets” are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 “Accounting for Investments” issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

(a) Foreign exchange transactions are recorded at the rates prevailing on the dates of the respective transactions.

(b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.

(c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Profit and Loss Account.

(d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

(a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees’ Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Profit & Loss Account. The Corporation’s obligation towards gratuity to employees and post retirement medical benefits are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

(b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, gift on completion of 20 years of service & retirement gift are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

10. Taxation

(a) Tax expense comprises of current, deferred and fringe benefit tax. Current income tax, wealth tax and fringe benefit tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.

(b) In respect of disputed income tax/ interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.

(c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if :

(a) the Company has a present obligation as a result of past event.

(b) a probable outflow of resources is expected to settle the obligation and

(c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(ii) Contingent liability is disclosed in the case of:

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

(b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

(iii) Contingent assets are neither recognised nor disclosed.

Annexure V

Significant Notes to Accounts

Annual Accounts 2012-13

1) Contingent Liabilities & other commitments not provided for and counter guarantees issued by Company :

(a) Contingent Liabilities:

(₹ in crore)

		2012-2013	**2011-2012**
i.	Claims of Contractors not acknowledged as debts	0.72	5.69
	Counter claims of the Company	0.63	0.63
ii.	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	31.61
iii.	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid a cumulative amount upto 31.3.2013 of ₹ 245.38 crore (previous year ₹ 245.38 crore) under protest	481.04	272.96
iv.	Disputed Service tax demands against which Company has gone in appeal. The Company has paid a cumulative amount upto 31.3.2013 of ₹ 2.49 crore (previous year ₹ 2.49 crore) under protest	5.77	4.56

(b) Capital commitments not provided for:

(₹ in crore)

		2012-2013	**2011-2012**
i.	Estimated amount of commitments remaining to be executed on capital account	26.03	31.51
ii.	Estimated amount of other commitments on account of maintenance of HUDCO Flats	0.62	1.66

(c) Counter guarantees issued by the Company :

Lender in whose favour the guarantee is extended	**Guarantee documentation**	**Name of counter party**	**Amount of guarantee (₹ in crore)**	**Validity Date**
HDFC Bank	Deed of counter guarantee dated 22.1.2013	National Stock Exchange Ltd.*	43.85	23.7.2013
Bank of Baroda	Deed of counter guarantee dated 2.11.2012	Hindustan Aeronautics Ltd. **	0.06	21.4.2015
Axis Bank	Deed of counter guarantee dated 1.1.2013	National Stock Exchange Ltd. ***	47.00	6.1.2014
Indus Ind Bank	Deed of counter guarantee dated 15.3.2013	National **** Housing Bank	50.00	18.3.2016
Bank of Baroda	Deed of counter guarantee dated 19.1.2013	National **** Housing Bank	137.50	18.3.2016

** This counter guarantee was extended against bank guarantee issued in favour of National Stock Exchange (NSE) towards 1% security deposit in respect of tax-free bonds issued during financial year 2011-12.*

***This counter guarantee was extended against bank guarantee issued in favour of Hindustan Aeronautics Limited, Bangalore as performance guarantee for design, consultancy and allied services.*

**** This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during financial year 2012-13.*

***** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility under Rural Housing fund.*

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc., because in this case HUDCO is only working as an agent. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus fund account, being maintained separately.

(b) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs & Employment, MoUA&E (now Ministry of Urban Development, MoUD) in year 1989-90, vide minutes dated 7.9.1995, MoUA&E has agreed to pay interest @ 17% p.a. on the expenditure incurred on the Andrews Ganj Project along with 1.5% administrative charges. As per Perpetual Lease Deed dated 4.7.1997, the Company is liable to make available Net Resources from the development and disposal of properties of the project to the above Ministry and accordingly the Company was crediting interest on Net Resources generated on the project upto 3.11.2004 and thereafter a separate No Lien account has been opened under the name of HUDCO AGP Surplus Account into which the surplus lying to their credit had been deposited and interest accrued / earned on No Lien Account is being credited to that account. MoUD has intimated in 2001 that the Company cannot pass on the financial liability to the Government on account of disputes with allottees at community centre properties. However, the Company represented that as per Perpetual Lease Deed, the Company is liable to make available "Net Resources Generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes together with HUDCO's administrative expenses and interest on amount spent by HUDCO from its own fund have to be debited to this project because being an agent there is no financial liability of the Company. Company's above contention recognizing it only as an agent and as such total ownership rights and responsibilities are of Government of India and there is no financial liability of the Company has been upheld by the opinion of Shri GE Vahanvati as Solicitor General of India dated 12th April, 2005 and as Attorney General of India vide his opinion dated 19th August, 2009 wherein he has opined as under:-

"I am of the opinion that it is not open to the Ministry of Urban Development to contend that they had nothing to do with the development of Hotel Site or that HUDCO was not its agent. The protracted dispute between the two Ministries is leading to mounting interest which is being added to the amount of the decree. This is a matter which therefore, has to be resolved on a mutually acceptable basis and the Ministry of Urban Development should accept its liabilities as the land owner".

The opinion has also been duly endorsed by the then Law Secretary and Law Minister of Government of India. Keeping in view this, HUDCO has been making payments / settling claims on Ministry's behalf and accounting them through above HUDCO AGP Surplus Account. As on 31.3.2013, this account has a debit balance of ₹ 233.71 crore which represents amounts paid by HUDCO on behalf of government for the capital and revenue expenditures on above project over and above the recoveries to this account and the cumulative interest on excess of expenditure over recoveries of ₹ 35.59 crore upto 31.3.2013 at the rate of 10.75% per year charged with reference HUDCO's Board decision in 459th meeting held on 24.8.2009 on the aforesaid excess payment made by HUDCO, which is recoverable from the above Ministry. The Ministry has been informed in specific of the above facts and figures on various occasions through correspondence as also in the meetings, however, any specific denial/confirmation from the Ministry has not received yet. The Company in its aforesaid capacity of agent to the Government of India is in possession of real estate properties (9 guest houses blocks and hotel site) which command much higher realizable market value sufficient to recover aforesaid amount of ₹ 233.71 crore. HUDCO is raising its demands from time to time from MoUD.

(c) An amount of ₹ 17.98 crore (50% of the total property tax claimed by Municipal Corporation of Delhi (MCD) was initially deposited by HUDCO with MCD on account of property tax of Andrews Ganj Project for the period from 2.7.1990 to 4.7.1997, although there was no liability of payment of property tax on HUDCO since the property belongs to Union of India. The Hon'ble Supreme Court decided the case in favour of HUDCO as such, the entire amount along with interest is recoverable from MCD. Out of the above an amount of ₹ 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4.7.1997. As per opinion of Solicitor General of India no property tax is payable by HUDCO on the land owned by Government of India. Further, Contempt petition of HUDCO is pending against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of ₹ 27.92 crore towards payment of property tax beyond 4.7.1997 in their counter claims as against ₹ 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO has filed rejoinder affidavit to the counter affidavit filed by MCD.

The matter was last listed on 13.7.2011 on which the Hon'ble Supreme Court directed that both the parties being the statutory Government Organizations and as the dispute is pending in Court for more than a decade it is desirable to settle their dispute by way of an amicable negotiation at the earliest by officials at the higher level for which the court adjourned the matter.

Pursuant to the directions of the Hon'ble Court a joint meeting was held on 1.3.2012 which was attended by top managerial level officials of HUDCO and MCD. As decided in the meeting HUDCO vide its letter dated 6.3.2012 to MoUD sought directions of MoUD for making up to date payment of service charges, as payable by Government for other Government properties. The directions of MoUD in the matter are still awaited, a reminder letter was sent on 14.6.2012 in order to expedite the decision of MoUD in the matter.

The issue of payment of property tax was also followed up by MCD with MOUD vide its letter dated 27.3.2012 for its directions to HUDCO to pay property tax (service charges) dues on Andrews Ganj Project to MCD. The matter was listed on 22.4.2013, however MCD moved an application for seeking adjournment, which was allowed by the court. Now the matter will be listed on 8.8.2013 in Supreme Court.

Further, South Delhi Municipal Corporation (SDMC) earlier Municipal Corporation of Delhi (MCD), vide notice dated 24.12.2012 and 2.1.2013 raised the demand of service charges for period from 2.7.1990 till 4.7.1997 and also property tax for the period from 4.7.1997 till 2.1.2013 from HUDCO amount to ₹ 84.28 crore including interest for the delayed payment @12% p.a. as per the provisions of Delhi Municipal Corporation Act, for the properties in possession by HUDCO on behalf of MoUD. The notice further stated, that in case dues are not cleared then SMDC may proceed to attach the bank accounts of HUDCO. As opined by the advocate dealing in the above contempt petition in Supreme Court, HUDCO has filed writ petition against SDMC and Union of India challenging the demand of property tax and service charges amounting to ₹ 84.28 crore raised by SDMC and claimed from HUDCO on Andrews Ganj property on the ground that HUDCO is the agent of Union of India (as inferred from lease deed dated 4.7.1997). The matter was listed on 28.1.2013 and 31.1.2013 in Delhi High Court. After hearing both parties, the Hon'ble Court has stayed the operation of the impugned demand of SDMC and directed HUDCO to deposit ₹ 7 crore with SDMC, without prejudice to the rights and contentions of both the parties within four weeks of the order dated 31.1.2013. The amount of ₹ 7 crore has since been deposited on 26.2.2013 with SDMC. Now the matter is listed on 25.9.2013 before High Court for filing of counter affidavit by Union of India and rejoinder thereafter, if any, by the petitioner. SDMC has filed its reply.

(d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) now known as Hotel Leela Venture Ltd. However, MSSEL started litigation regarding hotel site which is still continuing at the appellate stage in the court of Additional District Judge, Saket, New Delhi. Now, on the initiatives of MSSEL and MoUD, the matter has been referred to Delhi Mediation and Conciliation Centre, Delhi High Court for settlement. If mediation does not succeed the case will be referred back to the Court of Additional District Judge, Saket, New Delhi.

Further , the Allotment in favour of LHL was also cancelled due to non-payment of 3rd and final installment by LHL on 12.7.1999 as per terms of allotment, 50 percent of the amount deposited, by LHL was forfeited and balance amount of ₹ 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award was upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of ₹ 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus Account and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi was also dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court had admitted HUDCO's SLP and stayed the recovery of interest amount. However, the Hon'ble Supreme Court had directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company had accordingly deposited ₹ 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as ₹ 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing was payable after the last payment of ₹ 48.09 crore. The amount paid by HUDCO was calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court ordered that HUDCO should make the payment by adjusting the amount paid first towards interest then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum of ₹ 50.54 crore debiting the amount to AGP Surplus Account with execution court to avoid future liability.

Division Bench vide its order dated 20.7.2009 expressed the view that calculation made by Leela Hotels Ltd. is not correct and allowed the appeal filed by HUDCO by upholding interalia, that amount of ₹ 89 crore paid by HUDCO be adjusted towards principal amount.

The amount claimed by Leela Hotels Ltd. as on 15.10.2009 even in terms of Division Bench order dated 20.7.2009 is ₹ 107.91 crore. Against the order of Division Bench, LHL filed an SLP before Supreme Court of India.

The Execution Court i.e. Delhi High Court vide its order dated 28.10.2009 had ordered that, the amount of ₹ 50.54 crore paid to the decree holder (LHL) as per order dated 15.5.2009 to be deposited by the decree holder in the Registry of this Court within a period of five weeks from 28.10.2009. Thereafter, this Court would consider the rival submissions advanced by both the parties including the issue of interest payable by the decree holder to the Judgment debtor (HUDCO) on the amount directed today to be refunded. As and when the said amount is deposited by the decree holder, the Registry is directed to make a short-term fixed deposit of 45 days.

After the Order of Executing Court dated 28.10.2009, M/s. LHL filed stay application in the Hon'ble Supreme Court on 6.11.2009. Application came up for hearing on 10.11.2009. After hearing both the parties, Hon'ble Supreme Court granted interim stay against the order of Division Bench of Delhi High Court.

Hon'ble Supreme Court delivered judgment on 15.11.2011 whereby it has allowed the SLP filed by LHL and set aside the Division Bench Order dated 20.7.2009 and the Order dated 19.11.2008 of the Ld. Single Judge which had directed HUDCO to make payment to Leela hotels as per their calculations, is restored. Thus HUDCO was required to make payment to Leela Hotels Ltd. as per order of Single Judge. Thereafter, Leela Hotels Ltd. has filed execution application in the Delhi High Court for recovery of ₹ 154.41 crore alongwith further interest @ 15% p.a. till date of payment.

A Review Petition was filed by HUDCO before the Hon'ble Supreme Court of India on 15.12.2011 and the same has been dismissed thereafter. HUDCO has made a payment of ₹ 146.76 crore on 22.2.2012 to LHL debiting to AGP Surplus Account as per its calculation. Again, the matter was listed on 6.9.2012 and the Hon'ble court directed HUDCO to verify the calculations upto 15.9.2012 filed by LHL and make payment within one month to LHL.

Thereafter, taking the opinion of Additional Solicitor General & Sr. Advocate, HUDCO filed Execution First Appeal in Delhi High Court. The matter was listed on 17.10.2012 before Division Bench-I, High Court. After hearing both parties at length, the Hon'ble Court has stayed the order dated 6.9.2012 of Single Judge and reserved the order for pronouncements. Now the Hon,ble court has vide judgement dated 8.3.2013 has dismissed the appeal filed by HUDCO interalia holding therein that HUDCO was bound by the Award of post award interest on the pre award interest amount also. It has also held that the Award has become final and that it has the effect of a decree and hence it is not open to HUDCO to challenge the Award on the ground of grant of compound interest. Meanwhile, LHL has moved an application in Execution Court for payment of balance decretal amount of ₹ 13,71,85,926/- (as on 23.5.2013) with up to date interest by HUDCO. The matter was listed on 23.5.2013. After hearing both parties, the Hon'ble Court directed HUDCO to make the payment of balance decretal amount with interest within 5 weeks and thereafter LHL will furnish an undertaking that in case HUDCO succeeds in Supreme Court, LHL will refund the amount to HUDCO with 15% interest and with this order disposed of the Execution Petition. HUDCO is in the process of depositing the payment to High court, Delhi and also in the process of filing SLP in Supreme Court within the period of limitation

(e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint. The applications came up hearing on 24.5.2010 before Delhi high court whereby the application u/o. 39 R. 4, CPC was pressed for hearing for vacation / modification of the interim order dated 23.2.1998 operating against the parties. Court held that no cause of action has been made for altogether complete vacation of interim order. The earlier order passed in appeal dated 17.12.2003 ought to be enforced in so as it allows HUDCO to lease out the suit property. Court directed HUDCO to implement the said order and call out for application for leasing the suit property by publishing public notice. In terms of the order, the application u/o. 39 R.4 stands disposed off. Further, HUDCO is to file an affidavit in compliance of Order 11 Rule 12 seeking discovery and production of documents. Admission and denial of MSSEL documents have also been completed.

However, MSSEL has filed further documents for admission and denial by HUDCO. Meanwhile MS Shoes East Ltd. has filed four Interim Applications (IAs) viz. for day to day trial of the suit; for bringing on record the additional documents; for striking off the defence and the last one is regarding some discrepancy in exhibiting the earlier documents by HUDCO. Reply to the two applications regarding day to day trial and for bringing on record the additional documents have been filed by HUDCO in consultation with our dealing advocate. MSSEL is required to file rejoinder to the replies to HUDCO. Meanwhile, HUDCO has carried out the marking of exhibit of some documents which were left out. The IA for this purpose has been disposed off.

The matter was listed on 2.7.2012. The counsel for MSSEL submitted in Court that in the year 2011, MSSEL had submitted a proposal to Union of India / Ministry for an out of court settlement , which is stated to be under consideration . The High Court vide order dated 8.11.2012, without prejudice to respective rights and contentions of the parties in dispute, has referred the case to Delhi Mediation and Conciliation Centre on the initiative of MS Shoes and consent of Ministry of Urban Development (MoUD) during course of hearing, Deputy L&DO attended the Court proceedings in person on 8.11.2012. If mediation does not succeed the case will be referred back to the High Court. The matter is listed on 25.7.2013 before court for directions.

Now MoUD vide letter dated 14th May 2013 has requested HUDCO to furnish the account statement in the matter of out of court settlement with MS Shoes. According HUDCO vide letter dated 23rd May 2013, has furnished the statement of account and also requested for reimbursement of amount spent by HUDCO out of its own fund for meeting the liability of Andrewsganj Project. Further, MoUD vide another letter dated 25th May 2013 has requested HUDCO for its NOC for out of court settlement by MoUD with MS Shoes. In reply of the same, in accordance with the decision taken by the HUDCO Board, HUDCO is in the process of issuing NOC subject to the conditions that the amount spent / being spent / will be spent by HUDCO towards the liability of Andrews Ganj Project including liability on account of Leela Hotel shall be reimbursed to HUDCO and the same may be mentioned in the settlement agreement between MoUD and MS Shoes and the settlement amount is deposited with HUDCO.

(f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay ₹ 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately ₹ 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of ₹ 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. As per court order, HUDCO has filed the arbitral records and moved an application for restoring the security of bank Guarantee as earlier provided by APIL. The application was listed on 11.3.2013 and now the case before court is listed on 4.7.2013.

(g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of ₹ 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f. from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. The Learned High Court on 10.5.2012 has set aside the arbitration award dated 21.7.2006 and has further held that APIL was liable to pay ground rent to HUDCO from date of possession of shopping arcade i.e. November, 1995.

Now APIL filed an appeal against the abovementioned order before Division Bench of High Court, Delhi. The matter was finally listed for oral arguments on 3.12.2012 before the Division Bench-2. Both the parties argued the matter at length and the Court has pronounced the order on 24.1.2013, allowing APIL appeal and upheld the Arbitrators award. HUDCO has filed SLP before Supreme Court challenging the order dated 24.1.2013 of Division Bench, High Court. The SLP is likely to be listed after summer vacation of the Supreme Court.

3) (a) The Company has procedure for seeking confirmation of outstanding balances at each quarter end from all the borrowers except cases under litigation. Confirmation of balances covering approximately 82**%** in value of the total project loan outstanding have been received from the borrowers. However, in those cases where agencies have informed different balances, the reconciliation is under process.

(b) The provision on loans as per NHB norms has increased by ₹ 67.99 crore during the year which stood at ₹ 1,045.96 crore as on 31.3.2013 (as against ₹ 977.97 crore as on 31.3.2012).

The Company has been making additional provision of NPA beyond NHB norms. The above adhoc provision stood at ₹ 380 crore on 31.3.2013 (Previous Year ₹ 315 crore). The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & Procedural delays in repayment from Government agencies. The total NPA provision made by Company is ₹ 1,425.96 crore as on 31.3.2013 (against ₹ 1,292.97 crore as on 31.3.2012).

(c) The default resolution package with M/s. Cochin International Airport Ltd. (CIAL) was approved by HUDCO's Board on 17.2.2012. The payments as per default resolution package have been received from CIAL as on 31.3.2012. As per default resolution package shares of ₹ 10 crore of CIAL were to be allotted to HUDCO. The equity share allotment of shares of ₹ 10 crore (1 crore equity shares fully paid up of CIAL of ₹ 10 each) of CIAL has been approved by Extra Ordinary General Meeting of CIAL held on 31.3.2012. Proceedings of joint compromise petition before the Subordinate Judge's Court, Ernakulam, were completed in 2012-2013 and the shares of ₹ 10 crore have been allotted to HUDCO.

4) Housing Loans (Individual / bulk) granted by the Company under HUDCO Niwas Scheme are secured wholly or partly by any or all of the following as applicable :

(i) Equitable Mortgage of the property.

(ii) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

(iii) The assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. may also be obtained in certain cases.

(iv) First charge on the assets of the housing finance company created out of HUDCO's Bulk Loan or First Pari-Passu charge on the outstanding loans in the books of the Company

(v) Escrow mechanism for dedicated inflow of funds for repayment of HUDCO loan and postdated cheques or ECS mandate for repayment of HUDCO loan.

(vi) First Pari-Passu charge on immovable properties of the company

(vii) Undertaking from the company that repayment to HUDCO will be irrespective of actual recovery of/ from identified housing loans

(viii) Demand promissory note

(ix) Irrevocable Power of Attorney in favour of HUDCO for creating charges in the event of default

5) **Utilization of Issue proceeds - Public Issue of Tax-free bonds:**

The Company issued tax free bonds worth ₹ 2,401.35 crore (₹ 2,194.34 crore under Tranche-I allotted on 16.2.2013 and ₹ 207.01 crore under Tranche-II allotted on 28.3.2013).

As per the Shelf/ Tranche prospectus, the funds proposed to be raised through the Issue are to be utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements (including debt servicing). However subscription monies received from FIIs, Eligible NRIs (and other non resident Applicants across all Categories) through the Issue are not to be utilized for any lending purposes in terms of the FEMA Borrowing Regulations, and shall be utilized for the following purposes:

(a) Debt servicing, which includes servicing of both the principal amounts as well as interest payments of various debt facilities availed by our Company in the past and currently outstanding in its books of accounts, including loans, market borrowings (which include our non-convertible bonds / debentures);

(b) Statutory payments;

(c) Establishment and administrative expenses; and

(d) Other working capital requirements of our Company.

