



## 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 69.

**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 TRANCHE(S) FOR AN AMOUNT AGGREGATING UP TO ₹ 5,000.00 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 ₹ 1,250 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.

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. 46/2012 F. No. 178/60/2012-(ITA.1) dated November 6, 2012 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 9 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 November 23, 2012. 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 November 23, 2012. 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 National Stock Exchange of India Limited ("NSE"), 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 December 3, 2012).

### LISTING

The Bonds are proposed to be listed on the NSE, the Designated Stock Exchange for the Issue. NSE has given its in-principle listing approval through letter dated [●], 2012.

### LEAD MANAGERS TO THE ISSUE

### REGISTRAR TO THE ISSUE



#### ENAM SECURITIES PRIVATE 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.enam.com  
Investor Grievance ID: complaints@axiscap.in  
Contact Person: Mr. Akash Agarwal  
Compliance Officer: Mr. M. Natarajan  
SEBI Registration Number: INM000006856



#### ICICI SECURITIES LIMITED

H.T. Parekh Marg, Churchgate  
Mumbai 400 020, India  
Telephone: +91 22 2288 2460  
Facsimile: +91 22 2282 6580  
Email ID: hudco.bonds@icicisecurities.com  
Website: www.icicisecurities.com  
Investor Grievance ID: customercare@icicisecurities.com  
Contact Person: Mr. Manvendra Tiwari/ Ms. Payal Kulkarni  
Compliance Officer: Mr. Subir Saha  
SEBI Registration Number: INM000011179



#### 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

### LEAD MANAGERS TO THE ISSUE

### DEBENTURE TRUSTEE



#### KOTAK MAHINDRA CAPITAL COMPANY LIMITED

1<sup>st</sup> Floor, Bakhtawar, 229 Nariman Point  
Mumbai 400 021, India  
Telephone: (+91 22) 6634 1100  
Facsimile: (+91 22) 2283 7517  
Email ID: hudco.ncd@kotak.com  
Website: www.investmentbank.kotak.com  
Investor Grievance ID: kmccredressal@kotak.com  
Contact Person: Mr. Ganesh Rane  
Compliance Officer: Mr. Ajaya Vaidya  
SEBI Registration Number: INM000008704



#### SBI CAPITAL MARKETS LIMITED

202, Maker Tower E, Cuffe Parade  
Mumbai 400 005, India  
Telephone: +91 22 2217 8300  
Facsimile: +91 22 2218 8332  
Email ID: hudcobonds2012@sbicaps.com  
Website: www.sbicaps.com  
Investor Grievance ID: investor.relations@sbicaps.com  
Contact Person: Ms. Rajalakshmi V/ Ms. Kavita Tanwani  
Compliance Officer: Mr. Bhaskar Chakraborty  
SEBI Registration Number: INM000003531



#### SBICAP TRUSTEE COMPANY LIMITED

8, Khetan Bhavan  
5<sup>th</sup> Floor, 198, J. Tata Road, Churchgate  
Mumbai 400 020, India  
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. Vishwas Pathak  
SEBI Registration No: IND000000536

### ISSUE PROGRAMME\*\*\*

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

\*\* The merchant banking business of Enam Securities Private Limited has been vested with Axis Capital Limited, which is in the process of completing the formalities of its SEBI registration.

\*\*\* 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 (subject to the Issue being open for a minimum of three Working Days and subject to the Category IV Portion being fully subscribed prior to such early closure) or extension by such period, upto a period of 30 days from the date of opening of the Issue, 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 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.

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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 regulations or policies includes any amendments or re-enactments thereto, from time to time.

### Company Related Terms

Term	Description
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 Agiwal & Associates.

### 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 109.
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 140.
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 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).

<b>Term</b>	<b>Description</b>
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	<ul style="list-style-type: none"> <li>• Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• FIIs and their sub – accounts (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• National Investment Fund;</li> <li>• 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;</li> <li>• Mutual funds; and</li> <li>• Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul>
Category II	Companies within the meaning of section 3 of the Companies Act and bodies corporate registered under the applicable laws in India and authorised to invest in the Bonds.
Category III	The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue: <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis; and</li> <li>• Hindu Undivided Families through the Karta.</li> </ul>
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: <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis; and</li> <li>• Hindu Undivided Families through the Karta.</li> </ul>
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.
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 <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> 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

Term	Description
	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	NSE.
Draft Shelf Prospectus	This draft shelf prospectus dated November 30, 2012 filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations on December 3, 2012.
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.
FIIIs	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 ₹ 1,000.00 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 ₹ 5,000.00 crores*.  <i>* 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.</i>
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	Enam Securities Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets Limited.
Limited Review Financial Statements	The unaudited financial results of our Company for the three months ended September 30, 2012 on which the Auditor's have prepared a limited review report. For details, see the section titled "Annexure A – Financial Statements" on page 153.
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. 46/2012 F. No. 178/60/2012-(ITA.1) dated November 6, 2012 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.