Details of Public issues of Secured Tax free Bonds and utilisation of the Issue proceeds are as under:

(₹ in crore)

		Resident	FIIs & NRIs	Total
1.	Total subscription monies (Tranche-I)	2159.15	35.19	2194.34
2.	Total subscription monies (Tranche-II)	202.57	4.44	207.01
	Grand Total (1+2)	2361.73	39.62	2401.35
3.	Utilized towards lending purposes, working capital requirements, augmenting the resource base of our Company and other operational requirements during the period 22.02.2013 to 31.03.2013	2159.15	-	2159.15
4.	Utilized towards Debt servicing, Statutory payments, Establishment and administrative expenses and Other working capital requirements of our Company.	-	35.19	35.19
	Grand Total (3+4)	2159.15	35.19	2194.34
5.	<u>Subscription money in respect of Tranche-II awaiting utilization:</u> Allotted on 28.03.2013, however subscription monies was not available for utilization as the listing and trading approvals from respective stock exchanges was awaited.	202.57	4.44	207.01

6) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:

(a) The Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust and the provident fund scheme additionally requires the Company to guarantee the payment of interest at rates notified by the Central Government from time to time. The fair value of the assets of the Provident Fund as at 31.3.2013 is higher than the obligation under the defined contribution plan. Accordingly on actuarial valuation of provident fund the provision made in the previous year has been reversed by ₹ 4.61 crore at the end of the year as on 31.3.2013.

(b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.

(c) The summarized position of various defined benefit schemes recognised in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:

(₹ in crore)

	Gratuity		**Leave Encashment**				**Post Retirement Medical Benefits**	
			EL		**HPL**			
	2012-13	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**	**2012-13**	**2011-12**
1. Component of Employer Expenses								
a. Current Service Cost	1.43	1.47	1.23	1.05	0.71	0.52	2.29	2.29
b. Interest Cost	2.37	2.14	1.51	1.39	0.77	0.69	5.11	4.48
c. Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d. Unrecognized Past service cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. Expected return on plan assets	(3.29)	(3.01)	NA	N.A.	N.A.	N.A.	N.A.	N.A.
f. Actuarial (Gain) / Loss	4.89	(0.68)	2.75	0.65	0.59	0.24	12.44	3.41
g. Recognised in the Statement of Profit & Loss.	5.40	(0.09)	5.49	3.09	2.08	1.45	19.83	10.17
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2013								
a. Present value of Obligation as at 31.3.2013	32.27	28.57	22.26	18.53	10.92	9.40	89.41	71.84
b. Fair Value of plan assets as at 31.3.2013	34.51	35.03	NA	N.A.	N.A.	N.A.	N.A.	N.A.
c. Liability / (Assets) recognised in Balance Sheet	(2.24)*	(6.46)*	22.26	18.53	10.92	9.40	89.41	71.84
3. Change in present value of obligation as on 31.3.2013								
Present Value of obligation as at 31.3.2012	28.58	27.01	18.53	17.64	9.40	8.61	71.84	63.17
Current service cost	1.43	1.47	1.23	1.05	0.71	0.52	2.29	2.29
Interest Cost	2.37	2.14	1.51	1.39	0.78	0.69	5.11	4.47
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrecognized Past service cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actuarial (Gain) / Loss	(1.82)	(0.80)	2.75	0.65	0.59	0.24	12.44	3.41
Benefits Paid	(1.93)	(1.24)	(1.76)	(2.20)	(0.57)	(0.66)	(2.26)	(1.50)
Present Value of obligation as at 31.3.2013	32.27	28.58	22.26	18.53	10.92	9.40	89.41	71.84
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2012	35.04	31.33	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected return on Plan Assets	3.29	3.01	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Company Contribution	1.18	2.05	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	(1.93)	(1.24)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actuarial Gain / (Loss)	(3.07)	(0.12)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Plan Assets as at 31.3.2013	34.51	35.03	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Return on plan assets	0.23	2.89	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Actuarial Assumptions								
Discount Rate (p.a.) (%)	8.05	8.65	8.05	8.65	8.05	8.65	8.05	8.65
Expected rate of returns on plan assets (p.a.) (%)	9.40	9.40	9.40	9.40	9.40	9.40	N.A.	N.A.
Salary increase rate (p.a.) (%)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
6. Details of the Plan Assets at cost as on 31.3.2013								
Government of India Securities, Corporate Bonds etc.	0.00	0.00						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

***** The Assets of ₹ 2.24 crore (previous year ₹ 6.46 crore) on Gratuity has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2013.

7) (i) National Housing Bank's credit concentration norms states that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds. Further, as per NHB's latest circular dated 21.03.13, investment of a Housing Finance Company (HFC) in the shares of another HFC shall not exceed 15% of the Equity Capital of the investee Company.

(ii) NHB vide its letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 has given relaxation from credit concentration norms which is reproduced as under:

"The Bank after taking into consideration the role envisaged for HUDCO by the Ministry of Housing & Urban Poverty Alleviation, in terms of the MOU signed between HUDCO and the Ministry, it has been decided to grant permission to HUDCO for lending upto 50% of its Net Owned Fund (NOF) to the Government Agencies (under individual borrower exposure) only for housing and housing related infrastructure and upto 100% of its NOF to the individual State Governments (under group exposure). However, the above permission will not be applicable in respect of HUDCO's lending to builders and private parties, and cooperatives, in respect of whom, the extant provisions of the Directions will continue to apply."

(iii) Towards effective implementation of the above relaxation and for appropriate reporting, the Board of Directors of HUDCO in its meeting No.498 held on 19.3.2012 approved the categorization of projects as housing and housing related infrastructure and others.

(iv) The Company is complying with National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to State Governments / State Governments agencies the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 as stated above and these have been complied with except in 1 case.

In respect of investment in the Equity Shares of another HFC viz., HUDCO had invested ₹ 2.50 crore in the Equity Shares of the Indbank Housing Ltd., whose total paid-up capital is ₹ 10 crore resulting in investment to the extent of 25% of the equity, which is higher than the present NHB norms, since investment was made more than 10 years back. Further, in principle approval for merger of our investment in Indbank Housing Ltd. in Indian Bank has been accorded by HUDCO's Board in its 495th meeting held on 20.01.2012. The matter is yet to be finally concluded alongwith swap ratio of shares. Once the merger is effected, the investment will be as per NHB Norms.

8) Change in Accounting Policy: The profit for the year is lower by ₹ 0.02 crore (net of tax) due to change in accounting policy relating to reimbursement of mobile phone to the employees.

9) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.

10) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.

11) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.

12) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.

13) The Company makes full provision on doubtful debtors / receivables and advances which are outstanding for more than three years.

14) The Company has proposed final dividend of ₹ 150.00 crore at the rate of ₹ 74.93 per share of ₹ 1,000 each, which is payable to Government of India, subject to approval of same by shareholders in annual general meeting.

15) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Note No. 23 of the Statement of Profit & Loss. Further, there is no financial lease as Company's leasing arrangements does not transfer substantially all other risks & rewards incidental to the ownership of an asset.

16) **Details of Expenditure / Earnings in foreign currency :**

(₹ in crore)

Particulars	2012-2013	2011-2012
Expenditure		
a) Traveling & Entertainment	0.23	0.08
b) Others	0.00	0.00
c) Interest on foreign loan	8.69	8.03
Total Expenditure	**8.92**	**8.11**
Earnings		
a) Interest on foreign deposit	2.28	1.58

17) **Earnings Per Share:**

Particulars	Year ended 31.3.2013	Year ended 31.3.2012
Net Profit for the year attributable to equity shareholders (₹ in crore) (a)	700.56	630.33
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of ₹ 1000/- each (₹) (a / b)	349.95	314.87

18) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) HOUSING FINANCE BUSINESS:

Loans :

(₹ in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	2012-2013	2011-2012
Standard (considered good)	5,882.44	5,863.30	38.77	41.52	20.00	50.00
Sub-standard Assets	23.57	43.77	3.54	6.57		
Doubtful Assets	342.45	362.63	314.56	326.86		
Loss Assets	30.60	30.14	30.60	30.14		
Total	6,279.06	6,299.84	387.47	405.09	20.00	50.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	2012-2013	2011-2012
Standard (considered good)	18,540.42	16,401.50	83.88	77.48	360.00	265.00

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	2012-2013	2011-2012
Sub-standard Assets	102.46	503.08	15.37	75.46		
Doubtful Assets	1,010.81	574.86	555.47	416.17		
Loss Assets	3.77	3.77	3.77	3.77		
Total	19,657.46	17,483.21	658.49	572.88	360.00	265.00
Grand Total (1) + (2)	25,936.52	23,783.05	1,045.96	977.97	380.00	315.00

(3) Investments:

Particulars	Principal outstanding		Provision As per Norms	
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012
Equity Shares	14.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.40	2.40	0.39	0.39
Bonds	670.00	1,220.00	0.00	0.00
Total	687.37	1,227.37	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

19) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of ₹ 520/- per month. As per DPE letter dated 21.1.2013, staff car may be used for private use upto 1,000 km. per month against payment of ₹ 2,000/- per month.

20) **Related parties Disclosure :**

(a) Joint Ventures

(1) Shristi Urban Infrastructure Development Ltd.

(2) Pragati Social Infrastructure & Development Ltd.

(3) MCM Infrastructure Pvt. Ltd.

(4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2012-2013 :

Sl. No.	Director(s)	Status
1.	Shri V P Baligar,	Chairman & Managing Director (Whole time Director) (from 11.4.2011)

(c) Transactions with Joint Ventures :

(₹ in crore)

Proportion of ownership	40%	26%			
Nature of Transactions	**Shristi Urban Infrastructure Development Ltd.**	**Pragati Social Infrastructure & Development Ltd.**	**MCM Infrastructure Pvt. Ltd.**	**Signa Infrastructure India Ltd.**	**Total**
Investments					
Balance as at 31.3.2012	2.00	0.13	0.26	0.013	2.403
Additions during the year	-	-	-	-	-
Balance as at 31.3.2013	2.00	0.13	0.26	0.013	2.403

(d) Transactions with Key Management Personnel :

NIL

(e) Managerial Remuneration:

(₹ in crore)

Particulars	Shri V P Baligar, CMD		Shri T. Prabakaran, Ex-DF		Shri S. K. Tripathi, Ex-DCP	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Salaries	0.17	0.149	-	0.074	-	0.005
Contribution to PF	0.00	0.000	-	0.009	-	0.000
Perquisites and other allowances	0.04	0.020	-	0.033	-	0.049
Total	0.21	0.169	-	0.116	-	0.054

21) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (₹ in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	**2.403**			

(b) **Proportionate Assets & Liabilities:**

(₹ in lakhs)

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd. *		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Un audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**
Fixed Assets	0.65	0.79	**Not available**	6.84	0.00	0.00	0.05	0.07
Investments	120.00	120.00	**Not available**	63.55	0.00	0.00	0.00	0.00
Deferred Tax Assets	0.27	0.28	**Not available**	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans and Advances	187.40	162.79	**Not available**	0.18	12.20	11.53	17.67	24.46
Statement of Profit & Loss (Debit Balance)	0.00	0.00	**Not available**	19.54	0.00	0.00	0.00	0.00
Share of Total Assets	312.20	286.96	**Not available**	90.11	12.20	11.53	17.72	24.53
Reserves & Surplus	13.10	12.91	**Not available**	0.00	-14.02	-14.74	9.51	8.95
Current Liabilities and Provisions	98.02	74.04	**Not available**	8.06	0.23	0.27	6.91	14.26
Loans Funds	1.07	0.00	**Not available**	69.05	0.00	0.00	0.00	0.00
Deferred Tax Liabilities	0.00	0.00	**Not available**	0.00	0.00	0.00	0.01	0.02
Share of Total Liabilities (excluding Reserves & Surplus)	99.10	74.04	**Not available**	77.11	0.23	0.27	6.91	14.28
Operations Income	60.60	66.48	**Not available**	0.00	0.00	0.27	7.81	23.73
Other Income	0.05	0.12	**Not available**	0.00	0.96	0.93	0.06	0.07
Total Income	60.65	66.60	**Not available**	0.00	0.96	1.21	7.87	23.80

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd. *		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Un audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**	**Un audited as at 31.3.2013**	**Audited as at 31.3.2012**
Share of Expenses	60.41	66.30	**Not available**	2.55	0.25	0.43	7.31	21.00
HUDCO's share in contingent liability of JV Co.	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
Contingent liability for jointly controlled Company incurred by HUDCO	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
Capital Commitment	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**

*** Case filed before Company Law Board, Kolkata Law Bench on 28.2.2013 against M/s. Pragati Social Infrastructure & Development Ltd. under section 397 and 398 (Prevention of Oppression and Mismanagement) of Companies Act, 1956, therefore the Company has not provided unaudited / audited accounts for the year 2012-2013 and also not available at MCA site.**

22) (a) The Company has formulated a Corporate Social Responsibility (CSR) policy in line with the guidelines issued by Department of Public Enterprise (DPE) vide Office Memorandum F. No. 15(3)/2007-DPE(GM)-GL-99 dated 9.4.2010.

As per the CSR guidelines of the DPE, the Company, to allocate 0.5% to 3% of net profit after tax of the previous year for CSR Activities. The Company had approved 3% of previous year profit towards CSR in the financial year 2010-11, 2% of profit during the financial year 2011-12 and 1.5% of profit during the financial year 2012-13 and Company was creating CSR provision for this purpose up to the year 2011-12.

The Institute of Chartered Accountants of India (ICAI) has given its opinion vide their letter dated 23.5.2013, as requested by the Company on CSR accounting that unspent expenditure on CSR activities should not be recognised as provision, but a reserve may be created as an appropriation of profits.

Accordingly, CSR provision of ₹ 19.87 crore (amount unspent as at 1.4.2012) has been reversed to the credit of the statement of profit & loss through prior period account and CSR reserve of ₹ 19.87 crore has been created as appropriation of profit, the effect of which are as under:

Particular	Amount (₹ in crore)
Opening Balance (The opening balance is NIL as the provision was being made in the previous year)	0.00
Add: Appropriation on account of un-spent amount as on 31.3.2012	19.87
Less : Transfer to statement of profit and loss during the year on account of excess spending amount over current year's appropriation requirement (CSR allocation of ₹ 9.45 crore less amount spent ₹ 9.80 crore)	0.35
Closing Balance as on 31.3.2013	19.52

The above has resulted increase in profit before tax amounting to ₹ 19.52 crore.

(b) The Company has formulated a Sustainable Development (SD) policy in line with the guidelines issued by the Department of Public Enterprises vide Office Memorandum No. 3(9)/2010-DPE(MoU) dated 20.9.2011.

As per the SD guidelines of DPE, a minimum of ₹ 50 lakh plus 0.1% of profit after tax exceeding ₹ 100 crore of the previous year will be allocated for SD Projects / Activities. The Company had allocated ₹ 0.5 crore plus 0.1% of previous year's profit after tax amounting to

₹ 1.13 crore in the year 2012-13. The unspent amount of ₹ 0.77 crore has been appropriated from profits as SD reserve.

(c) The Company has formulated a Research & Development (R&D) policy in line with the guidelines issued by the Department of Public Enterprises vide Office Memorandum No. 3(9)/2010-DPE(MoU) dated 20.9.2011.

As per the R&D guidelines of DPE, a minimum of 0.5 % of PAT of the previous year will be allocated for R&D projects / Activities. The Company had allocated 0.5% of previous year's profit after tax amounting to ₹ 3.15 crore in the year 2012-13. The unspent amount of ₹ 0.0002 crore has been appropriated from profits as R&D Reserve.

23) **Additional Disclosure requirement as per NHB Directions**

(a)

	Particulars	31.3.2013	31.3.2012
i)	CRAR (%)	23.24	31.37
ii)	CRAR - Tier I capital (%)	23.24	31.37
iii)	CRAR - Tier II Capital (%)	0.00	0.00

(b) **Exposure to Real Estate Sector**

(₹ in crore)

		Category	2012-2013	2011-2012
a)	**Direct exposure**			
	(i)	Residential Mortgages –		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans more than ₹15 lakh)	27.04	30.80
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh)	189.67	222.84
		Total	216.71	253.64
	(ii)	Commercial Real Estate –		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	5013.08	5723.29
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	0.00	0.00
		(a) Residential	0.00	0.00
		(b) Commercial Real Estate	0.00	0.00
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		0.00	0.00

(c) **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities as on 31.3.2013 :

(₹ in crore)

	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	771.86	211.67	287.28	769.13	1266.86	826.49	134.60	0.00	0.00	0.00	4267.89
Market Borrowings	559.75	13.80	24.63	1082.29	378.96	2292.45	2254.80	295.82	4782.77	2914.35	14599.62

	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Assets											
Advances	260.17	511.81	258.75	895.56	1843.28	7103.43	4820.53	3689.05	3398.44	1729.54	24510.56
Investments	0.00	0.00	0.00	0.00	0.00	200.00	200.00	270.00	0.00	13.98	683.98

24) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for current year.

(b) Figures in rupees have been rounded off to crore without decimals except where specifically indicated.

Annual Accounts 2011-12

1) Contingent Liabilities and other commitments not provided for :

(a)

(₹ in crore)

		2011-2012	2010-2011
i.	Claims of Contractors not acknowledged as debts	5.69	9.16
	Counter claims of the Company	0.63	0.88
ii.	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	31.61
iii.	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid ₹ 245.37 crore (previous year ₹ 229.67 crore) under protest	272.96	276.29
iv.	Disputed Service tax demands against which Company has gone in appeal. The Company has paid ₹ 2.49 crore (previous year ₹ 0.25 crore) under protest	4.56	4.95
v.	Counter claims of various parties for damages against Company's claim in Civil Courts	0.00	0.39

(b)

(₹ in crore)

		2011-2012	2010-2011
i.	Estimated amount of commitments remaining to be executed on capital account	31.51	18.13
ii.	Estimated amount of other commitments on account of maintenance of HUDCO Flats	1.66	-

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc., because in this case HUDCO is only working as an agent. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus fund account, being maintained separately.

(b) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs & Employment, MoUA&E (now Ministry of Urban Development, MoUD) in year 1989-90 vide minutes dated 7.9.1995, MoUA&E has agreed to pay interest @ 17% p.a on the expenditure incurred on the Andrewsganj Project alongwith 1.5% administrative charges. As per Perpetual Lease Deed dated 4.7.1997, the Company is liable to make available Net Resources from the development and disposal of properties of the project to the above Ministry and accordingly the Company was crediting interest on Net Resources generated on the project upto 3.11.2004 and thereafter a separate No Lien account has been opened under the name of HUDCO AGP Surplus Account into which the surplus lying to their credit had been deposited and interest accrued / earned on No Lien Account is being credited to that account. MoUD has intimated in 2001 that the Company cannot pass on the financial liability to the Government on account of disputes with allottees at community centre properties. However, the Company has represented that as per Perpetual Lease Deed, the Company is liable to make available "Net Resources Generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes together with HUDCO's administrative expenses and interest on amount spent by HUDCO from its own fund have to be debited to this project because being an agent there is no financial liability of the Company. Company's above contention recognizing it only as an agent and as such total ownership rights and responsibilities are of Government of India and there is no financial liability of the Company has been upheld by the opinion of Shri GE Vahanvati as Solicitor General of India dated 12th April, 2005 and as Attorney General of India vide his opinion dated 19th August, 2009 wherein he has opined as under:-

"I am of the opinion that it is not open to the Ministry of Urban Development to contend that they had nothing to do with the development of Hotel Site or that HUDCO was not its agent.

The protracted dispute between the two Ministries is leading to mounting interest which is being added to the amount of the decree. This is a matter which therefore, has to be resolved on a mutually acceptable basis and the Ministry of Urban Development should accept its liabilities as the land owner".

The opinion has also been duly endorsed by the then Law Secretary and Law Minister of Government of India. Keeping in view this, HUDCO has been making payments / settling claims on Ministry's behalf and accounting them through above HUDCO AGP Surplus Account. As on 31.3.2012, this account has a debit balance of ₹ 204.87 crore which represents amounts paid by HUDCO on behalf of government for the capital and revenue expenditures on above project over and above the recoveries to this account and cumulative interest on excess of expenditure over recoveries of ₹ 15.02 crore (upto 31.3.2012) which includes prior period interest income of ₹ 8.49 crore at the rate of 10.75% per year charged with reference HUDCO's Board decision in 459th meeting on aforesaid excess payment made by HUDCO, which is recoverable from the above Ministry. The Ministry has been informed in specific of the above facts and figures on various occasions through correspondence as also in the meetings, however, any specific denial/confirmation from the Ministry has not received yet. The Company in its aforesaid capacity of agent to the Government of India is in possession of real estate properties (9 guest houses blocks and hotel site) which command much higher realizable market value sufficient to recover aforesaid amount of ₹ 204.87 crore. The Ministry of Urban Development, Government of India in recognition of above facts together with its liability is taking effective steps to increase recovery into this account by generating revenues by renting out the litigated properties etc.

(c) An amount of ₹ 17.98 crore (50% of the total property tax claimed by MCD)was initially deposited by HUDCO with Municipal Corporation of Delhi (MCD) on account of property tax of Andrews Ganj Project for the period upto 4.7.1997, although there was no liability of payment of property tax on HUDCO since the property belongs to Union of India. The Hon'ble Supreme Court decided the case in favour of HUDCO as such, the entire amount along with interest is recoverable from MCD. Out of the above an amount of ₹ 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4.7.1997. As per opinion of Solicitor General of India no property tax is payable by HUDCO on the land owned by Government of India. Further, Contempt petition of HUDCO is pending against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of ₹ 27.92 crore towards payment of property tax beyond 4.7.1997 in their counter claims as against ₹ 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO has filed rejoinder affidavit to the counter affidavit filed by MCD.

The matter was last listed on 13.7.2011 on which the Hon'ble Supreme Court directed that both the parties being the statutory Government Organizations and as the dispute is pending in Court for more than a decade it is desirable to settle their dispute by way of an amicable negotiation at the earliest by officials at the higher level for which the court adjourned the matter.

Pursuant to the directions of the Hon'ble Court a joint meeting was held on 1.3.2012 which was attended by top managerial level officials of HUDCO and MCD. As decided in the meeting HUDCO vide its letter dated 6.3.2012 to MoUD sought directions of MoUD for making up to date payment of service charges, as payable by Government for other Government properties. The directions of MoUD in the matter are still awaited, a reminder letter has been sent on 14.6.2012 in order to expedite the decision of MoUD in the matter.

The issue of payment of property tax was also followed up by MCD with MOUD vide its letter dated 27.3.2012 for its directions to HUDCO to pay property tax (service charges) dues on Andrewsganj project to MCD

The matter was listed on 27.4.2012, however MCD moved an application for seeking adjournment, which was allowed by the court. Now the matter will be listed in due course in Supreme Court.

(d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) now known as Hotel Leela Venture Ltd. However, MSSEL started litigation regarding hotel site which is still continuing at the appellate stage in the court of ADJ, Saket, New Delhi. Allotment in favour of LHL was also cancelled due to non-payment of 3rd and final installment by LHL on 12.7.1999 as per terms of allotment, 50 percent of the amount deposited, by LHL was forfeited and balance amount of ₹ 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award was upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of ₹ 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus Account and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi was also dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court had admitted HUDCO's SLP and stayed the recovery of interest amount. However, the Hon'ble Supreme Court had directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company had accordingly deposited ₹ 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as ₹ 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing was payable after the last payment of ₹ 48.09 crore. The amount paid by HUDCO was calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court ordered that HUDCO should make the payment by adjusting the amount paid first towards interest then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum of ₹ 50.54 crore debiting the amount to Andrews Ganj Surplus Account with execution court to avoid future liability.

Division Bench vide its order dated 20.7.2009 expressed the view that calculation made by Leela Hotels Ltd. is not correct and allowed the appeal filed by HUDCO by upholding interalia, that amount of ₹ 89 crore paid by HUDCO be adjusted towards principal amount.

The amount claimed by Leela Hotels Ltd. as on 15.10.2009 even in terms of Division Bench order dated 20.7.2009 is ₹ 107.91 crore. Against the order of Division Bench Leela Hotels filed an SLP before Supreme Court of India.

The Execution Court i.e. Delhi High Court vide its order dated 28.10.2009 had ordered that , the amount of ₹ 50.54 crore paid to the decree holder (Leela Hotels) as per order dated

15.5.2009 to be deposited by the decree holder in the Registry of this Court within a period of five weeks from 28.10.2009. Thereafter, this Court would consider the rival submissions advanced by both the parties including the issue of interest payable by the decree holder to the Judgment debtor (HUDCO) on the amount directed today to be refunded. As and when the said amount is deposited by the decree holder, the Registry is directed to make a short-term fixed deposit of 45 days.

After the Order of Executing Court dated 28.10.2009, M/s. Leela filed stay application in the Hon'ble Supreme Court on 6.11.2009. Application came up for hearing on 10.11.2009. After hearing both the parties, Hon'ble Supreme Court granted interim stay against the order of Division Bench of Delhi High Court.

Hon'ble Supreme Court delivered judgment on 15.11.2011 whereby it has allowed the SLP filed by Leela Hotel Ltd. and set aside the Division Bench Order dated 20.7.2009 and the Order dated 19.11.2008 of the Ld. Single Judge which had directed HUDCO to make payment to Leela hotels as per their calculations, is restored. Thus HUDCO was required to make payment to Leela Hotels Ltd. as per order of Single Judge. Thereafter, Leela Hotels Ltd. has filed execution application in the Delhi High Court for recovery of ₹ 154.41 crore alongwith further interest @ 15% p.a. till date of payment.

A Review Petition was filed by HUDCO before the Hon'ble Supreme Court of India on 15.12.2011 and the same has been dismissed thereafter. HUDCO has made a payment of ₹ 146.76 crore on 22.2.2012 to Leela Hotels Ltd. debiting to AGP Surplus Account as per its calculation and as per court order dated 25.1.2012 after obtaining opinion of dealing counsel and Attorney General of India. Now the execution petition is listed for further hearing on 30.7.2012. Final payment by HUDCO shall be done after final order of the court regarding calculation of concerned parties.

(e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint. The applications came up hearing on 24.5.2010 before Delhi high court whereby the application u/o. 39 R. 4, CPC was pressed for hearing for vacation / modification of the interim order dated 23.2.1998 operating against the parties. Court held that no cause of action has been made for altogether complete vacation of interim order. The earlier order passed in appeal dated 17.12.2003 ought to be enforced in so as it allows HUDCO to lease out the suit property. Court directed HUDCO to implement the said order and call out for application for leasing the suit property by publishing public notice. In terms of the order, the application u/o. 39 R.4 stands disposed off. Further, HUDCO to file affidavit in compliance of Order 11 Rule 12 seeking discovery and production of documents. Admission and denial of MSSEL documents have also been completed.

However, MSSEL has filed further documents for admission and denial by HUDCO. Meanwhile MS Shoes east Ltd. has filed four Interim Applications (IAs) viz. for day to day trial of the suit; for bringing on record the additional documents; for striking off the defence and the last one is regarding some discrepancy in exhibiting the earlier documents by HUDCO. Reply to the two applications regarding day to day trial and for bringing on record the additional documents have been filed by HUDCO in consultation with our dealing advocate. MSSEL is required to file rejoinder to the replies to HUDCO. Meanwhile, HUDCO has carried out the marking of exhibit of some documents which were left out. The IA for this purpose has been disposed off. For other IAs 3.9.2012 has been fixed by Joint

Registrar (High Court) for arguments. The matter before High court is also listed on 2.7.2012 for arguments on the application u/o 23 Rule 1(4) filed by HUDCO for rejection of plaint.

(f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay ₹ 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately ₹ 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of ₹ 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. As per court order, HUDCO has filed the arbitral records. Now 12.7.2012 has been fixed up for further proceedings.

(g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of ₹ 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f. from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. The Learned High Court on 10.5.2012 has set aside the arbitration award dated 21.7.2006 and has further held that APIL was liable to pay ground rent to HUDCO from date of possession of shopping arcade (i.e. November, 1995). HUDCO has filed caveat in the High Court as APIL may file appeal. Execution petition for recovery will be filed soon.

3) (a) The Company has procedure for seeking confirmation of outstanding balances at each quarter end from all the borrowers except cases under litigation. Confirmation of balances covering approximately 89% in value of the total project loan outstanding have been received from the borrowers. However, in those cases where agencies have informed different balances, the reconciliation is under process.

(b) The provision on loans as per NHB norms has increased by ₹ 352.19 crore during the year which stood at ₹ 977.97 crore as on 31.3.2012 (as against ₹ 625.78 crore as on 31.3.2011).

The Company has been making additional provision of NPA beyond NHB norms. The above adhoc provision stood at ₹ 315 crore on 31.3.2012 (Previous Year ₹ 630 crore). The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & Procedural delays in repayment from Government agencies. The total NPA provision made by Company is ₹ 1292.97 crore as on 31.3.2012 (against ₹ 1255.78 crore as on 31.3.2011).

(c) The default resolution package with M/s. Cochin International Airport Ltd. (CIAL) was approved by HUDCO's Board on 17.2.2012. The payments as per default resolution package have been received from CIAL as on 31.3.2012. As per default resolution package shares of ₹ 10 crore of CIAL were to be allotted to HUDCO. The equity share allotment of shares of ₹ 10 crore (1 crore equity shares fully paid up of CIAL of ₹ 10 each) of CIAL has been approved by Extra Ordinary General Meeting of CIAL held on 31.3.2012. However, shares certificates for above shares will be issued to HUDCO after submission of joint compromise petition before the Subordinate Judge's Court, Ernakulam. Till the formalities for joint comprise petition are concluded, the said amount of ₹ 10 crore being the value of equity shares has been shown as loan to CIAL in the loan accounts book of HUDCO and the necessary provision on the loan as per NHB norms has been made thereon.

4) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :

(a) Equitable Mortgage of the property and / or

(b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

5) Utilization of Issue proceeds - Public Issue of Tax-free bonds :

As per the Shelf/ Tranche prospectus, the funds of ₹ 4684.72 crore raised through the Issue are to be utilized towards lending purposes, augmenting the resource base of our Company and other operational requirements. Accordingly, the position of utilization of issue proceeds transferred to Company's current account on 20.3.2012 is as under :

(₹ in crore)

(A)	Total Issue proceeds – Secured Tax-free Bonds	4684.72
(B)	Utilized towards lending purposes, augmenting the resource base of our Company and other operational requirements during the period 20.03.2012 to 31.03.2012	3080.69
(C)	Pending utilization, balance amount invested temporarily in deposits with Banks	1604.03

6) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:

(a) The Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust and the provident fund scheme additionally requires the Company to guarantee the payment of interest at rates notified by the Central Government from time to time. The fair value of the assets of the Provident Fund as at 31.3.2012 is higher than the obligation under the defined contribution plan. Accordingly on actuarial valuation of provident fund the provision made in the previous year has been reversed by ₹ 5.21 crore at the end of the year as on 31.3.2012.

(b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.

(c) The summarized position of various defined benefit schemes recognised in the Statement of Profit & Loss, Balance Sheet and the funded status are as under:

(₹ in crore)

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
			EL		HPL			
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. Component of Employer Expenses								
a. Current Service Cost	1.47	1.36	1.05	0.97	0.52	0.46	2.29	2.26
b. Interest Cost	2.14	1.86	1.39	1.12	0.69	0.54	4.48	3.87
c. Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d. Unrecognized Past service cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. Expected return on plan assets	(3.01)	(2.59)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
f. Actuarial (Gain) / Loss	(0.68)	2.80	0.36	2.57	0.16	1.58	3.41	4.15
g. Recognised in the Statement of Profit & Loss.	(0.09)	3.43	2.80	4.67	1.36	2.58	10.17	10.28
2. Net Asset / (Liability) recognised in Balance Sheet as								

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
			EL		HPL			
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
at 31.3.2012								
a. Present value of Obligation as at 31.3.2012	28.57	27.01	18.53	17.64	9.40	8.61	71.84	63.17
b. Fair Value of plan assets as at 31.3.2012	35.03	31.33	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
c. Liability / (Assets) recognised in Balance Sheet	(6.46) *	(4.32) *	18.53	17.64	9.40	8.61	71.84	63.17
3. Change in present value of obligation as on 31.3.2012								
Present Value of obligation as at 31.3.2011	27.01	22.75	17.64	14.09	8.61	6.69	63.17	54.45
Current service cost	1.47	1.36	1.05	0.97	0.52	0.46	2.29	2.26
Interest Cost	2.14	1.86	1.39	1.12	0.69	0.54	4.47	3.87
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrecognized Past service cost	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Actuarial (Gain) / Loss	(0.80)	2.65	0.36	2.57	0.16	1.58	3.41	4.15
Benefits Paid	(1.24)	(1.60)	(1.91)	(1.12)	(0.57)	(0.66)	(1.50)	(1.55)
Present Value of obligation as at 31.3.2012	28.58	27.01	18.53	17.64	9.40	8.61	71.84	63.17
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2011	31.33	26.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Expected return on Plan Assets	3.01	2.59	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Company Contribution	2.05	4.32	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	(1.24)	(1.60)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actuarial Gain / (Loss)	(0.12)	(0.16)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Plan Assets as at 31.3.2012	35.03	31.33	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Return on plan assets	2.89	2.43	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Actuarial Assumptions								
Discount Rate (per annum)	8.65	8.30	8.65	8.30	8.65	8.30	8.65	8.30
Expected rate of returns on plan assets (p.a.)	9.40	9.40	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Salary increase rate	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
6. Details of the Plan Assets at cost as on 31.3.2012								
Government of India Securities, Corporate Bonds etc.	0.00	0.00						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of ₹ 6.46 crore (previous year ₹ 4.32 crore) on Gratuity has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2012.

7) (i) National Housing Bank's credit concentration norms states that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.

(ii) NHB vide its letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 has given relaxation from credit concentration norms which is reproduced as under:

"The Bank after taking into consideration the role envisaged for HUDCO by the Ministry of Housing & Urban Poverty Alleviation, in terms of the MOU signed between HUDCO and the

Ministry, it has been decided to grant permission to HUDCO for lending upto 50% of its Net Owned Fund (NOF) to the Government Agencies (under individual borrower exposure) only for housing and housing related infrastructure and upto 100% of its NOF to the individual State Governments (under group exposure). However, the above permission will not be applicable in respect of HUDCO's lending to builders and private parties, and cooperatives, in respect of whom, the extant provisions of the Directions will continue to apply."

(iii) Towards effective implementation of the above relaxation and for appropriate reporting, the Board of Directors of HUDCO in its meeting No.498 held on19.3.2012 approved the categorization of projects as housing and housing related infrastructure and others.

(iv) The Company is complying with National Housing Bank's credit concentration norms in respect of loans to Private Sector Agencies. However, in case of loans to State Governments / State Governments agencies the said norms have been relaxed to HUDCO by NHB vide letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 as stated above and these have been complied with except in two cases.

8) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.

9) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.

10) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.

11) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.

12) The Company makes full provision on doubtful debtors / receivables and advances which are outstanding for more than three years.

13) The Company has proposed final dividend of ₹ 140.01 crore at the rate of ₹ 69.94 per share of ₹ 1000 each, which is payable to Government of India, subject to approval of same by shareholders in annual general meeting.

14) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Note No. A-22 of the Statement of Profit & Loss. Further, there is no financial lease as Company's leasing arrangements does not transfer substantially all other risks & rewards incidental to the ownership of an asset.

15) **Details of Expenditure / Earnings in foreign currency :**

(₹ in crore)

Particulars	2011-2012	2010-2011
Expenditure		
a) Traveling & Entertainment	0.08	0.04
b) Others	0.00	0.00
c) Interest on foreign loan	8.03	6.82
Total Expenditure	**8.11**	**6.86**
Earnings		
a) Interest on foreign deposit	1.58	1.86

16) **Earnings Per Share:**

Particulars	Year ended 31.3.2012	Year ended 31.3.2011
Net Profit for the year attributable to equity shareholders (₹ in crore) (a)	630.33	550.03
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of ₹ 1000/- each (₹) (a / b)	314.87	274.75

17) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) HOUSING FINANCE BUSINESS:

Loans :

(₹ in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011	2011-2012	2010-2011
Standard (considered good)	5,863.30	5,403.79	41.52	9.84	50.00	245.00
Sub-standard Assets	43.77	80.90	6.57	8.09		
Doubtful Assets	362.63	380.76	326.86	173.13		
Loss Assets	30.14	67.48	30.14	67.48		
Total	6,299.84	5,932.93	405.09	258.54	50.00	245.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011	2011-2012	2010-2011
Standard (considered good)	16,401.50	14,566.44	77.48	58.26	265.00	385.00
Sub-standard Assets	503.08	160.88	75.46	16.08		
Doubtful Assets	574.86	440.70	416.17	196.02		
Loss Assets	3.77	96.88	3.77	96.88		
Total	17,483.21	15,264.90	572.88	367.24	265.00	385.00
Grand Total (1) + (2)	23,783.05	21,197.83	977.97	625.78	315.00	630.00

(3) Investments:

Particulars	Principal outstanding		Provision As per Norms	
	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.40	2.40	0.39	0.39
Bonds	1,220.00	1,295.00	0.00	0.00
Total	1,227.37	1,302.37	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

18) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of ₹. 520/- per month.

19) **Related parties Disclosure :**

(a) Joint Ventures

(1) Shristi Urban Infrastructure Development Ltd.

(2) Pragati Social Infrastructure & Development Ltd.

(3) MCM Infrastructure Pvt. Ltd.

(4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2011-2012 :

Sl. No.	Director(s)	Status
1.	Shri V P Baligar,	Chairman & Managing Director (Whole time Director) (from 11.4.2011)
2.	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004 to 29.9.2011)

(c) Transactions with Joint Ventures :

(₹ in crore)

Proportion of ownership	40%	26%			
Nature of Transactions	**Shristi Urban Infrastructure Development Ltd.**	**Pragati Social Infrastructure & Development Ltd.**	**MCM Infrastructure Pvt. Ltd.**	**Signa Infrastructure India Ltd.**	**Total**
Investments					
Balance as at 31.3.2011	2.00	0.13	0.26	0.013	2.403
Additions during the year	0.00	0.00	0.00	0.00	0.00
Balance as at 31.3.2012	2.00	0.13	0.26	0.013	2.403

(d) Transactions with Key Management Personnel :

Repayment of staff loan and interest of ₹ NIL (Previous Year ₹ 0.007 crore of Ex-CMD Sh. K. L. Dhingra) to the Company .

(e) Managerial Remuneration :

(₹ in crore)

Particulars	Shri V P Baligar, CMD		Shri T. Prabakaran, DF		Shri S. K. Tripathi, Ex-DCP		Shri K. L. Dhingra, Ex-CMD	
	2011-12	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**	**2011-12**	**2010-11**
Salaries	0.149	0.000	0.074	0.137	0.005	0.087	0.000	0.003
Contribution to PF	0.000	0.000	0.009	0.018	0.000	0.000	0.000	0.002
Perquisites and other allowances	0.020	0.000	0.033	0.312	0.049	0.012	0.000	0.000
Total	0.169	0.000	0.116	0.467	0.054	0.099	0.000	0.005

20) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (₹ in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	**2.403**			

(b) **Proportionate Assets & Liabilities :**

(₹ in lakhs)

	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	**Un audited as at 31.3.2012**	**Audited as at 31.3.2011**	**Un audited as at 31.3.2012**	**Audited as at 31.3.2011**	**Un audited as at 31.3.2012**	**Audited as at 31.3.2011**	**Un audited as at 31.3.2012**	**Audited as at 31.3.2011**
Fixed Assets	0.79	1.11	6.84	7.02	0.00	0.00	0.07	0.08
Investments	120.00	120.00	63.55	63.55	0.00	0.00	0.00	0.00
Deferred Tax Assets	0.28	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans and Advances	165.89	132.71	0.18	0.18	11.52	10.53	24.46	22.57
Statement of Profit & Loss (Debit Balance)	0.00	0.00	19.54	16.99	0.00	0.00	0.00	0.00
Share of Total Assets	286.96	253.97	90.11	87.74	11.52	10.53	24.53	22.65
Reserves & Surplus	12.91	12.84	0.00	0.00	-14.52	-15.51	8.95	6.45
Current Liabilities and Provisions	74.04	41.13	8.06	5.74	0.04	0.04	14.26	14.89
Loans Funds	0.00	0.00	69.05	69.00	0.00	0.00	0.00	0.00
Deferred Tax Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.01
Share of Total Liabilities (excluding Reserves & Surplus)	74.04	41.13	77.11	74.74	0.04	0.04	14.28	14.90
Operations Income	66.48	93.00	0.00	0.00	0.27	0.00	23.73	19.26
Other Income	0.12	0.02	0.00	3.10	0.82	0.61	0.07	0.05
Total Income	66.60	93.02	0.00	3.10	1.10	0.61	23.80	19.31
Share of Expenses	66.30	89.99	2.55	3.01	0.11	0.09	21.00	16.65
HUDCO's share in contingent liability of JV Co.	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
Contingent liability for jointly controlled Company incurred by HUDCO	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**
Capital Commitment	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**	**Not available**

21) **Additional Disclosure requirement as per NHB Directions**

(a) **Capital to Risk Assets Ratio (CRAR)**

	Particulars	31.3.2012	31.3.2011
i)	CRAR (%)	31.37	39.81
ii)	CRAR - Tier I capital (%)	31.37	39.81
iii)	CRAR - Tier II Capital (%)	0.00	0.00

(b) **Exposure to Real Estate Sector**

(₹ in crore)

		Category	2011-2012	2010-2011
a)	**Direct exposure**			
	(i)	Residential Mortgages –		
		Lending fully secured by mortgages on residential property	30.80	32.20

		Category	2011-2012	2010-2011
		that is or will be occupied by the borrower or that is rented; (Individual housing loans more than ₹15 lakh)		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh)	222.84	264.38
		Total	253.64	296.58
	(ii)	Commercial Real Estate –		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	5723.29	5947.38
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	0.00	0.00
		(a) Residential	0.00	0.00
		(b) Commercial Real Estate	0.00	0.00
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		0.00	0.00

(c) **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities as on 31.3.2012 :

(₹ in crore)

	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	1357.84	29.92	175.72	553.51	934.13	2451.37	631.44	0.00	0.00	0.00	6133.93
Market Borrowings	120.78	1055.76	219.83	96.36	1696.75	2415.66	2604.73	238.11	404.51	3836.05	12688.54
Assets											
Advances	59.35	544.42	298.15	943.08	1856.74	6620.68	4459.74	2962.44	2815.80	1929.69	22490.09
Investments	0.00	0.00	0.00	0.00	410.00	140.00	200.00	200.00	270.00	3.98	1223.98

22) (a) Till the year ended 31March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. Consequently, the Company has reclassified previous year figures to conform to this year's classification.

(b) Figures in rupees have been rounded off to crore without decimals except where specifically indicated.

Annual Accounts 2010-11

1) Contingent Liabilities not provided for :

(Rs. in crore)

		2010-2011	2009-2010
A	Claims of Contractors not acknowledged as debts	9.16	10.32
	Counter claims of the Company	0.88	1.06
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	28.99
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs.229.67 crore (previous year Rs. 223.88 crore) under protest	276.29	256.31
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 0.25 crore (previous year Rs. 0.04 crore) under protest	4.95	4.15
E	Counter claims of various parties for damages against Company's claim in Civil Courts	0.39	142.51
F	Estimated amount of commitments remaining to be executed on capital account	18.13	15.89

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus funds.

(b) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs (MOUA). As per perpetual lease deed, the Company is liable to make available net resources from the development and disposal of properties of the project to the Ministry and accordingly the Company was paying interest on net resources generated on the project upto 3.11.2004 and thereafter a separate no lien account has been opened under the name of HUDCO AGP Surplus Account into which the surplus lying to their credit had been deposited and interest accrued / earned on no lien account is being credited to that account. MOUD has intimated that the Company cannot pass on the financial liability to the Government on account of disputes. However, the Company has represented that as per perpetual lease deed, the Company is liable to make available "net resources generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes have to be debited to this project and as such there is no liability of the Company.

(c) An amount of Rs. 17.98 crore was initially deposited with Municipal Corporation of Delhi (MCD) on account of property tax of Andrews Ganj Project for the period upto 4.7.1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore along with interest amounting to Rs. 24.47 crore is recoverable from MCD upto 31.3.2011, out of_which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4.7.1997. In case of any demand from MCD after 4.7.1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on the land owned by Government of India. Further, HUDCO filed Contempt petition against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of Rs. 27.92 crore as againstRs. 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO has filed rejoinder affidavit to the counter affidavit filed by MCD. The matter is now fixed for final hearing on 13.7.2011.

(d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) erstwhile (M/s. Leela Hotel and Convention Center) now known as Hotel Leela Venture Ltd. subject to the final outcome of the decision of Hon'ble Additional District Judge on the suit filed by MSSEL. At present, the matter is sub-judice before Tis Hazari Court, Delhi. The possession of the hotel site and car parking space, which was handed over to LHL, has been taken back by the Company because of cancellation as per allotment terms due to non-payment of 3^{rd} and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum of Rs. 50.54 crore with execution court with the approval of competent authority to avoid future liability.

Division Bench vide its order dated 20.7.2009 expressed the view that calculation made by Leela Hotels Ltd. is not correct and allowed the appeal filed by HUDCO by upholding interalia, that amount of Rs. 89 crore paid by HUDCO be adjusted towards principal amount.

The amount claimed by Leela Hotels Ltd. as on 15.10.2009 even in terms of Division Bench order dated 20.7.2009 is Rs. 107.91 crore. Against the order of Division Bench Leela Hotels has filed an SLP before Supreme court of India.

The Execution Court i.e. Delhi High Court vide its order dated 28.10.2009 had ordered that , the amount of Rs. 50.54 crore paid to the decree holder (Leela Hotels) as per order dated 15.5.2009 to be deposited by the decree holder in the Registry of this Court within a period of five weeks from 28.10.2009. Thereafter, this Court would consider the rival submissions advanced by both the parties including the issue of interest payable by the decree holder to the Judgment debtor (HUDCO) on the amount directed today to be refunded. As and when the said amount is deposited by the decree holder, the Registry is directed to make a short-term fixed deposit of 45 days.

After the Order of Executing Court dated 28.10.2009, M/s. Leela filed stay application in the Hon'ble Supreme Court on 6.11.2009. Application came up for hearing on 10.11.2009. After hearing both the parties, Hon'ble Supreme Court granted interim stay against the order of Division Bench of Delhi High Court. The SLP is coming up for final disposal on 12.7.2011. The Delhi High Court has stayed the execution proceedings *sine die* keeping in view the pendency of aforesaid SLP.

(e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint. The applications came up hearing on 24.5.2010 before Delhi high court whereby the application u/o. 39 R. 4, CPC was pressed for hearing for vacation / modification of the interim order dated 23.2.1998 operating against the parties. Court held that no cause of action has been made for altogether complete vacation of interim order. The earlier order passed in appeal dated 17.12.2003 ought to be enforced in so as it allows HUDCO to lease out the suit property. Court directed HUDCO to implement the said order and call out for application for leasing the suit property by publishing public notice. In terms of the order, the application u/o. 39 R.4 stands disposed off. Further, HUDCO to file affidavit in compliance of Order 11 Rule 12 seeking discovery and production of documents within 6 weeks. Parties are directed to file original documents if any, within 4 weeks. The applications of HUDCO are fixed for hearing on 29.7.2011 before Delhi High Court. The Admission / Denial of the documents in person by the officers of HUDCO are to be done before Joint registrar Delhi High Court on 25.8.2011.

(f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately Rs. 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. The Other miscellaneous petition of HUDCO will be listed as a regular matter and will come up for hearing in due course of time.

(g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of Rs. 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in 24 monthly installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non-payment of Ground Rent and interest thereof by APIL from October, 2003 onwards. Company Petition has been filed in May, 2006. HUDCO's Advocate has filed written synopsis in the matter. Pleadings are complete in the matter. Now the Company Petition u/s. 433 & 434 of Companies Act filed by HUDCO is coming up for final disposal on 4.7.2011.

3) Debentures / Bonds / PDS aggregating to Rs. 29.60 crore towards interest and principal (Previous Year Rs. 32.84 crore) were due and unclaimed as on 31.3.2011. During the year no unclaimed amount which is required to be transferred to "Investor Education and Protection Fund" after completion of statutory period of seven years is due for transfer (Previous Year also Rs. NIL crore). However, an old amount of Rs. 1.13 crore which is required to be transferred after completion of statutory period of seven years has also not been transferred due to the instructions of the Judiciary.

4) (a) The Company has procedure for seeking confirmation of outstanding balances at each quarter end from all the borrowers except cases under litigation. Confirmation of balances covering approximately 86% in value of the total project loan outstanding have been received from the borrowers. However, in those cases where agencies have informed different balances, the reconciliation is under process.

(b) The NPA provision as per NHB norms has been reduced by Rs. 2.21 crore during the year which stood at Rs. 625.78 crore as on 31.3.2011 (as against Rs. 627.99 crore as on 31.3.2010).

During the year the Company has made an additional provision of Rs. 30 crore resulting in cumulative additional provisioning of Rs. 630 crore (Previous Year Rs. 600 crore) over and above NHB Norms. The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & Procedural delays in repayment from Government agencies.

The total NPA provision made by Company is Rs. 1255.78 crore as on 31.3.2011 (against Rs. 1227.99 crore as on 31.3.2010).

(c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an package loan agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15.9.2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed in HUDCO's favour in 2008. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, Delhi wherein the Hon'ble High Court vide order dated 23.12.2009 has disposed off the Writ Petition against HUDCO. Aggrieved by the Order of Hon'ble Division Bench of Delhi High Court, HUDCO preferred SLP (No. 3836 / 2010) before Hon'ble Supreme Court thereby challenging the said order of Delhi High Court mainly on the ground that the High Court has not considered the Law laid down by the Apex Court i.e. the definition of "debt" shall be taken in its widest amplitude to mean any liability. However, the Hon'ble Supreme Court has not admitted the aforesaid SLP filed by HUDCO.

Upon dismissal of SLP by Hon'ble Supreme Court, HUDCO, as per the legal advice has now filed the Review Application before High Court of Delhi on 15.3.2010 in Civil Writ Petition No. 6531 / 2008 with prayers to review/modify the judgment/order dated 23.12.2009 to the extent that prayer 6(b) and 6(c) regarding alternate prayer for money decree of Rs. 780 crore being the market value of the shares and money decree of Rs. 2.28 crore being the balance loan dues respectively and other prayers made in OA No. 10 / 2006 will remain pending and be adjudicated by DRT, Delhi in accordance with law and also direct the DRT, Delhi to immediately pay / release the aforesaid balance loan amount of Rs. 2.28 crore alongwith further interest thereon out of the amount lying deposited by CIAL with DRT, Delhi.

The aforesaid Review Application came up for hearing on 23.7.2010, after hearing the arguments of both sides the Hon'ble bench reserved its judgement which is still pending.

In view of the limitation aspect, a Civil Suit for specific performance of contract for issuing shares etc has been filed by HUDCO against CIAL on 30.10.2010 before the Hon'ble Principal Sub-Court, Ernakulam. HUDCO's Interim Application for obtaining an injunction against CIAL alienating the shares, has been allowed. The Hon'ble Court disposed off the IA No 46/2011 filed by CIAL on limitation aspect, upholding that the suit filed by HUDCO is not barred by limitation. Aggrieved by this decision of the Sub-Court, CIAL has filed Writ Petition in the High Court of Kerala and accordingly, the proceedings before the Civil Court has been stayed till 04.07.2011.

The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2011 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequnum period.

Till the conclusion of the DRT Delhi proceedings the loan has been classified as NPA and necessary provision has been made as per NHB norms.

5) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :

(a) Equitable Mortgage of the property and / or

(b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

6) The Company has continued the practice of restating monetary assets / liabilities in foreign currency at the exchange rate (RBI reference rate) as on the date of Balance Sheet. Accordingly a foreign currency fluctuation loss of on account of interest payments / provision as on 31.3.2011 is Rs. 9.61 crore (Actual loss Rs. 3.08 crore and notional loss of Rs. 6.53 crore). In the previous year there was a Foreign currency fluctuation profit of Rs. 75.16 crore (Actual Rs. 38.84 crore and notional Rs. 36.32 crore).

7) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:

(a) The Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident Fund including the returns of the assets thereof, as at 31.3.2011 is less than the obligation under the defined contribution plan. Accordingly a provision of Rs. 13.94 crore on actuarial valuation of Provident Fund has been made as at the year end since the provident fund scheme additionally requires the Company to guarantee the payment of interest at rates notified by the Central Government from time to time.

(b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.

(c) The summarized position of various defined benefit schemes recognised in the Profit & Loss Account, Balance Sheet and the funded status are as under:

(Rs. in crore)

	Gratuity		**Leave Encashment**				**Post Retirement Medical Benefits**	
			EL		**HPL**			
	2010-11	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**	**2010-11**	**2009-10**
1. Component of Employer Expenses								
a. Current Service Cost	1.36	0.98	0.97	0.60	0.46	0.28	2.26	2.91
b. Interest Cost	1.86	1.16	1.12	0.56	0.54	0.28	3.87	3.93
c. Past Service Cost	-	-	-	-	-	-	-	-
d. Expected return on plan assets	(2.59)	(1.74)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
e. Actuarial (Gain) / Loss	2.80	4.62	2.57	5.79	1.58	2.38	4.15	(8.18)
f. Recognised in the P&L A/c.	3.43	5.02	4.67	6.95	2.58	2.94	10.28	(1.34)
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2011								
a. Present value of Obligation as at 31.3.2011	27.01	22.75	17.64	14.09	8.61	6.69	63.17	54.45
b. Fair Value of plan assets as at 31.3.2011	31.33	26.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
c. Liability/ (Assets) recognised in Balance Sheet	(4.32) *	(3.42)	17.64	14.09	8.61	6.69	63.17	54.45
3. Change in present value of obligation as on 31.3.2011								
Present Value of obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
Current service cost	1.36	0.98	0.97	0.60	0.46	0.28	2.26	2.91
Interest Cost	1.86	1.16	1.12	0.56	0.54	0.28	3.87	3.93
Actuarial (Gain) / Loss	2.65	4.04	2.57	5.79	1.58	2.38	4.15	(8.18)
Benefits Paid	(1.60)	(0.06)	(1.12)	(1.70)	(0.66)	(0.44)	(1.55)	(0.78)
Present Value of obligation as at 31.3.2011	27.01	22.75	17.64	14.09	8.61	6.69	63.17	54.45
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2010	26.17	11.91	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual return on Plan Assets	2.43	1.16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Company Contribution	4.32	13.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	(1.60)	(0.06)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Plan Assets as at 31.3.2011	31.33	26.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Actuarial Assumptions								
Discount Rate (per annum)	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30
Expected rate of returns on plan assets (p.a.)	9.40	9.40	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Salary increase rate	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
6. Details of the Plan Assets at cost as on 31.3.2011								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of Rs. 4.32 crore on Gratuity has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2011.

8) The Company is complying with NHB's credit concentration norms in respect of private sector agencies. However, the Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.

Further, NHB vide its letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 has given relaxation from credit concentration norms which is reproduced as under:

"The Bank after taking into consideration the role envisaged for HUDCO by the Ministry of Housing & Urban Poverty Alleviation, in terms of the MOU signed between HUDCO and the Ministry, it has been decided to grant permission to HUDCO for lending upto 50% of its Net Owned Fund (NOF) to the Government Agencies (under individual borrower exposure) only for housing and housing related infrastructure and upto 100% of its NOF to the individual State Governments (under group exposure). However, the above permission will not be applicable in respect of HUDCO's lending to builders and private parties, and cooperatives, in respect of whom, the extant provisions of the Directions will continue to apply."

9) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.

10) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.

11) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.

12) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.

13) The Company makes provision on doubtful debtors and advances which are outstanding for more than three years.

14) During the year the buildings situated at Bhikaji Cama Place, New Delhi which were earlier shown as work completed under the head "Current Assets" have been capitalized, due to that Company has provided depreciation of Rs. 9.61 crore effective from 2002-2003.

15) The Board vide their meeting held on 22.2.2010 has approved a special non – lapsable budget of 3% of the net profit for the year 2009-2010 which would be used for Corporate Governance Social Responsibility (CSR) activities. The Company would maintain a Memorandum Account for the CSR budget and expenses thereon. The Company has incurred an expenditure of Rs. 4.99 crore on CSR activities till 31.3.2011 out of budget of Rs. 14.86 crore.

16) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account. Further there is no financial lease as Company's leasing arrangements does not transfer substantially all other risks & rewards incidental to the ownership of an asset.

17) **Details of Expenditure / Earnings in foreign currency :**

(Rs. in crore)

Particulars	2010-2011	2009-2010
Expenditure		
a) Traveling & Entertainment	0.04	0.04
b) Others	-	-
c) Interest on foreign loan	6.82	8.30
Earnings		
a) Interest on foreign deposit	1.86	4.25

18) **Earnings Per Share:**

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	550.03	495.31
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	274.75	247.42

19) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2011 comprise of the following:-

(Rs. in crore)

Particulars	As at 31.3.2010	During the Year	As at 31.3.2011
Provision on investment	1.13	(0.03)	1.10
Provision for Debtors	0.11	0.45	0.56
Provision on Loans	407.94	(0.44)	407.50
Provision on Jabalpur Earthquake	1.66	(0.04)	1.62
Provision for staff loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	6.90	1.62	8.52
Provision for retirement benefit	18.09	2.41	20.50
Provision for Welfare Expenses	0.08	-	0.08
Provision for LTC	4.86	(1.15)	3.71
Provision for PF Contribution	-	4.52	4.52
43 B Interest Disallowed in current year and claimed in subsequent years	9.03	(0.21)	8.82
Total Assets (A)	**449.98**	**7.13**	**457.11**
Depreciation	5.73	(2.02)	3.71
Special Reserve u/s 36(1)(viii) of Income Tax Act	681.61	53.64	735.25
Total Liabilities (B)	**687.34**	**51.62**	**738.96**
Net deferred tax assets / (liabilities) (A) - (B)	**(237.36)**	**(44.49)**	**(281.85)**

20) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) HOUSING FINANCE BUSINESS:

Loans :

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010	2010-2011	2009-2010
Standard (considered good)	5,403.79	5,739.21	9.84	-	245.00	450.00
Sub-standard Assets	80.90	96.29	8.09	9.63		
Doubtful Assets	380.76	422.07	173.13	182.94		
Loss Assets	67.48	77.99	67.48	77.99		
Total	5,932.93	6,335.56	258.54	270.56	245.00	450.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010	2010-2011	2009-2010
Standard (considered good)	14,566.44	13,254.86	58.26	53.02	385.00	150.00
Sub-standard Assets	160.88	118.60	16.08	11.86		
Doubtful Assets	440.70	507.06	196.02	232.11		
Loss Assets	96.88	60.44	96.88	60.44		
Total	15,264.90	13,940.96	367.24	357.43	385.00	150.00
Grand Total (1) + (2)	21,197.83	20,276.52	625.78	627.99	630.00	600.00

(3) Investments:

Particulars	Principal outstanding		Provision As per Norms	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.39
Bonds	1,295.00	1520.00	-	-
Total	1,302.38	1,527.38	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

21) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

22) **Related parties Disclosure :**

(a) Joint Ventures

(1) Shristi Urban Infrastructure Development Ltd.

(2) Pragati Social Infrastructure & Development Ltd.

(3) MCM Infrastructure Pvt. Ltd.

(4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2010-2011 :

Sl. No.	Director(s)	Status
1.	Shri K. L. Dhingra	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)
2	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)

(c) Transactions with Joint Ventures :

(Rs. in crore)

Proportion of ownership	40%	26%			
Nature of Transactions	**Shristi Urban Infrastructure Development Ltd.**	**Pragati Social Infrastructure & Development Ltd.**	**MCM Infrastructure Pvt. Ltd.**	**Signa Infrastructure India Ltd.**	**Total**
Investments					
Balance as at 31.3.2010	2.00	0.13	0.26	0.013	**2.403**
Additions during the year	-	-	-	-	-
Balance as at 31.3.2011	2.00	0.13	0.26	0.013	**2.403**

(d) Transactions with Key Management Personnel :

Repayment of staff loan and interest of Rs. 0.007 crore (Previous Year Rs. 0.003 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

23) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	**2.403**			

(b) **Proportionate Assets & Liabilities :**

(Rs. in crore)

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010
Fixed Assets	0.01	0.01	0.07	0.07	-	-	-	-
Investments	1.20	1.20	0.63	5.87	0.10	0.09	0.00	0.00
Deferred Tax Assets	-	-	-	-	-	-	-	-
Current Assets, Loans and Advances	1.33	1.43	-	-	-	0.02	0.23	0.18
Profit & Loss Account (Debit Balance)	-	-	0.40	0.17	0.16	0.16	-	-
Share of Total Assets	2.54	2.64	1.10	6.11	0.26	0.26	0.23	0.18
Reserves & Surplus	0.13	0.10	-	-	-	-	0.06	0.04
Current Liabilities and Provisions	0.28	0.56	0.28	0.04	-	-	0.15	0.13
Loans Funds	0.13	-	0.69	5.95	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-
Share of Total Liabilities (excluding Reserves & Surplus)	0.41	0.56	0.97	5.98	-	-	0.15	0.13

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010	Un audited as at 31.3.2011	Audited as at 31.3.2010
Operations Income	0.93	0.87	-	-	-	-	0.19	0.15
Other Income	-	-	2.16	-	0.01	0.01	-	-
Total Income	0.93	0.87	2.16	-	0.01	0.01	0.19	0.15
	-	-	-	-	-	-	-	-
Share of Expenses	0.90	0.84	2.39	0.03	-	-	0.17	0.13
HUDCO's share in contingent liability of JV Co.	**Not available**	**NA**	**Not available**	**NA**	**Not available**	**NA**	**Not available**	**NA**
Contingent liability for jointly controlled Company incurred by HUDCO	Not available	Nil	Not available	Nil	Not available	Nil	Not available	Nil
Capital Commitment	Not available	Nil	Not available	Nil	Not available	Nil	Not available	Nil

24) **Additional Disclosure requirement as per NHB Directions**

(a) **Capital to Risk Assets Ratio (CRAR)**

	Particulars	**31.3.2011**	**31.3.2010**
i)	CRAR (%)	39.81	42.33
ii)	CRAR - Tier I capital (%)	39.81	41.51
iii)	CRAR - Tier II Capital (%)	-	0.81

(b) **Exposure to Real Estate Sector**

(Rs. in crore)

		Category	**Current Year**	**Previous Year**
a)	**Direct exposure**			
	(i)	Residential Mortgages –		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans more than Rs. 0.15 crore)	225.86	237.76
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 0.15 crore)	632.92	754.08
		Total	858.78	991.84
	(ii)	Commercial Real Estate –		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	0.46	0.08
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
		(a) Residential	-	-
		(b) Commercial Real Estate	-	-
b)	**Indirect Exposure**		-	-
	Fund based and non-fund based exposures on National Housing Bank		-	-

	Category	Current Year	Previous Year
	(NHB) and Housing Finance Companies (HFCs)		

(c) **Asset Liability Management**

Maturity pattern of certain items of assets and liabilities as on 31.3.2011 :

(Rs. in crore)

	1day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	274.75	37.00	186.93	436.40	1,262.12	3,474.38	934.06	118.88	139.97	177.11	7,041.60
Market Borrowings	81.37	93.54	114.94	1,026.45	1,710.16	3,486.42	1,374.45	719.73	44.83	85.17	8,737.06
Assets											
Advances	133.95	639.97	231.84	913.54	2,527.77	6,080.66	4,549.76	2,343.69	1,994.13	1,049.28	20,464.59 *
Investments	-	-	-	-	75.00	470.00	280.00	200.00	270.00	3.98	1,298.98

* Including KfW loans amounting to Rs. 7.92 crore and excluding default principal of Rs. 741.16 crore.

25) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for the current year.

(b) Figures in rupees have been rounded off to thousands without decimals except where specifically indicated.

Annual Accounts 2009-10

1) Contingent Liabilities not provided for :

(Rs. in crore)

		2009-2010	2008-2009
A	Claims of Contractors not acknowledged as debts	10.32	8.93
	Counter claims of the Company	1.06	0.75
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	28.99	31.50
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. Out of this, the Company has deposited Rs. 223.88 crore (previous year Rs. 217.99 crore) under protest	256.31	233.31
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 0.04 crore (previous year Rs.31,117)	4.15	1.37
E	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	142.51	309.22
F	Estimated amount of commitments remaining to be executed on capital account	15.89	2.08

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus funds.

(b) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs (MOUA). As per perpetual lease deed, the Company is liable to make available net resources from the development and disposal of properties of the project to the Ministry and accordingly the Company was paying interest on net resources generated on the project upto 3.11.2004 and thereafter a separate no lien account has been opened under the name of HUDCO AGP Surplus Account into which the surplus lying to their credit had been deposited and interest accrued / earned on no lien account is being credited to that account. MOUD has intimated that the Company cannot pass on the financial liability to the Government on account of disputes. However, the Company has represented that as per perpetual lease deed, the Company is liable to make available "net resources generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes have to be debited to this project and as such there is no liability of the Company.

(c) An amount of Rs. 17.98 crore was initially deposited with Municipal Corporation of Delhi (MCD) on account of property tax of Andrews Ganj Project for the period upto 4.7.1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore along with interest amounting to Rs. 22.30 crore is recoverable from MCD upto 31.3.2010, out of_which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4.7.1997. In case of any demand from MCD after 4.7.1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on the land owned by Government of India. Further, HUDCO filed Contempt petition against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of Rs. 27.92 crore as against Rs. 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO has filed rejoinder affidavit to the counter affidavit filed by MCD. The matter is now fixed for final hearing on 1.9.2010.

(d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) erstwhile (M/s. Leela Hotel and

Convention Center) now known as Hotel Leela Venture Ltd. subject to the final outcome of the decision of Hon'ble Additional District Judge on the suit filed by MSSEL. At present, the matter is sub-judice before Tis Hazari Court, Delhi. The possession of the hotel site and car parking space, which was handed over to LHL, has been taken back by the Company because of cancellation as per allotment terms due to non-payment of 3rd and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to

refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum ofRs. 50.54 crore with execution court with the approval of competent authority to avoid future liability.

Division Bench vide its order dated 20.7.2009 expressed the view that calculation made by Leela Hotels Ltd. is not correct and allowed the appeal filed by HUDCO by uphelding interalia, that amount of Rs. 89 crore paid by HUDCO be adjusted towards principal amount.

The amount claimed by Leela Hotels Ltd. as on 15.10.2009 even in terms of Division Bench order dated 20.7.2009 is Rs. 107.91 crore. Against the order of Division Bench Leela Hotels has filed an SLP before Supreme court of India.

The Execution Court i.e. Delhi High Court vide its order dated 28.10.2009 had ordered that , the amount of Rs. 50.54 crore paid to the decree holder (Leela Hotels) as per order dated 15.5.2009 to be deposited by the decree holder in the Registry of this Court within a period of five weeks from 28.10.2009. Thereafter, this Court would consider the rival submissions advanced by both the parties including the issue of interest payable by the decree holder to the Judgement debtor (HUDCO) on the amount directed today to be refunded. As and when the said amount is deposited by the decree holder, the Registry is directed to make a short-term fixed deposit of 45 days.

After the Order of Executing Court dated 28.10.2009, M/s. Leela filed stay application in the Hon'ble Supreme Court on 6.11.2009. Application came up for hearing on 10.11.2009. After hearing both the parties, Hon'ble Supreme Court granted interim stay against the order of Division Bench of Delhi High Court. Now the application of Leela for stay and SLP are likely to be heard on 25.8.2010. The matter before execution court is fixed for 14.9.2010.

(e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint. The applications came up hearing on 24.5.2010 before Delhi high court whereby the application u/o. 39 R. 4, CPC was pressed for hearing for vacation / modification of the interim order dated 23.2.1998 operating against the parties. Court held that no cause of action has been made for altogether complete vacation of interim order. The earlier order passed in appeal dated 17.12.2003 ought to be enforced in so as it allows HUDCO to lease out the suit property. Court directed HUDCO to implement the said order and call out for application for leasing the suit property by publishing public notice. In terms of the order, the application u/o. 39 R.4 stands disposed off. Further, HUDCO to file affidavit in compliance of Order 11 Rule 12 seeking discovery and production of documents within 6 weeks. Parties are directed to file original documents if any, within 4 weeks. The matter is now listed before Registrar on 26.9.2010 and before court on 30.9.2010.

(f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately Rs. 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. The Other miscellaneous petitions of HUDCO will come up for hearing in due course of time.

(g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of Rs. 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in 24 monthly installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non-payment of Ground Rent and interest thereof by APIL from October, 2003 onwards. Company Petition filed in May, 2006. Other miscellaneous petitions are pending in High Court which is likely to come up for hearing in due course of time. Company Petition u/s. 433 & 434 of Companies Act filed by HUDCO is coming up for hearing on 27.9.2010. HUDCO's Advocate has filed written synopsis in the matter.

3) Debentures / Bonds / PDS aggregating to Rs. 32.84 crore towards interest and principal (Previous Year Rs. 46.14 crore) were due and unclaimed as on 31.3.2010. An amount of Rs. NIL crore (Previous Year Rs. 0.016 crore) {excluding sub-judice amount of Rs. 1.13 crore, (Previous Year Rs. 1.13 crore)} which is unclaimed for a period of seven years from the due date of interest payment has since been deposited in "Investor Education and Protection Fund".

4) As against the total FCNR (B) / FCTL loan of Rs. 150.45 crore (USD 33.33 million) outstanding as on 31.3.2010 (Previous Year Rs. 894.33 crore / USD 177.51 million), forward contracts have been taken for Rs. NIL crore / USD NIL million as on 31.3.2010 (Previous Year Rs. 59.90 crore / USD 13.74 million).

5) (a) Letters seeking confirmation of outstanding balances at each quarter end have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is underway.

(b) The details of provisions on Loans are as under:

(Rs. in crore)

Particulars	Opening balance as on 1.4.2009	Provided (adjusted) during the year	Closing balance as on 31.3.2010
Provision as per NHB Norms	837.32	(-)209.33	627.99
Provision over and above NHB Norms	180.00	(-)180.00	-
Provision over and above NHB Norms as on 31.3.2010	-	600.00	600.00
Total	**1,017.32**	**210.67**	**1,227.99**

During the year the Company has made a provision of Rs. 600 crore (Previous Year Rs. 180 crore) which is over and above NHB Norms. This is considered prudent keeping in view the potential NPA pertaining to Government agencies.

(c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15.9.2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, Delhi wherein the Hon'ble High Court vide order dated 23.12.2009 has disposed off the Writ Petition against HUDCO. Aggrieved by the Order of Hon'ble Division Bench of Delhi High Court, HUDCO preferred SLP (No. 3836 / 2010) before Hon'ble Supreme Court thereby challenging the said order of Delhi High Court mainly on the ground that the High Court has not considered the Law laid down by the Apex Court i.e. the definition of “debt” shall be taken in its widest amplitude to mean any liability. However, the Hon’ble Supreme Court has not admitted the aforesaid SLP filed by HUDCO.

Upon dismissal of SLP by Hon’ble Supreme Court, HUDCO, as per the legal advice has now filed the Review Application before High Court of Delhi on 15.3.2010 in Civil Writ Petition No. 6531 / 2008 with prayers to review/modify the judgment/order dated 23.12.2009 to the extent that prayer 6(b) and 6(c) regarding alternate prayer for money decree of Rs. 780 crore being the market value of the shares and money decree of Rs. 2.28 crore being the balance loan dues respectively and other prayers made in OA No. 10 / 2006 will remain pending and be adjudicated by DRT in accordance with law and also direct the DRT to immediately pay / release the aforesaid balance loan amount of alongwith further interest thereon out of the amount lying deposited by CIAL with DRT.

The aforesaid Review Application is to be listed on 23.7.2010 for hearing.

An application was also made to CIAL and Government of Kerala under the Right to Information Act-2005, for getting information relating to increase in share capital which was denied by agency. Accordingly, a complaint is also filed before State Information Commission against CIAL.

The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2010 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequnum period.

Till the conclusion of the DRT preceding the loan has been classified as NPA and necessary provision has been made as per NHB norms.

6) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :

(a) Equitable Mortgage of the property and / or

(b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

7) The Company has continued the practice of restating monetary assets / liabilities at the exchange rate as on the date of Balance Sheet. Accordingly a foreign currency fluctuation profit of on account of interest payments / provision as on 31.3.2010 is Rs. 75.16 crore (Actual Rs. 38.84 crore and notional Rs. 36.32 crore). In the previous year there was a Foreign currency fluctuation loss of Rs. 246.30 crores (Actual Rs. 46.47 crores and notional Rs. 199.83 crores).

8) The Company has adopted AS-15 (revised 2005) ‘Employees Benefits’. Defined employee benefit schemes are as follows:

(a) Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident Fund including the returns of the assets thereof, as at 31.3.2010 is greater than the obligation under the defined contribution plan.

(b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment ofGratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.

(c) The summarized position of various defined benefit schemes recognised in the Profit & Loss Account, Balance Sheet and the funded status are as under:

(Rs. in crore)

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
			EL		HPL			
	2009-10	2008-09	**2009-10**	2008-09	**2009-10**	2008-09	**2009-10**	2008-09
1. Component of Employer Expenses								
a. Current Service Cost	0.98	0.98	0.60	0.62	0.28	0.29	2.91	3.04
b. Interest Cost	1.16	0.96	0.56	0.57	0.28	0.25	3.93	3.66
c. Past Service Cost	-	2.15	-	-	-	-	-	-
d. Expected return on plan assets	(1.74)	(0.94)	-	-	-	-	-	-
e. Actuarial (Gain) / Loss	4.62	(0.41)	5.79	(0.26)	2.38	0.23	(8.18)	(1.73)
f. Recognised in the P&L A/c.	5.02	2.74	6.95	0.93	2.94	0.77	(1.34)	4.97
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2010								
a. Present value of Obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
b. Fair Value of plan assets as at 31.3.2010	26.17	11.91	-	-	-	-	-	-
c. Liability/ (Assets) recognised in Balance Sheet	(3.42)*	4.72	14.09	8.84	6.69	4.19	54.45	56.56
3. Change in present value of obligation as on 31.3.2010								
Present Value of obligation as at 31.3.2009	16.63	13.74	8.84	8.20	4.19	3.52	56.56	52.28
Current service cost	0.98	0.98	0.60	0.62	0.28	0.29	2.91	3.04
Interest Cost	1.16	0.96	0.56	0.57	0.28	0.25	3.93	3.65
Actuarial (Gain) / Loss	4.04	(0.45)	5.79	(0.26)	2.38	0.23	(8.18)	(1.73)
Benefits Paid	(0.06)	(0.76)	(1.70)	(0.30)	(0.44)	(0.10)	(0.78)	(0.70)
Present Value of obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2009	11.91	10.03	-	-	-	-	-	-
Actual return on Plan Assets	1.16	0.91	-	-	-	-	-	-
Actual Company Contribution	13.17	1.72	-	-	-	-	-	-
Benefits Paid	(0.06)	(0.75)	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.3.2010	26.17	11.91	-	-	-	-	-	-
5. Actuarial Assumptions								
Discount Rate (per annum)	8.30	7.00	8.30	7.00	8.30	7.00	8.30	7.00
Expected rate of returns on assets (p.a.)	9.40	9.40	-	-	-	-	-	-
Future cost increase	8.00	5.00	8.00	5.00	8.00	5.00	8.00	5.00
6. Details of the Plan Assets at cost as on 31.3.2010								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

❖ The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of Rs. 3.42 crore has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2010

9) Department of Public Enterprises (DPE) has introduced Performance Related Pay (PRP) for declaring performance related incentive as against payment of productivity linked incentive. The scheme is yet to be introduced / finalised in the Company as on 31.3.2010, pending this Company has made an adhoc provision of Rs. 12.50 crore towards PRP in the accounts for the year.

10) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.

11) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.

12) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.

13) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.

14) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.

15) The Company was having accounting policy of deferring borrowing costs such as brokerage charges, arranger's fees, stamp duty etc. to be amortized over the period of borrowings. During the year the company has changed its policy to treat these expenditure in the financial year in which they are incurred. Because of this change in Accounting Policy, the profit for the year is lower by Rs.14.10 crore.

16) The Board vide their meeting held on 22.2.2010 has approved a special non – lapsable budget of 3% of the net profit which would be used for Corporate Governance Social Responsibility (CSR) activities. The Company has not incurred any expenditure on CSR activities till 31.3.2010. The Company would maintain a Memorandum Account for the CSR budget and expenses thereon.

17) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account.

18) **Details of Expenditure / Earnings in foreign currency :**

(Rs. in crore)

Particulars	2009-2010	2008-2009
Expenditure		
a) Traveling & Entertainment	0.04	0.19
b) Others	-	0.01
c) Interest on foreign loan	8.30	12.64
Earnings		
a) Interest on foreign deposit	4.25	8.35

19) **Earnings Per Share:**

Particulars	Year ended 31.3.2010	Year ended 31.3.2009
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	495.31	400.99
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	247.42	200.30

20) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2010 comprise of the following:-

(Rs. in crore)

Particulars	**As at 31.3.2009**	**During the year**	**As at 31.3.2010**
Assets			
Provision for investment	1.15	(0.02)	1.13
Provision for debtors	0.11	-	0.11
Provision on loans	345.79	62.15	407.94
Provision on Jabalpur Earthquake	1.70	(0.04)	1.66
Provision on Staff Loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	4.43	2.47	6.90
Provision for gratuity	1.60	(1.60)	-
Provision for retirement benefit	19.23	(1.14)	18.09
Provision for Welfare expenses	0.13	(0.06)	0.07
Provision for LTC	3.69	1.17	4.86
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	7.55	1.48	9.03
Total Assets (A)	**385.56**	**64.41**	**449.97**
Liabilities			
Miscellaneous exp. yet to be written off	6.93	(6.93)	-
Depreciation	5.86	(0.13)	5.73
Special Reserve u/s.36(1)(viii) of Income Tax Act	607.16	74.44	681.60
Total liabilities (B)	**619.95**	**67.38**	**687.33**
Net deferred tax assets / (liabilities) (A) - (B)	**(234.39)**	**(2.97)**	**(237.36)**

21) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) HOUSING FINANCE BUSINESS:

Loans :

(Rs. in crore)

Assets Classification	**Principal outstanding**		**Provision As per Norms ***		**Additional provision**	
	As at 31st March 2010	**As at 31st March 2009**	**As at 31st March 2010**	**As at 31st March 2009**	**2009-2010**	**2008-2009**
Standard (considered good)	5,739.21	5,551.99	-	-	450.00	135.00
Sub-standard Assets	96.29	143.57	9.63	14.35		
Doubtful Assets	422.07	1,104.17	182.97	389.53		
Loss Assets	77.99	62.16	77.96	62.13		
Total	6,335.56	6,861.89	270.56	466.01	450.00	135.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

Assets Classification	**Principal outstanding**		**Provision As per Norms**		**Additional provision**	
	As at 31st March 2010	**As at 31st March 2009**	**As at 31st March 2010**	**As at 31st March 2009**	**2009-2010**	**2008-2009**
Standard (considered good)	13,254.86	14,759.09	53.02	59.04	150.00	45.00
Sub-standard Assets	118.60	212.20	11.86	21.22		
Doubtful Assets	507.06	561.44	232.11	270.90		
Loss Assets	60.44	20.15	60.44	20.15		
Total	13,940.96	15,552.88	357.43	371.31	150.00	45.00
Grand Total (1) + (2)	20,276.52	22,414.77	627.99	837.32	600.00	180.00
(3) Investments:						

Particulars	Principal outstanding		Provision As per Norms	
	As at 31st March 2010	As at 31st March 2009	As at 31st March 2010	As at 31st March 2009
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.39
Bonds	1520.00	2039.20	-	-
Total	1,527.38	2,046.58	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

22) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

23) **Related parties Disclosure :**

(a) Joint Ventures

(1) Shristi Urban Infrastructure Development Ltd.

(2) Pragati Social Infrastructure & Development Ltd.

(3) MCM Infrastructure Pvt. Ltd.

(4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2009-2010 :

Sl. No.	Director(s)	Status
1.	Shri K. L. Dhingra	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)
2.	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)
3.	Shri S. K. Tripathi	Director (Corporate Planning) (Whole time Director) (from 14.11.2006 upto 11.6.2009)

(c) Transactions with Joint Ventures :

(Rs. in crore)

Proportion of ownership	40%	26%			
Nature of Transactions	**Shristi Urban Infrastructure Development Ltd.**	**Pragati Social Infrastructure & Development Ltd.**	**MCM Infrastructure Pvt. Ltd.**	**Signa Infrastructure India Ltd.**	**Total**
Investments					
Balance as at 31.3.2009	2.00	0.13	0.26	0.013	**2.403**
Additions during the year	-	-	-	-	-
Balance as at 31.3.2010	2.00	0.13	0.26	0.013	**2.403**

(d) Transactions with Key Management Personnel :

- Repayment of staff loan and interest of Rs. 0.003 crore (Previous Year Rs. 0.003 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

24) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	**2.403**			

(b) **Proportionate Assets & Liabilities :**

(Rs. in crore)

	Shristi Urban Infrastructure Development Ltd.		**Pragati Social Infrastructure & Development Ltd.**		**MCM Infrastructure Pvt. Ltd.**		**Signa Infrastructure India Ltd.**	
Year ending	**Audited as at 31.3.2010**	**Audited as at 31.3.2009**	**Un audited as at 31.3.2010**	**Audited as at 31.3.2009**	**Un audited as at 31.3.2010**	**Audited as at 31.3.2009**	**Un audited as at 31.3.2010**	**Audited as at 31.3.2009**
Share of Assets	2.66	2.54	6.11	6.09	0.26	0.27	0.19	0.15
Share of Liabilities	0.66	0.54	5.98	5.96	-	0.01	0.18	0.14
Share of Income	0.87	0.66	-	-	0.01	0.01	0.15	0.14
Share of Expenses	0.84	0.62	0.03	0.06	-	0.05	0.13	0.12
HUDCO's share in contingent liability of JV Co.	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Contingent liability for jointly controlled Company incurred by HUDCO	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Capital Commitment	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

25) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for the current year.

(b) Figures in rupees have been rounded off to thousands without decimals except where specifically indicated.

1) Contingent Liabilities not provided for :

(Rs. in crore)

		2008-2009	2007-2008
A	Claims of Contractors not acknowledged as debts	8.93	20.64
	Counter claims of the Company	0.75	0.75
B	Demand of maintenance charges & reserve fund in respect of office premises.	-	0.22
C	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.50	30.87
D	Disputed Income tax and Interest tax demands against which Company has gone in appeal. Out of this, the Company has deposited Rs. 217.99 crore (previous year Rs. 202.24 crore) under protest	233.31	216.51
E	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 31,117.00 (previous year Rs. Nil)	1.37	-
F	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	309.22	309.16
G	Estimated amount of commitments remaining to be executed on capital account	2.08	7.97

2) (a) The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus funds.

(b) The Company has undertaken Andrews Ganj Project (AGP) on behalf of the then Ministry of Urban Affairs (MOUA). As per perpetual lease deed, the Company is liable to make available net resources from the development and disposal of properties of the project to the Ministry and accordingly the Company was paying interest on net resources generated on the project upto 3.11.2004 and thereafter a separate no lien account has been opened under the name of HUDCO AGP Surplus Account into which the surplus lying to their credit had been deposited and interest accrued / earned on no lien account is being credited to that account. MOUD has intimated that the Company cannot pass on the financial liability to the Government on account of disputes. However, the Company has represented that as per perpetual lease deed, the Company is liable to make available "net resources generated" from the development and disposal of properties of the project to the Ministry which means that all out-goings on the project including those on litigation & arbitration expenses and award / decree etc., in respect of disputes have to be debited to this project and as such there is no liability of the Company.

(c) An amount of Rs. 17.98 crore was initially deposited with Municipal Corporation of Delhi (MCD) on account of property tax of Andrews Ganj Project for the period upto 4th July, 1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore along with interest amounting to Rs. 20.15 crore is recoverable from MCD upto 31.3.2009, out of which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4th July, 1997. In case of any demand from MCD after 4th July, 1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on the land owned by Government of India. Further, HUDCO filed Contempt petition against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of Rs. 27.92 crore as against Rs. 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO will file rejoinder to the affidavit of MCD.

(d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) erstwhile (M/s. Leela Hotel and

Convention Center) now known as Hotel Leela Venture Ltd. subject to the final outcome of the decision of Hon'ble Additional District Judge on the suit filed by MSSEL. At present, the matter is sub-judice before Tis Hazari Court, Delhi. The possession of the hotel site and car parking space, which was handed over to LHL, has been taken back by the Company because of cancellation as per allotment terms due to non-payment of 3rd and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO has filed execution first appeal before the Division Bench of the High Court on 3rd January 2009 against the Single Judge order dated 19.11.2008. HUDCO vide this application has deposited amount of Rs. 50.54 crore with the High Court to the satisfaction of decree, without prejudice to HUDCO's rights and contentions in the appeal. Further, appeal of HUDCO is coming up for final disposal on 15.7.2009.

LHL application for attachment of HUDCO property came up for hearing on 15.5.2009 whereby Single Judge of High Court ordered that amount of Rs. 50.54 crore deposited by HUDCO can be released in favour of LHL. Further, Single Judge ordered that for the rest of the amount LHL should wait for 15.7.2009 on which day HUDCO shall press for stay before Division Bench. In case no stay is granted by Division Bench the decree shall be further executes. In case HUDCO succeeds in appeal, the amount withdrawn by LHL shall be returned to HUDCO with the same rate of interest which has been allowed to LHL under this decree. The next date fixed for hearing is 30.7.2009 i.e. after the final disposal of appeal.

(e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint.

(f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately Rs. 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. The matter is now in category of final and will come up for hearing in due course.

(g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of Rs. 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f from November 1999. Interest @ of 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in 24 monthly installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non-payment of Ground Rent and interest thereof by APIL from October, 2003 onwards. Company Petition filed in May 2006. Pleadings are complete and the matter is now fixed for final hearing.

3) Debentures / Bonds / PDS aggregating to Rs. 46.14 crore towards interest and principal (Previous Year Rs. 36.66 crore) were due and unclaimed as on 31st March 2009. An amount of Rs. 0.016 crore (Previous Year Rs. 0.22 crore) {excluding sub-judice amount of Rs. 1.13 crore, (Previous Year Rs. 1.13 crore)} which is unclaimed for a period of seven years from the due date of interest payment has since been deposited in "Investor Education and Protection Fund".

4) As against the total FCNR (B) / FCTL loan of Rs. 894.33 crore (USD 177.51 million) outstanding as on 31.3.2009 (Previous Year Rs. 1,003.77 crore / USD 249.88 million), forward contracts have been taken for Rs. 59.90 crore / USD 13.74 million (Previous Year Rs. 59.90 crore / USD 13.74 million).

5) (a) Letters seeking confirmation of outstanding balances at each quarter end have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is underway.

(b) The details of provisions on Loans are as under:

(Rs. in crore)

Particulars	Opening balance as on 1.4.2008	Provided (adjusted) during the year	Closing balance as on 31.3.2009

Particulars	Opening balance as on 1.4.2008	Provided (adjusted) during the year	Closing balance as on 31.3.2009
Provision as per NHB Norms	767.67	69.65	837.32
Provision over and above NHB Norms	315.00	-315.00	-
Provision over and above NHB Norms as on 31.3.2009	-	180.00	180.00
Total	**1,082.67**	**-65.35**	**1,017.32**

During the year the Company has made a provision of Rs. 180 crore (Previous Year Rs. 315 crore) which is over and above NHB Norms. This is considered prudent keeping in view the adverse market conditions and down turn in overall economy.

(c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15th September, 2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed and matter was fixed for filling of replication and original documents by HUDCO. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, wherein High Court has stayed the proceedings before DRT.

An application was also made to CIAL and Government of Kerala under the Right to Information Act-2005, for getting information relating to increase in share capital which was denied by agency. Accordingly, a complaint is also filed before State Information Commission against CIAL.

A contempt petition was also filed in February, 2007 against CIAL and others for increasing the authorized share capital of CIAL and thereby violating the DRT's injunction order dated 27.4.2006. The contempt petition filed by HUDCO against the Managing Director and others for violating the said interim order dated 27.4.2006 was dismissed. HUDCO has filed an appeal against the order of DRT in Debt Recovery Appellate Tribunal (DRAT) and the same is fixed for arguments. The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2009 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequnum period.

Till the conclusion of the DRT preceding the loan has been classified as NPA and necessary provision has been made as per NHB norms.

6) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :

(a) Equitable Mortgage of the property and / or

(b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

7) The Company has continued the practice of restating monetary assets / liabilities at the exchange rate as on the date of Balance Sheet and accordingly a foreign currency fluctuation loss of Rs. 199.83 crore (Previous Year gain of Rs. 11.95 crore) on restatement of monetary liabilities and a loss of Rs. 46.47 crore (Previous Year gain of Rs. 26.64 crore) on actual payment of loan liability during the year has been charged to the Profit & Loss Account.

8) A provision of Rs. 15.79 crore has been made in the accounts for the year towards implementation of pay revision as per order of Department of Public Enterprises, pending fixation of pay of employees. The accumulated provision stood at Rs. 24 crore as at 31.3.2009.

9) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:

(a) Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident Fund including the returns of the assets thereof, as at 31.3.2009 is greater than the obligation under the defined contribution plan.

(b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.

(c) The summarized position of various defined benefit schemes recognised in the Profit & Loss Account, Balance Sheet and the funded status are as under:

(Rs. in crore)

	Gratuity		**Leave Encashment**				**Post Retirement Medical Benefits**	
			EL		**HPL**			
	2008-2009	**2007-2008**	2008-2009	**2007-2008**	2008-2009	**2007-2008**	2008-2009	**2007-2008**
1. Component of Employer Expenses								
a. Current Service Cost	0.98	0.88	0.62	0.6	0.29	0.25	3.04	2.92
b. Interest Cost	0.96	0.99	0.57	0.56	0.25	0.23	3.66	3.8
c. Expected return on plan assets	-0.94	-0.78	-	-	-	-	-	-
d. Actuarial (Gain) / Loss	-0.41	-0.03	-0.26	0.17	0.23	0.27	-1.73	-1.43
e. Total Expenditure/(Gain)	-	-	-	-	-	-	-	-
f. Recognised in the P&L A/c.	2.74	1.06	0.93	1.33	0.77	0.75	4.97	5.29
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2009								
a. Present value of Obligation as at 31.3.2009	16.63	13.74	8.84	8.21	4.19	3.51	56.56	52.28
b. Fair Value of plan assets as at 31.3.2009	11.91	10.03	-	-	-	-	-	-
c. Assets / (Liability) recognised in Balance Sheet	-4.72	-3.71	-8.84	-8.21	-4.19	-3.51	-56.56	-52.28
3. Change in present value of obligation as on 31.3.2009								
Present Value of obligation as at 31.3.2008	13.74	12.28	8.20	7.02	3.52	2.81	52.28	47.53
Current service cost	0.98	0.88	0.62	0.6	0.29	0.25	3.04	2.92
Interest Cost	0.96	0.99	0.57	0.56	0.25	0.23	3.65	3.8
Actuarial (Gain) / Loss	-0.45	-0.01	-0.26	0.17	0.23	0.27	-1.73	-1.43
Benefits Paid	-0.76	-0.4	-0.30	-0.14	-0.10	-0.05	-0.70	-0.54
Present Value of obligation as at 31.3.2009	16.63	13.74	8.84	8.21	2.81	3.51	56.56	52.28
4. Change in the Fair Value of Plan Assets								

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
			EL		HPL			
	2008-2009	**2007-2008**	2008-2009	**2007-2008**	2008-2009	**2007-2008**	2008-2009	**2007-2008**
Present value of plan assets as on 31.3.2008	10.03	8.36	-	-	-	-	-	-
Actual return on Plan Assets	0.91	0.8	-	-	-	-	-	-
Actual Company Contribution	1.72	1.27	-	-	-	-	-	-
Benefits Paid	-0.75	-0.4	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.3.2009	11.91	10.03	-	-	-	-	-	-
5. Actuarial Assumptions								
Discount Rate (per annum)	7	8	7	8	7	8	7	8
Expected rate of returns on assets (p.a.)	9.40	9.3	-	-	-	-	-	-
Future cost increase	5.0	5.5	5.0	5.5	5.0	5.5	5.0	5.5
6. Details of the Plan Assets at cost as on 31.3.2009								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase, pay revision increase, account inflation, seniority, promotion and other relevant factors considered in actuarial valuation.

10) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.

11) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.

12) The Company has accounted for Deferred Tax Liability of Rs. 120.97 crore on Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961 by adjusting against General Reserve during the year 2004-2005. According to subsequent opinion of the Institute of Chartered Accountants of India (ICAI), the above Deferred Tax Liability for years 2001-2002 to 2003-2004 should be treated as 'Prior Period Item' by crediting General Reserve and debiting to Profit and Loss Account. One of the PSU has represented to the ICAI against above opinion covering HUDCO's case as well. In view of this, rectification as suggested by the ICAI regarding creation of DTL on Special Reserve for the period 2001-2002 to 2003-2004 by charging to Profit and Loss Account and crediting the reserves by Rs. 120.97 crore has not been carried out.

The Institute has maintained their earlier opinion even for the subsequent request for review of above opinion. Accordingly, the Company has treated amount of Rs. 120.97 crore as "prior period item" by crediting General Reserve and debiting to Profit & Loss Account.

13) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.

14) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.

15) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.

16) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or

longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account.

17) **Details of Expenditure / Earnings in foreign currency :**

(Rs. in crore)

Particulars	2008-2009	2007-2008
Expenditure		
a) Traveling & Entertainment	0.19	0.07
b) Others	0.01	0.02
c) Interest on foreign loan	12.64	13.56
Earnings		
a) Interest on foreign deposit	8.35	10.30

18) **Earnings Per Share:**

Particulars	Year ended 31.3.2009	Year ended 31.3.2008
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	400.99	373.73
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	200.30	186.69

19) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2009 comprise of the following:-

(Rs. in crore)

Particulars	As at 31.3.2008	During the year	As at 31.3.2009
Assets			
Provision for investment	1.09	0.05	1.14
Provision for debtors	0.35	-0.24	0.11
Provision on loans	367.99	-22.21	345.78
Provision on Jabalpur Earthquake	1.70	-	1.70
Provision on Staff Loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	3.98	0.45	4.43
Provision for gratuity	2.95	-1.35	1.60
Provision for retirement benefit	17.77	1.45	19.22
Provision for Welfare expenses	0.13	-	0.13
Provision for LTC	3.35	0.34	3.69
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	8.01	-0.45	7.56
Provision for Productivity Linked Incentive	0.79	-0.79	-
Provision for Revision in Pay	2.80	-2.79	0.01
Total Assets (A)	**411.09**	**-25.54**	**385.55**
Liabilities			
Miscellaneous exp. yet to be written off	9.52	-2.59	6.93
Depreciation	5.18	0.67	5.85
Special Reserve u/s.36(1)(viii) of Income Tax Act	559.72	47.44	607.16
Total liabilities (B)	**574.42**	**45.52**	**619.94**
Net deferred tax assets / (liabilities) (A) - (B)	**-163.33**	**-71.06**	**-234.39**

20) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) HOUSING FINANCE BUSINESS:

Loans :

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2009	As at 31st March 2008	As at 31st March 2009	As at 31st March 2008	2008-2009	2007-2008
Standard (considered	5,551.99	**5,946.10**	**-**	**-**	**135.00**	

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2009	As at 31st March 2008	As at 31st March 2009	As at 31st March 2008	2008-2009	2007-2008
good)						235.00
Sub-standard Assets	143.57	46.10	14.35	4.61		
Doubtful Assets	1,104.17	1,320.60	389.53	374.59		
Loss Assets	62.16	34.65	62.13	34.65		
Total	6,861.89	7,347.45	466.01	413.85	135.00	235.00

(2) NON HOUSING FINANCE BUSINESS:

Loans :

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31st March 2009	As at 31st March 2008	As at 31st March 2009	As at 31st March 2008	2008-2009	2007-2008
Standard (considered good)	14,759.09	13,807.38	59.04	55.24	45.00	80.00
Sub-standard Assets	212.20	312.10	21.22	31.21		
Doubtful Assets	561.44	632.00	270.90	260.83		
Loss Assets	20.15	6.54	20.15	6.54		
Total	15,552.88	14,758.02	371.31	353.82	45.00	80.00
Grand Total (1) + (2)	22,414.77	22,105.47	837.32	767.67	180.00	315.00

(3) Investments:

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31st March 2009	As at 31st March 2008	As at 31st March 2009	As at 31st March 2008
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.23
Bonds	2,039.20	2,058.41	-	-
Total	2,046.58	2,065.79	3.39	3.23

* The cumulative provision is excluding any provision on KFW Loans

21) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

22) **Related parties Disclosure :**

(a) Joint Ventures

(1) Shristi Urban Infrastructure Development Ltd.

(2) Pragati Social Infrastructure & Development Ltd.

(3) MCM Infrastructure Pvt. Ltd.

(4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2008-2009

Sl. No.	Director(s)	Status
1.	Shri KL Dhingra	Chairman & Managing Director (Whole time Director) (from 24.09.2007)
2.	Shri T Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)

Sl. No.	Director(s)	Status
3.	Shri SK Tripathi	Director (Corporate Planning) (Whole time Director) (from 14.11.2006)

(c) Transactions with Joint Ventures :

(Rs. in crore)

Proportion of ownership	**40%**	**26%**			
Nature of Transactions	**Shristi Urban Infrastructure Development Ltd.**	**Pragati Social Infrastructure & Development Ltd.**	**MCM Infrastructure Pvt. Ltd.**	**Signa Infrastructure India Ltd.**	**Total**
Investments					
Balance as at 31.3.2008	2.0	0.13	0.26	0.013	**2.403**
Additions during the year	-	-	-	-	-
Balance as at 31.3.2009	2.0	0.13	0.26	0.013	**2.403**

(d) Transactions with Key Management Personnel :

- Repayment of staff loan and interest of Rs. 0.003 crore (Previous Year Rs. 0.001 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

23) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	**Contribution towards equity (Rs. in crore)**	**Country of Residence**	**Proportion of ownership**	**Description of Interest**
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	**2.403**			

(b) **Proportionate Assets & Liabilities :**

(Rs. in crore)

	Shristi Urban Infrastructure Development Ltd.		**Pragati Social Infrastructure & Development Ltd.**		**MCM Infrastructure Pvt. Ltd.**		**Signa Infrastructure India Ltd.**	
Year ending	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**
Share of Assets	**2.54**	**2.34**	6.08	**5.97**	0.27	**0.30**	0.15	**0.09**
Share of Liabilities	**0.54**	**0.34**	5.95	**5.84**	0.01	**0.04**	0.14	**0.08**
Share of Income	**0.66**	**0.75**	-	-	0.01	**0.01**	0.14	**0.13**
Share of Expenses	**0.62**	**0.71**	0.04	**0.04**	0.04	**0.08**	0.12	**0.11**
HUDCO's share in contingent liability of JV	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
Year ending	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**	**Un audited as at 31.3.2009**	**Audited as at 31.3.2008**
Co.								
Contingent liability for jointly controlled Company incurred by HUDCO	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Capital Commitment	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**0.25**

24) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for the current year.

(b) Figures in rupees have been rounded off to thousands without decimals except where specifically indicated.

Annexure VI

RELATED PARTIES DISCLOSURES:

(a) Name of Joint Ventures

S. No.	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
1	Shristi Urban Infrastructure Development Ltd.	Shristi Urban Infrastructure Development Ltd.	Shristi Urban Infrastructure Development Ltd.	Shristi Urban Infrastructure Development Ltd.	Shristi Urban Infrastructure Development Ltd.
2	Pragati Social Infrastructure & Development Ltd.	Pragati Social Infrastructure & Development Ltd.	Pragati Social Infrastructure & Development Ltd.	Pragati Social Infrastructure & Development Ltd.	Pragati Social Infrastructure & Development Ltd.
3	MCM Infrastructure Pvt. Ltd.	MCM Infrastructure Pvt. Ltd.	MCM Infrastructure Pvt. Ltd.	MCM Infrastructure Pvt. Ltd.	MCM Infrastructure Pvt. Ltd.
4	Signa Infrastructure India Ltd.	Signa Infrastructure India Ltd.	Signa Infrastructure India Ltd.	Signa Infrastructure India Ltd.	Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Name of Directors					
Shri V P Baligar	Chairman & Managing Director (Whole time Director) (from 11.4.2011)	Chairman & Managing Director (Whole time Director) (from 11.4.2011)	-	-	-
Shri K. L. Dhingra	-	-	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)	Chairman & Managing Director (Whole time Director) (from 24.9.2007)	Chairman & Managing Director (Whole time Director) (from 24.09.2007)
Shri T. Prabakaran	-	Director (Finance) (Whole time Director) (from 29.12.2004 to 29.9.2011)	Director (Finance) (Whole time Director) (from 29.12.2004 upto 29.9.2011)	Director (Finance) (Whole time Director) (from 29.12.2004)	Director (Finance) (Whole time Director) (from 29.12.2004)
Shri S. K. Tripathi	-	-	-	Director (Corporate Planning) (Whole time Director) (from 14.11.2006 upto 11.6.2009)	Director (Corporate Planning) (Whole time Director) (from 14.11.2006)
Shri Ranjit Issar	-	-	-	-	-
Dr. HS Anand	-	-	-	-	-
Shri Raghubir Singh	-	-	-	-	-
Shri SK Singh	-	-	-	-	-
Dr. RK Vats	-	-	-	-	-
Shri Rajpal Singh Solanki	-	-	-	-	-
Shri Dinesh Mahajan	-	-	-	-	-
Shri Ishwar Singh	-	-	-	-	-
Dr. P S Rana	-	-	-	-	-
Shri Pankaj Jain	-	-	-	-	-
Smt. Neena Garg	-	-	-	-	-

(c) Transactions with Joint Ventures :

(₹ in crore)

S. No.	Name of Joint Venture	Nature of Transactions	(Proportion of ownership)	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
1	Shristi Urban Infrastructure Development Ltd.	Investment	40%	2.00	2.00	2.00	2.00	2.00
2	Pragati Social Infrastructure & Development Ltd.	Investment	26%	0.13	0.13	0.13	0.13	0.13
3	MCM Infrastructure Pvt. Ltd.	Investment	26%	0.26	0.26	0.26	0.26	0.26
4	Signa Infrastructure India Ltd.	Investment	26%	0.013	0.013	0.013	0.01	0.01

(d) Transactions with Key Management Personnel :

(₹ in crore)

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Dr. P.S. Rana					
Repayment of Staff loans and Interest	-	-	-	-	-
Sh. R. S. Solanki					
Sitting fees	-	-	-*	-*	-*
Sh. K. L. Dhingra					
Repayment of Staff loans and Interest	-	-	0.007	0.003	0.003
Sh. Dinesh Mahajan					
Sitting fees	-	-	-*	-*	-*
Sh. Ishwar Singh					
Sitting fees	-	-	-*	-*	-*

* The said person being part time director are not considered as key management personnel.

Annexure VII

Statement of Accounting Ratios

PARTICULARS	2013	2012	2011	2010	2009
Earning per share (Basic/Diluted) (₹)	**349.95**	**314.87**	**274.75**	**247.42**	**200.30**
Return on net worth (%)	**10.90**	**10.63**	**10.07**	**9.81**	**8.72**
Net asset value per equity share (₹)	**3210.51**	**2,962.55**	**2,729.42**	**2,522.87**	**2,298.22**
Weighted average number of equity shares outstanding during the year / period (in crore)	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**
Total number of share outstanding at the end of the year / period (in crore)	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**
Debt Equity Ratio	**2.94**	**3.37**	**2.89**	**3.07**	**4.18**

Notes:

The ratios have been computed as below:

Earning per Share (₹)	=	Profit after tax / Number of equity shares at the end of the year. (All the shares are held by Government of lndia and equity shares are of the face value of Rs.1,000/- per share.)
Return on net worth (%)	=	Profit after tax / Net Worth at the end of the year.
Net asset value per equity share (Rs.)	=	Net worth at the end of the year / Number of equity shares outstanding at the end of the year.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

Annexure VIII

Statement of Dividend Paid

(₹ in crore)

PARTICULARS	2013	2012	2011	2010	2009
Equity Share Capital (Issued, Subscribed & Paid up) face value (₹/Share)	1000.00	1000	1000	1000	1000
Interim Dividend	-	-	-	-	-
Final Dividend	150.00	140.01	110.02	59.08	45.24
Total Dividend	150.00	140.01	110.02	59.08	45.24
Dividend Rate (%)	7.49	6.99	5.50	2.95	2.26

Annexure IX

STATEMENT OF TAX SHELTER

₹ in crore

Description	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009
Profit before Tax as per books of accounts (A)	**1041.99**	**939.90**	**820.82**	**783.51**	**769.38**
(before prior period adjustments)					
Income Tax Rate	32.45%	32.45%	33.22%	33.99%	33.99%
Tax at above rate	**338.13**	**304.95**	**272.66**	**266.32**	**261.51**
Adjustments:					
Permanent Differences :					
Profit / Loss on sale of Fixed Assets	(0.02)	(0.03)	(0.01)	(0.03)	(0.04)
Donations as per books of accounts	-	0.01	-	-	-
Wealth Tax	0.20	0.15	0.15	0.15	0.15
Prior Period Adjustments	19.71	0.07	0.29	0.87	6.25
u/s10(23G)	-	-	-	-	-
Exempted Income u/s 10(34) Dividend Income	-	-	-	-	-
Reserve for bad & doubtful debts u/s 36(1)(viia)	(47.30)	(39.99)	(35.38)	(41.53)	(28.79)
Special Reserves u/s 36(1)(viii)	-	-	-	-	-
Items to be considered under head House Property	(16.12)	(13.46)	(11.41)	(9.40)	(9.24)
Profit on sale of investment	-	-	-	-	-
Disallowance u/s 40A	0.04	0.04	0.11	0.07	0.05
Other Income (Special Reserve claimed & written back due to Prepayment of loans)	-	-	-	-	-
Interest u/s 234 B & C	1.50	3.00	0.21	1.29	1.69
Perquisite Tax paid by HUDCO	0.23	0.21	-	-	-
HUDCO Recreation Club Expenditure	-	-	-		-
Provision of CSR	(19.87)	19.87	-	-	-
Total Permanent Difference (B)	**(61.63)**	**(30.13)**	**(46.05)**	**(48.58)**	**(29.94)**
Timing Difference:					
Difference between depreciation as per Companies Act & depreciation as per Income Tax Act, 1961	(0.63)	(0.92)	5.80	(0.01)	(0.37)
Special Reserves u/s 36(1)(viii)	(226.31)	(186.98)	(170.29)	(192.94)	(139.84)
Provision for PF Contribution	(4.61)	(5.21)	13.94	-	-
Provision for Debtors	2.39	6.71	1.42	0.11	(0.72)
Provision for pay revision	-	-	-	-	-

Description	Year ended 31.03.2013	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009
Provision on Loans	132.69	37.18	27.80	210.67	(65.35)
Provision for retirement benefits	17.57	8.67	8.72	(2.11)	4.28
Provision for Staff Loan	-	-	-	-	-
Provision for gratuity	-	-	-	(4.72)	(3.98)
Provision for welfare expenses	0.31	0.02	-	(0.15)	0.01
Provision for Investments	-	-	-	-	0.16
Disallowance under section 43 B	(1.06)	(11.77)	5.46	12.56	0.15
Provision for LTC	(2.07)	2.28	(3.20)	3.79	-
Financial Charges written off	-	-	-	20.40	7.61
Total Timing Differences (C)	**(81.72)**	**(150.02)**	**(110.35)**	**47.58**	**(198.03)**
Taxable Rental Income(D)	**11.28**	**9.42**	**7.84**	**6.58**	**6.47**
Long Term Capital Gain	-	-	-	-	-
Short Term Capital Gain u/s 111A	-	-	-	-	-
Short Term Capital Gain other than u/s 111A	-	-	-	-	-
Total Capital gain (E)	**-**	**-**	**-**	**-**	**-**
Donations u/s 80G (F)	**-**	**0.01**	**-**	**-**	**-**
Taxable Profit (A)+(B)+(C) + (D) +(E) - (F)	**909.92**	**769.17**	**672.27**	**789.10**	**547.88**
Tax on Income Other than Capital Gain	295.22	249.56	223.31	268.21	186.23
Tax on Capital Gain	-	-	-	-	-
Total Tax Liability	**295.22**	**249.56**	**223.31**	**268.21**	**186.23**
Interest u/s 234B/ 234C	1.49	3.00	0.21	1.29	1.69
Total Tax Liability	**296.71**	**252.56**	**223.52**	**269.50**	**187.92**

Note: The figures for the year ended March 31, 2013 are based on the provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2013.

Annexure X

Capitalization Statement

(₹ in crore)

PARTICULARS	Pre-issue (As on March 31, 2013)	Post issue *
Debts		
Short term debt	5363.03	5363.03
Long term debt	13504.40	18404.40
Total Debt	**18867.43**	**23867.43**
Shareholders Funds		
Share Capital	2001.90	2001.90
Reserves & Surplus	4512.06	4512.06
Total Shareholder's Fund	**6513.96**	**6513.96**
Long Term Debt / Equity	**2.07**	**2.84**
Total Debt / Equity	**2.90**	**3.66**

* Assuming that entire amount allocated via notification No. 61/2013/F. No.178/37/2013-(ITA.I) dated 8.8.2013 issued by the Central Board of Direct Taxes being ₹ 5000 crore is fully subscribed and there is no change in our shareholder's funds and short term debt.

Notes:

1. **Short term debts represents debts which are due within twelve months from March 31, 2013 and includes Current maturities of Long Term Debt.**
2. **Long term debts represents debt other than short term debt, as defined above.**
3. **Long term debt/Equity** — $\dfrac{\textbf{Long Term Debt}}{\textbf{Shareholders' Funds}}$
4. **Total debt/Equity** — $\dfrac{\textbf{Total Debt}}{\textbf{Shareholders' Funds}}$

Annexure-XI

STATEMENT OF CONTINGENT LIABILITIES

1 Contingent Liabilities & other commitments not provided for and counter guarantees issued by Company:

(a) Contingent Liabilities: #

(₹ in crore)

		2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
A	Claims of Contractors not acknowledged as debts	0.72	5.69	9.16	10.32	8.93
	Counter claims of the Company	0.63	0.63	0.88	1.06	0.75
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	31.61	31.61	28.99	31.50
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs.245.38 crore in year 2012-13, Rs. 245.38 crore in year 2011-12, Rs.229.67 crore in year 2010-2011, Rs. 223.88 crore in year 2009-2010 and Rs. 217.99 in year 2008-2009 under protest.	481.04	272.96	276.29	256.31	233.31
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs.2.49 crore in year 2012-13, Rs. 2.49 crore in year 2011-12, Rs. 0.25 crore in 2010-2011, Rs. 0.04 crore in 2009-2010 and Rs.0.003 crore in 2008-2009 under protest	5.77	4.56	4.95	4.15	1.37
E	Counter claims of various parties for damages against Company's claim in Civil Courts	0.00	0.00	0.39	142.51	309.22

\# The above does not include contingent liabilities in respect of Andrews Ganj Project (AGP) executed on behalf of Government of India, arising on account of various court cases / arbitration / allottees claims against cancellation of allotment etc., because in this case HUDCO is only working as an agent. As such, liability whenever ascertained / finalised shall be met out of AGP project surplus fund account, being maintained separately.

(b) Capital commitments not provided for:

(₹ in crore)

		2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
A	Estimated amount of commitments remaining to be executed on capital account	26.03	31.51	18.13	15.89	2.08
B	Estimated amount of other commitments on account of maintenance of HUDCO Flats	0.62	1.66	-	-	-

(c) Counter guarantees issued by the Company:

Lender in whose favour the guarantee is extended	Guarantee documentation	Name of counter party	Amount of guarantee (₹ in crore)	Validity Date
HDFC Bank	Deed of counter guarantee dated 22.1.2013	National Stock Exchange Ltd.*	43.85	23.7.2013
Bank of Baroda	Deed of counter guarantee dated 2.11.2012	Hindustan Aeronautics Ltd. **	0.06	21.4.2015
Axis Bank	Deed of counter guarantee dated 1.1.2013	National Stock Exchange Ltd. ***	47.00	6.1.2014
Indus Ind Bank	Deed of counter guarantee dated 15.3.2013	National **** Housing Bank	50.00	18.3.2016
Bank of Baroda	Deed of counter guarantee dated 19.1.2013	National **** Housing Bank	137.50	18.3.2016

** This counter guarantee was extended against bank guarantee issued in favour of National Stock Exchange (NSE) towards 1% security deposit in respect of tax-free bonds issued during financial year 2011-12.*

***This counter guarantee was extended against bank guarantee issued in favour of Hindustan Aeronautics Limited, Bangalore as performance guarantee for design, consultancy and allied services.*

**** This counter guarantee was extended against bank guarantee issued in favour of NSE towards 1% security deposit in respect of tax-free bonds issued during financial year 2012-13.*

***** This counter guarantee was extended against bank guarantee issued in favour of National Housing Bank towards collateral security in respect of refinance facility under Rural Housing fund.*

ANNEXURE B: CREDIT RATING AND RATIONALE

Credit rating letter and rationale from CARE

CARE Ratings

CREDIT ANALYSIS & RESEARCH LTD.

B-47, 3rd Floor, Inner Circle
Connaught Place, New Delhi-110001
Tel. : + 91 11 45333200, 23716199
Fax : + 91 11 45333238, 23318701
Website : www.careratings.com

Mr. V. P. Baligar
CMD
Housing and Urban Development Corporation Ltd.
HUDCO Bhawan, India Habitat Centre
Lodhi Road,
New Delhi - 110003

August 16, 2013

Confidential

Dear Sir,

Credit rating for tax-free bonds issue aggregating Rs.5,000 crore (within the overall Long-term proposed bonds issue aggregating Rs.7,500 crore for FY14)

Please refer to our letter dated August 05, 2013 and your request for revalidation of the Long-term rating for proposed tax-free bonds issue aggregating Rs.5,000 crore (within the overall Long-term proposed bonds issue aggregating Rs.7,500 crore) of Housing and Urban Development Corporation Ltd (HUDCO).

2. It has been decided to reaffirm the rating of **'CARE AA+' [Double A Plus]** to the Long-term proposed tax-free bonds issue aggregating Rs.5,000 crore for FY14 (within the overall Long-term proposed bonds issue aggregating Rs.7,500 crore) of HUDCO.

3. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Our rating symbols for various ratings for long-term instruments and explanatory notes thereon are annexed.

4. Please arrange to get the rating revalidated, in case the issue is not made within **six months** from the date of this letter.

5. Please inform us the details of issue [date of issue, name of investor, amount issued, interest rate, date of maturity, etc.] as soon as it has been placed.

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

CARE Ratings

7. CARE reserves the right to suspend / withdraw / revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material and clarifications as may be required by CARE. CARE shall also be entitled to publicize / disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without any reference to you.

8. Users of this rating may kindly refer our website **www.careratings.com** for latest update on the outstanding rating.

9. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Jasmeen Kaur
[Assistant General Manager]
Encl : As above

Preeti Agarwal
[Dy. Manager]

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments –

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. **The modifiers reflect the comparative standing within the category.**

Draft Rating Rationale

Housing & Urban Development Corporation Limited

Ratings

Facilities	**Amount (Rs. crore)**	**Ratings**[1]	**Remarks**
Long-Term Bank Facilities	10,000.00	'CARE AA+' [Double A Plus]	Reaffirmed
Short-term Bank Facilities	500.00	'CARE A1+' [A Plus]	Reaffirmed
Total facilities	**10,500.00**		Reaffirmed
Fixed deposit programme	3000.00	'CARE AA+' [Double A Plus]	Reaffirmed
Long-term bonds	7326.90	'CARE AA+' [Double A Plus]	Reaffirmed
Long-term Bond programme	2901.35	'CARE AA+' [Double A Plus]	Reaffirmed
Long-term bonds	1,036.40	CARE AAA (SO)* [Triple A-Structured Obligation]	Reaffirmed
Long-term Bonds	7,500.00	'CARE AA+' [Double A Plus]	Reaffirmed
Short-term Bonds	1,500.00	'CARE A1+' [A Plus]	Reaffirmed
Short-term debt programme	500.00	'CARE A1+' [A Plus]	Reaffirmed

** based on credit enhancement in the form of 'Letter of Comfort' from Ministry of Urban Employment and Poverty Alleviation (MOUE&PA), Government of India.*

Rating Rationale

The ratings continue to factor in its parentage [100% ownership by Government of India (GoI)], the implicit GoI support given its Mini-Ratna status and access to low cost funds via tax free bonds, National Housing Bank (NHB) refinancing scheme etc. The ratings also factor in HUDCO's healthy capitalization levels, comfortable liquidity profile and diversified resource profile.

The ratings are, however, constrained by significant exposure to vulnerable sectors like power, real estate etc. and moderate asset quality primarily due to high NPA levels in the private sector exposures..

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[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

The ability of HUDCO to achieve sustained business growth, improve asset quality while maintaining its liquidity and capital adequacy position are the key rating sensitivities.

Background

HUDCO was set up in 1970 as a 100% GoI-owned financial institution with a mandate to provide long term finance for social housing and core urban infrastructure development in the country. It is a public financial institution under section 4A of the Companies Act. Furthermore, HUDCO is also a Housing Finance Company registered with NHB. The Corporation was conferred 'Mini–Ratna' status in August 2004 resulting in greater operational and financial flexibility to HUDCO.

HUDCO's lending is mainly focused towards state undertakings in the housing or infrastructure segment with majority of loans backed by state government guarantees and/or budgetary allocation through state sponsored programmes. The corporation also lends to infrastructure projects of private sector entities and the same constitutes approximately 20% of the total lending portfolio of HUDCO.

Presently, HUDCO operates through a corporate office along with 20 regional offices and 10 development offices.

Credit Risk Assessment

Ownership and support by GoI

HUDCO is a wholly-owned GoI enterprise, thus it has an implicit support from the government. The support is also evident from the fact that the GoI had allocated Rs. 5,000 crore to HUDCO to raise funds as low-cost tax-free bonds in FY12 (refers to the period April 01 to March 31) and FY13. Furthermore, HUDCO also has access to refinance assistance under Rural Housing Fund of NHB and foreign currency lines from ADB, JBIC, KfW etc guaranteed by GoI.

Healthy capitalization levels and comfortable liquidity profile

HUDCO's capital adequacy level continues to remain well above the NHB norms of 12%, at 23.24% as on March 31, 2013 (31.37% as on March 31, 2012).

As per the ALM statement of March 31, 2013, HUDCO's liquidity profile is comfortable with positive cumulative mismatches in all the time buckets. Besides, HUDCO has line of credit from various nationalized banks of Rs.3,000 crore to plug temporary mismatches if any. The same adds strength to the ALM profile of HUDCO.

Consolidation in the lending business in FY13

During FY13, HUDCO had followed a cautious approach to growth as reflected by lower disbursements over FY12. HUDCO had disbursed Rs.6,083 crore against sanction of Rs.23,974 crore in FY13 as compared with disbursement of Rs.6,905 crore against sanction of Rs.20,511 crore in FY12. The same was the management's conscious business strategy in order to protect HUDCO from the effects of overall depressed economic conditions resulting in lack of quality proposals. In FY13, HUDCO continued its thrust on infrastructure sector (68% of total sanctions and 77% of total disbursements in FY13) followed by Housing (30% of total disbursements in FY13) and individual housing loans (HUDCO Niwas) (2%). Furthermore, disbursement to Government Sector constituted 91% of the total disbursements done in FY13.

The loan portfolio as on March 31, 2013, had reported a marginal growth of 9% over last year with Government sector contributing approximately 79% to the total loan book. The exposure to energy sector continued to remain high contributing 28% to the total loan assets as on March 31, 2013 followed by Roads and transportation (21%), Real estate (19%), Social housing (12%), Core Sector (12%), Emerging sector including industrial infrastructure (7%) and HUDCO Niwas (2%).

The corporation intends to continue its business consolidation strategy in the short term owing to uncertain economic environment.

Till July 2013, HUDCO has sanctioned Rs.3,879 crore and disbursed Rs.1,968 crore.

Diversified resource profile and improving interest spreads

In the past few years following the withdrawal of funding concessions from government, bank borrowings had emerged as an important funding source for HUDCO. The Corporation has access to funds from a variety of sources like Public Deposits, Bonds (Tax free and Taxable), Bank loans, refinance lines from NHB etc. As on March 31, 2013, out of total borrowing of Rs.18,867 crore, tax free bonds constituted 39%, taxable bonds: 24%, bank loans: 24%, public deposits: 7%, NHB refinance: 4% and others: 2%. The total borrowing as on March 31, 2013 had reported a decline of 5% over last year. The same was mainly on account of scheduled repayments and prepayments of some high cost bank loans (total aggregating to approximately

Rs.7,000 crore) in FY13 coupled with lower additions of fresh borrowings owing to consolidation in lending operations.

During FY13, HUDCO raised Rs.6,063 crore at an incremental cost of 8.74% (Rs. 10,395 crore were raised in FY12 at an incremental cost of 9.26%). The funds were raised mainly through low cost Tax-free bonds (Rs.2,400 crore, RoI: 7.0%-7.65%), Short-term bank loans (Rs.2,079 crore, RoI: 9.75%-10.25%), Public deposits (Rs.582 crore, RoI: 9.0%-9.9%), Refinance assistance from NHB (Rs.500 crore, RoI: 6.25%-6.75%) and Taxable Bonds (Rs.500 crore, RoI:8.5%-9.0%). The availability of low cost of funds had helped HUDCO to reduce its incremental cost of borrowing and earn better interest spreads. Furthermore, during FY13, HUDCO prepaid its high cost bank loans to the extent of Rs.2,000 crores to improve its borrowing cost for FY13.

Moderate asset quality

The asset quality of HUDCO continues to remain moderate. The Gross NPA% and Net NPA% as on March 31, 2013 stood at 5.69% and 0.83% (6.07% and 1.44% as on March 31, 2012). The ratios had improved mainly on account of better recoveries during FY13. HUDCO had reported fresh slippages of approximately Rs.109 crore in FY13 which mainly included three private sector accounts aggregating Rs.98 crore. Furthermore, the corporation had been able to recover Rs.110 crore from its NPAs resulting in low net addition to Gross NPAs.

Though, the Gross NPA ratio is marginally better, HUDCO's asset quality continues to remain weak. HUDCO's Non Government portfolio, which accounted for 21% of the total loan book, continues to have high Gross NPA ratio of 21.5 % as on March 31, 2013. This is on account of weak asset quality in the real estate and power sector primarily due to inherent sector-specific issues. The corporation has restrained fresh sanctions in this segment in the last two years as a conscious policy.

In case of the Government portfolio which accounted for 79% of total loan book, Gross NPAs stood at 1.8% as on March 31, 2013. The NPA% is comparatively lower in Government sector mainly on account of State Government Guarantees and budgetary allocation in state sponsored schemes for most of the projects.

As on March 31, 2013, HUDCO had restructured two accounts aggregating Rs.120 crore and rescheduled (extension of COD) two accounts aggregating Rs.600 crore. The ability of the

Corporation to improve its asset quality amidst uncertain economic environment would be crucial.

Strategic role played by HUDCO, however the proportion of lending to mandated sector is low

Schemes floated by the government such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM) have a mandate similar to HUDCO of improving the urban infrastructure. Grants given under JNNURM to Urban Local Bodies may result in reduced funding opportunities in core urban infrastructure for an entity like HUDCO. This along with lack of incentivized funding sources for lending to lower yielding social housing and UI projects had resulted into relative low disbursements by HUDCO towards such sectors in the last few years. HUDCO had been diversifying its lending operations and targeted new segments such as real estate, power, road and transportation sector etc. The proportion of core urban infrastructure and social housing to the total lending portfolio stood at 24% as on March 31, 2013 whereas exposure in energy and real estate sector together was 47% as on March 31, 2013.

However, with increasing Government focus on infrastructure development, the demand has substantially increased in core urban infrastructure and social housing sector. HUDCO's exposure to urban infrastructure and social housing as a percentage of total lending portfolio had increased from 18% as on March 31, 2012 to 24% as on March 31, 2013. Furthermore, now on account of availability of low cost funds and subdued outlook of power sector, HUDCO is likely to again increase its exposure in such sectors going forward.

Prospects

HUDCO had demonstrated moderate growth in operations in FY13 following its consolidation strategy while interest spreads and profits have improved. Since, the corporation intends to continue its consolidation strategy in the short term, its income from operations is likely to remain stable in short to medium term. Furthermore, given HUDCO's high exposure in vulnerable energy and value-added real estate segment along with prevailing uncertain economic environment, the ability of the corporation to improve its asset quality while sustaining its profitability and capitalization would be the key rating sensitivity going forward.

Financial Performance

(Rs. Crore)

As on/ Year ended March 31	2011	2012	2013
	(12m, A)	(12m, A)	(12m, A)
Working Results			
Total Income	2,279	2,779	2,923
Operating Expenses	155	161	173
Provisions	29	67	135
Depreciation	11	5	5
Interest and Financial Charges	1,273	1,629	1,568
Net Interest Income	979	1,094	1,298
PBT	822	940	1,042
PAT	550	629	700
Financial Position			
Tangible Net worth	5,521	5,989	6,427
Total borrowings	15,779	19,964	18,867
Total Loans Portfolio (net of provision)	19,989	22,616	24,510
Total Investments	1,299	1,224	684
Total Assets	22,669	27,493	26,948
Key Ratios			
Solvency			
Overall Gearing (times)	2.86	3.25	2.94
Capital Adequacy Ratio (CAR) (%)	39.81	31.37	23.24
Tier I CAR (%)	39.81	31.37	23.24
Interest Coverage (times)	1.69	1.58	1.75
Profitability			
Net Interest Margin	4.39	4.36	4.77
Return on Total Assets (ROTA)	2.48	2.48	2.66
Operating expenses to Total Assets	0.68	0.59	0.66
Asset Quality			
Gross NPA Ratio	5.45	6.07	5.69
Net NPA Ratio	0.19	1.44	0.83
Net NPA to Net worth (%)	0.72	5.59	3.23

Note: Ratios have been computed based on average of annual opening and closing balances
NIM has been calculated as net interest income/ average annual total assets

Press Release

CARE reaffirms the ratings assigned to the various Long-term and Short-term bank facilities/instruments of Housing Urban Development Corporation Ltd

Ratings

Facilities	**Amount (Rs. crore)**	**Ratings**[1]	**Remarks**
Long-Term Bank Facilities	10,000.00	'CARE AA+' [Double A Plus]	Reaffirmed
Short-term Bank Facilities	500.00	'CARE A1+' [A Plus]	Reaffirmed
Total facilities	**10,500.00**		Reaffirmed
Fixed deposit programme	3000.00	'CARE AA+' [Double A Plus]	Reaffirmed
Long-term bonds	7326.90	'CARE AA+' [Double A Plus]	Reaffirmed
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** based on credit enhancement in the form of 'Letter of Comfort' from Ministry of Urban Employment and Poverty Alleviation (MOUE&PA), Government of India.*

Rating Rationale

The ratings continue to factor in its parentage [100% ownership by Government of India (GoI)], the implicit GoI support given its Mini-Ratna status and access to low cost funds via tax free bonds, National Housing Bank (NHB) refinancing scheme etc. The ratings also factor in HUDCO's healthy capitalization levels, comfortable liquidity profile and diversified resource profile.

The ratings are, however, constrained by significant exposure to vulnerable sectors like power, real estate etc. and moderate asset quality primarily due to high NPA levels in the private sector exposures..

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

The ability of HUDCO to achieve sustained business growth, improve asset quality while maintaining its liquidity and capital adequacy position are the key rating sensitivities.

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HUDCO was set up in 1970 as a 100% GoI-owned financial institution with a mandate to provide long term finance for social housing and core urban infrastructure development in the country. It is a public financial institution under section 4A of the Companies Act. Furthermore, HUDCO is also a Housing Finance Company registered with NHB. The Corporation was conferred 'Mini–Ratna' status in August 2004 resulting in greater operational and financial flexibility to HUDCO.

HUDCO's lending is mainly focused towards state undertakings in the housing or infrastructure segment with majority of loans backed by state government guarantees and/or budgetary allocation through state sponsored programmes. The corporation also lends to infrastructure projects of private sector entities, however, the same constitutes a lower portion (approximately 20%) of the total lending portfolio of HUDCO.

Presently, HUDCO operates through a corporate office along with 20 regional offices and 10 development offices.

In FY13 (refers to the period April 01 to March 31), HUDCO reported PAT of Rs.700 crore on the total income of Rs.2,923 crore . The loan portfolio stood at Rs.24,510 crore as on March 31, 2013.

Analyst Contact
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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Credit rating letter and rationale from IRRPL

India Ratings & Research

Fitch Group

Housing and Urban Development Corporation Ltd. (HUDCO)
Core 7-A, HUDCO Bhawan,
India Habitat Centre
Lodhi Road,
New Delhi – 110003

August 19, 2013

Dear Sir,

Re: Rating of HUDCO's tax-free bonds

India Ratings (see definition below) communicates the following ratings:-

'IND AA+' long-term rating of HUDCO's INR50bn tax-free bonds (to be raised in FY14)

The Outlook on HUDCO's 'IND AA+' long-term issuer rating is Positive.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,

India Ratings

Ananda Bhoumik
Senior Director

Ehsan Syed
Director

Housing and Urban Development Corporation Ltd

Update

Ratings

Long-Term Issuer Rating	IND AA+
Long-Term Domestic Bonds	IND AA+
Long-Term Bank Loans	IND AA+
Long-Term Domestic Bonds (Under Letter of Comfort from GoI)	IND AAA (SO)
Term Deposit Rating	IND tAA+
Short-Term Issuer Rating	IND A1+
Short-Term Debt	IND A1+

Outlook

Long-Term Issuer Rating	Positive

Financial Data

Housing and Urban Development Corporation Ltd (HUDCO)

	31 Mar 13 (12 months)	31 Mar 12 (12 months)
Total assets (USDm)	4,954.7	5,374.4
Total assets (INRm)	269,481.5	274,934.8
Total equity (INRm)	65,139.8	59,888.9
Net income (INRm)	7,005.6	6,303.3
RoAA (%)	2.57	2.51
Tier 1 capital (%)	23.24	31.37
Equity/assets (%)	24.17	21.78

Key Rating Drivers

Policy Role More Visible: India Ratings & Research (Ind-Ra) revised Housing and Urban Development Corporation Ltd's (HUDCO) Outlook to Positive from Stable in August 2013. The Positive Outlook reflects Ind-Ra's expectation of the continued increasing role of HUDCO as a policy institution of the government of India (GoI). This is due to the material increase in HUDCO's loan disbursements towards its mandated or 'core' sectors of non-commercial urban infrastructure and social housing, and consequently the increasing proportion of HUDCO's loan portfolio in these important sectors.

Lending to Core Sectors: Ind-Ra expects HUDCO's exposure to the core sectors to increase over the medium term, given that GoI is increasingly focussing on low-cost housing for the economically weaker sections and lower income groups of the country. HUDCO's role as a policy institution is therefore likely to gain prominence. Disbursements to these sectors registered a sharp increase (14x) over FY10-FY13, and doubled yoy during FY13. The outstanding loans to these sectors also recorded a material increase of 27% during FY13 (around three times HUDCO's overall loan growth of 9.2% during FY13).

Government Support: HUDCO's ratings reflect Ind-Ra's expectation of a high probability of continued timely support from the government. This is due to the state-owned HUDCO's role as a principal agency in implementing GoI's policies in non-commercial urban infrastructure (including water supply, sanitation, and drainage) and low-cost housing. The government's Ministry of Housing and Urban Poverty Alleviation administers HUDCO and appoints its executive chairman and board of directors.

Support through Union Budget: The government gave budgetary approval for HUDCO to raise INR50bn in tax-free bonds each in the FY12, FY13 and FY14 Union budgets. The tax-free issuances could amount to around 50%-55% of HUDCO's total borrowings at FYE14 (year end March) and will be an important subsidised source for funding HUDCO's growth.

Standalone Profile: HUDCO has a concentrated loan portfolio; loans to the top 20 borrowers amounted to 194% of its equity at FYE13. Coupled with the weak financial profiles of some of HUDCO's borrowers, this results in a high gross NPL ratio (FYE13: 5.7%). However, its close operational links with GoI has helped prevent any loss in its state government portfolio.

HUDCO's capitalisation is adequate (FYE13 Tier 1 capital ratio: 23.2%) and leverage is low (FY13 debt/equity ratio: 3.0x). Liquidity is supported by undrawn bank lines and cash and cash equivalents amounting to INR36bn (equivalent to 51% of its one-year obligations) as at FYE13.

Rating Sensitivities

Continued Increase in Policy Role: The Long-Term Issuer Rating could be upgraded if HUDCO's role as a policy institution gains further prominence. This could result from a sustained increase in the core segments of HUDCO's loan portfolio, aided by further subsidised funding that it should receive.

The Outlook could be revised to Stable if the rising trend in HUDCO's loans and disbursements towards its core sectors is not sustained. This could reflect a dilution of HUDCO's role as a funding agency for the government's development projects in the core sectors, or a dilution (for fiscal reasons) in the government's own strategy towards these sectors.

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Housing and Urban Development Corporation Ltd (HUDCO)
Income Statement

	31 Mar 2013			31 Mar 2012		31 Mar 2011		31 Mar 2010	
	Year End USDm Qualified	Year End INRm Qualified	As % of Earning Assets	Year End INRm Qualified	As % of Earning Assets	Year End INRm Qualified	As % of Earning Assets	Year End INRm Qualified	As % of Earning Assets
1. Interest Income on Loans	491.4	26,728.7	10.12	24,747.6	9.06	20,342.1	9.15	21,801.3	10.33
2. Other Interest Income	29.1	1,581.2	0.60	2,265.6	0.83	2,180.2	0.98	2,346.9	1.11
3. Dividend Income	0.0	2.7	0.00	2.7	0.00	2.1	0.00	0.1	0.00
4. Gross Interest and Dividend Income	**520.6**	**28,312.6**	**10.72**	**27,015.9**	**9.89**	**22,524.4**	**10.13**	**24,148.3**	**11.44**
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	284.3	15,461.1	5.85	15,564.2	5.70	12,636.6	5.68	14,124.7	6.69
7. Total Interest Expense	**284.3**	**15,461.1**	**5.85**	**15,564.2**	**5.70**	**12,636.6**	**5.68**	**14,124.7**	**6.69**
8. Net Interest Income	**236.3**	**12,851.5**	**4.86**	**11,451.7**	**4.19**	**9,887.8**	**4.45**	**10,023.6**	**4.75**
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	2.8	152.00	0.06	(402.8)	(0.15)	(96.1)	(0.04)	751.8	0.36
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	(2.3)	-125.70	(0.05)	(171.1)	(0.06)	123.4	0.06	73.5	0.03
14. Other Operating Income	12.4	675.1	0.26	617.7	0.23	138.1	0.06	318.5	0.15
15. Total Non-Interest Operating Income	**12.9**	**701.4**	**0.27**	**43.8**	**0.02**	**165.4**	**0.07**	**1,143.8**	**0.54**
16. Personnel Expenses	22.5	1,223.0	0.46	1,105.2	0.40	1,144.5	0.51	924.8	0.44
17. Other Operating Expenses	10.2	556.1	0.21	552.4	0.20	408.2	0.18	276.4	0.13
18. Total Non-Interest Expenses	**32.7**	**1,779.1**	**0.67**	**1,657.6**	**0.61**	**1,552.7**	**0.70**	**1,201.2**	**0.57**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	**216.5**	**11,773.8**	**4.46**	**9,837.9**	**3.60**	**8,500.5**	**3.82**	**9,966.2**	**4.72**
21. Loan Impairment Charge	24.9	1,353.9	0.51	438.9	0.16	292.3	0.13	2,108.0	1.00
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
23. Operating Profit	**191.6**	**10,419.9**	**3.94**	**9,399.0**	**3.44**	**8,208.2**	**3.69**	**7,858.2**	**3.72**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	3.6	197.1	0.07	0.7	0.00	2.9	0.00	n.a.	-
29. Pre-tax Profit	**195.2**	**10,617.0**	**4.02**	**9,399.7**	**3.44**	**8,211.1**	**3.69**	**7,858.2**	**3.72**
30. Tax expense	66.4	3,611.4	1.37	3,096.4	1.13	2,710.8	1.22	2,905.1	1.38
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**128.8**	**7,005.6**	**2.65**	**6,303.3**	**2.31**	**5,500.3**	**2.47**	**4,953.1**	**2.35**
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	**128.8**	**7,005.6**	**2.65**	**6,303.3**	**2.31**	**5,500.3**	**2.47**	**4,953.1**	**2.35**
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	128.8	7,005.6	2.65	6,303.3	2.31	5,500.3	2.47	4,953.1	2.35
40. Memo: Common Dividends Relating to the Period	27.6	1,500.0	0.57	1,400.0	0.51	1,278.7	0.58	688.9	0.33
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = INR54.38930			USD1 = INR51.15650		USD1 = INR44.65000		USD1 = INR45.13500	

Applicable Criteria

Financial Institutions Rating Criteria
(September 2012)

Housing and Urban Development Corporation Ltd (HUDCO)
Balance Sheet

	31 Mar 2013 Year End USDm	31 Mar 2013 Year End INRm	31 Mar 2013 As % of Assets	31 Mar 2012 Year End INRm	31 Mar 2012 As % of Assets	31 Mar 2011 Year End INRm	31 Mar 2011 As % of Assets	31 Mar 2010 Year End INRm	31 Mar 2010 As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	4,903.5	266,696.7	98.97	244,221.2	88.83	214,372.3	94.28	202,547.2	92.36
6. Less: Reserves for Impaired Loans/ NPLs	262.2	14,259.6	5.29	12,929.7	4.70	12,557.8	5.52	12,279.9	5.60
7. Net Loans	**4,641.3**	**252,437.1**	**93.68**	**231,291.6**	**84.13**	**201,814.6**	**88.76**	**190,267.3**	**86.76**
8. Gross Loans	**4,903.5**	**266,696.7**	**98.97**	**244,221.2**	**88.83**	**214,372.3**	**94.28**	**202,547.2**	**92.36**
9. Memo: Impaired Loans included above	278.3	15,136.6	5.62	15,182.5	5.52	12,276.0	5.40	12,339.2	5.63
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	47.2	2,569.2	0.95	26,767.3	9.74	5,295.5	2.33	5,116.8	2.33
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Available for Sale Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	125.8	6,839.8	2.54	12,239.8	4.45	12,989.8	5.71	15,239.8	6.95
9. Total Securities	**125.8**	**6,839.8**	**2.54**	**12,239.8**	**4.45**	**12,989.8**	**5.71**	**15,239.8**	**6.95**
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	43.2	2,350.6	0.87	2,762.6	1.00	2,238.8	0.98	433.3	0.20
15. Total Earning Assets	**4,857.5**	**264,196.7**	**98.04**	**273,061.2**	**99.32**	**222,338.6**	**97.79**	**211,067.2**	**96.24**
C. Non-Earning Assets									
1. Cash and Due From Banks	80.9	4,397.7	1.63	1,021.1	0.37	1,866.5	0.82	2,441.8	1.11
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	16.3	887.1	0.33	852.5	0.31	860.2	0.38	784.7	0.36
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Current Tax Assets	0.0	0.0	0.00	0.0	0.00	2,240.0	0.99	2,686.2	1.22
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	0.0	0.0	0.00	0.0	0.00	64.0	0.03	2,334.1	1.06
11. Total Assets	**4,954.7**	**269,481.6**	**100.00**	**274,934.8**	**100.00**	**227,369.3**	**100.00**	**219,304.0**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	227.1	12,354.5	4.58	11,521.2	4.19	14,650.1	6.44	22,907.9	10.45
4. Total Customer Deposits	**227.1**	**12,354.5**	**4.58**	**11,521.2**	**4.19**	**14,650.1**	**6.44**	**22,907.9**	**10.45**
5. Deposits from Banks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	22.6	1,229.3	0.46	828.4	0.30	2,304.3	1.01	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	**249.8**	**13,583.8**	**5.04**	**12,349.6**	**4.49**	**16,954.4**	**7.46**	**22,907.9**	**10.45**
9. Senior Debt Maturing after 1 Year	2,308.0	125,532.6	46.58	130,551.1	47.48	86,919.2	38.23	127,296.9	58.05
10. Subordinated Borrowing	n.a.	n.a.	-	0.0	0.00	5,000.0	2.20	5,000.0	2.28
11. Other Funding	1,040.3	56,581.1	21.00	64,352.7	23.41	57,356.1	25.23	n.a.	-
12. Total Long Term Funding	**3,348.3**	**182,113.7**	**67.58**	**194,903.8**	**70.89**	**149,275.3**	**65.65**	**132,296.9**	**60.33**
13. Derivatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**3,598.1**	**195,697.5**	**72.62**	**207,253.4**	**75.38**	**166,229.7**	**73.11**	**155,204.8**	**70.77**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	82.4	4,480.3	1.66	4,288.8	1.56	3,111.4	1.37	n.a.	-
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	76.6	4,163.9	1.55	3,503.7	1.27	2,818.5	1.24	2,373.6	1.08
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	10,754.7	4.90
10. Total Liabilities	**3,757.0**	**204,341.7**	**75.83**	**215,045.9**	**78.22**	**172,159.6**	**75.72**	**168,333.1**	**76.76**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	1,197.7	65,139.8	24.17	59,888.9	21.78	55,209.7	24.28	50,970.9	23.24
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	**1,197.7**	**65,139.8**	**24.17**	**59,888.9**	**21.78**	**55,209.7**	**24.28**	**50,970.9**	**23.24**
7. Total Liabilities and Equity	**4,954.7**	**269,481.6**	**100.00**	**274,934.8**	**100.00**	**227,369.3**	**100.00**	**219,304.0**	**100.00**
8. Memo: Fitch Core Capital	1,197.7	65,139.8	24.17	59,888.9	21.78	55,209.7	24.28	50,970.9	23.24
9. Memo: Fitch Eligible Capital	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = INR54.38930			USD1 = INR51.15650		USD1 = INR44.65000		USD1 = INR45.13500	

Housing and Urban Development Corporation Ltd (HUDCO)
Summary Analytics

	31 Mar 2013 Year End	31 Mar 2012 Year End	31 Mar 2011 Year End	31 Mar 2010 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	10.46	10.79	9.76	10.21
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	10.54	10.91	10.39	10.72
4. Interest Expense/ Average Interest-bearing Liabilities	7.67	8.33	7.86	8.12
5. Net Interest Income/ Average Earning Assets	4.78	4.62	4.56	4.45
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	4.28	4.45	4.43	3.51
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	4.78	4.62	4.56	4.45
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	5.18	0.38	1.65	10.24
2. Non-Interest Expense/ Gross Revenues	13.13	14.42	15.44	10.76
3. Non-Interest Expense/ Average Assets	0.65	0.66	0.70	0.51
4. Pre-impairment Op. Profit/ Average Equity	18.83	17.09	16.01	20.45
5. Pre-impairment Op. Profit/ Average Total Assets	4.33	3.92	3.81	4.21
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	11.50	4.46	3.44	21.15
7. Operating Profit/ Average Equity	16.67	16.33	15.46	16.13
8. Operating Profit/ Average Total Assets	3.83	3.74	3.68	3.32
9. Taxes/ Pre-tax Profit	34.02	32.94	33.01	36.97
10. Pre-Impairment Operating Profit / Risk Weighted Assets	4.22	5.15	6.13	8.12
11. Operating Profit / Risk Weighted Assets	3.73	4.92	5.92	6.40
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	11.21	10.95	10.36	10.17
2. Net Income/ Average Total Assets	2.57	2.51	2.46	2.09
3. Fitch Comprehensive Income/ Average Total Equity	11.21	10.95	10.36	10.17
4. Fitch Comprehensive Income/ Average Total Assets	2.57	2.51	2.46	2.09
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	2.57	2.51	2.46	2.09
6. Net Income/ Risk Weighted Assets	2.51	3.30	3.97	4.03
7. Fitch Comprehensive Income/ Risk Weighted Assets	2.51	3.30	3.97	4.03
D. Capitalization				
1. Fitch Core Capital/Weighted Risks	23.34	31.37	39.81	41.51
2. Fitch Eligible Capital/ Weighted Risks	n.a.	n.a.	n.a.	n.a.
3. Tangible Common Equity/ Tangible Assets	24.17	21.78	21.78	23.24
4. Tier 1 Regulatory Capital Ratio	23.24	31.37	39.81	41.51
5. Total Regulatory Capital Ratio	23.24	31.37	39.81	42.33
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	24.17	21.78	24.28	23.24
8. Cash Dividends Paid & Declared/ Net Income	21.41	22.21	23.25	13.91
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	21.41	22.21	23.25	13.91
10. Cash Dividends & Share Repurchase/Net Income	21.41	22.21	23.25	13.91
11. Net Income - Cash Dividends/ Total Equity	8.45	8.19	7.65	8.37
E. Loan Quality				
1. Growth of Total Assets	(1.98)	20.92	3.68	(13.73)
2. Growth of Gross Loans	9.20	13.92	5.84	(9.76)
3. Impaired Loans(NPLs)/ Gross Loans	5.68	6.22	5.73	6.09
4. Reserves for Impaired Loans/ Gross loans	5.35	5.29	5.86	6.06
5. Reserves for Impaired Loans/ Impaired Loans	94.21	85.16	102.30	99.52
6. Impaired Loans less Reserves for Imp Loans/ Equity	1.35	3.76	(0.51)	0.12
7. Loan Impairment Charges/ Average Gross Loans	0.53	0.19	0.14	0.99
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Asse	5.68	6.22	5.73	6.09
F. Funding				
1. Loans/ Customer Deposits	2,158.70	2,119.75	1,463.28	884.18
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding excl Derivatives	6.31	5.56	8.81	14.76

The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

ANNEXURE C: CONSENT LETER FROM THE DEBENTURE TRUSTEE

SBICAP Trustee Company Ltd.

No: 1604/STCL/DT/2013-14 Date: August 27, 2013

Housing and Urban Development Corporation Limited
HUDCO Bhawan
Core 7A, Indian Habitat Centre
Lodi Road, New Delhi – 110003

Proposed public issue of tax free, secured, redeemable, non-convertible bonds having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended ("Bonds" and such issue, "the Issue") by Housing and Urban Development Corporation Limited ("Company")

We, the undersigned, do hereby consent to act as a Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed by the Company with the Securities and Exchange Board of India ("**SEBI**"), the Indian stock exchanges where the Bonds are proposed to be listed (the "**Stock Exchanges**") and the Shelf Prospectus, Tranche Prospectus(es) and any other document intended to be filed with SEBI, Stock Exchanges and the Registrar of Companies, National Capital Territory of Delhi and Haryana ("**RoC**"), in respect of the Issue and in all subsequent periodical communications to be sent to the holders of the Bonds from time to time. The following details with respect to us may be disclosed:

Name	: SBICAP Trustee Company Limited
Address	: Apeejay House, 6th floor, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020.
Tel	: 022 – 43025555
Fax	: 022 – 43025550
E-mail	: corporate@sbicaptrustee.com
Investor Grievance e-mail	: investor.cell@sbicaptrustee.com
Website	: www.sbicaptrustee.com
Contact Person	: Mr.Ajit Joshi (Company Secretary/ Compliance Officer)
SEBI Registration Number	: IND000000536

We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate and declaration regarding our registration with SEBI in the required format. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We further confirm that we have not received any communication from SEBI prohibiting us from acting as the intermediary:

We confirm that we will immediately inform the Company of any change, additions or deletions in respect of the matters covered in this certificate till the date when the Bonds offered, issued and allotted pursuant to the Issue, are admitted for trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of Bonds on the Stock Exchanges.

We hereby authorise you to deliver this letter of consent to the Stock Exchanges, the RoC and any other regulatory or statutory authority as required.

Sincerely,

For **SBICAP Trustee Company Limited**

Ajit Joshi
Company Secretary

Apeejay House, 6th Floor, West Wing, 3, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020. Tel.: 91-22-4302 5555 Fax : 91-22-4302 5500

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