Term	Description
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.
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 and for Tranche [●] Series [●] Bonds, the date falling 15 years from the Deemed Date of Allotment.
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, 2012, March 31, 2010, March 31, 2011, March 31, 2009 and March 31, 2008 on which the Auditor's have submitted a report. For details, see the section titled "Annexure A- Financial Statements" on page 153.
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 109.
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 108.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understanding dated November 23, 2012 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 <i>pari-passu</i> 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 <i>pari-passu</i> 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 <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Shelf Limit	The aggregate limit of the Issue being ₹ 5,000.00* crores to be issued under the Shelf Prospectus, through one or more tranches.  <i>* 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.</i>
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

Term	Description
	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 <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a> or at such other website as may be prescribed by SEBI from time to time.
Trading Members	Intermediaries registered as Brokers or Sub-Brokers the NSE under the applicable byelaws, rules, regulations, guidelines, circulars issued by the NSE from time to time, and duly registered with NSE for collection and electronic upload of Application Forms on the electronic application platform provided by NSE.
Tranche Issue	Issue of the Bonds pursuant to a 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.
Debt Listing Agreement	The agreement for listing of debt securities on the Indian stock exchanges.
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.
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.

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
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, 1956.
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**

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
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.
HFC	Housing Finance Companies.
FCNR	Foreign Currency Non-Resident.
HSMI	Human Settlement Management Institute.
ILCS	Integrated low cost sanitation scheme.
ISO	International Organization for Standardization.
IHSDP	Integrated Housing and Slum Development Programme.
JNNURM	Jawaharlal Nehru National Urban Renewal Mission.
NCD	Non-Convertible Debenture.
NHB	National Housing Bank.
NPAs	Non-Performing Assets.
PSU	Public Sector Undertaking.
RAY	Rajiv Awas Yojna.
SPV	Special Purpose Vehicle.
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 40, 65, 109, 44, 73, 82, 95 and 118, respectively will have the meanings ascribed to them in such sections.



## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **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 and our Limited Review 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 for last 5 years and three months ended June 30, 2012 are provided below:

Currency	September 30, 2012	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
USD	52.70	51.16	44.65	45.14	50.95	39.97
JPY	0.68	0.62	0.54	0.48	0.52	0.40

*(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 9.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Our Business” on page 52. 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 52 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 the effect is not quantifiable and hence 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 NHB 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, 2012 our gross NPAs were ₹ 1518.25 crores or 6.07% of our outstanding portfolio which includes loans extended by us and investments in bonds, compared to ₹ 1227.60 crores or 5.46% as at March 31, 2011. Further, as at March 31, 2012, our net NPAs constituted 1.44% of our outstanding portfolio which includes loans extended by us and investments in bonds, compared to 0.19% as at March 31, 2011. 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, 2012 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 NHB Directions on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations.

The NHB 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 ₹ 1187.68 crores in the year ended March 31, 2011 and ₹ 1,173.96 crores in the year ended March 31, 2012, which represented 96.75% and 77.32% 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. Our average cost of funds has increased from 8.14% for the year ended March 31, 2011 to 9.42% for the year ended March 31, 2012. Changes in interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Although only 24.11% of our loan assets (excluding investments in bonds) had a fixed rate of interest as of March 31, 2012, 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 24.11% 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 13.96% from the year ended March 31, 2008 to

the year ended March 31, 2012. 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 September 30, 2012, we had outstanding indebtedness of ₹ 17,320.84 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 September 30, 2012, ₹ 5,096.49 crores or 29.42% 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 things, Bank of India, General Insurance Corporation, Life Insurance Corporation of India, Bank of Baroda and Canara Bank. For further details, please see the section titled “Financial Indebtedness” on page 82.

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 61. 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 four 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 95. 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 financial results for the six months ended September 30, 2012 have been subjected to limited review by our statutory auditors, and the audited results for the same period may be materially different from the present results.***

In terms of the SEBI Debt Regulations and the Debt Listing Agreement entered into between us and the Indian

stock exchanges where our debt securities are currently listed, we prepare half-yearly financial results subject to limited review by our statutory auditors in the format specified in the Debt Listing Agreement. Accordingly, we have, pursuant to a letter from SEBI dated October 5, 2012, disclosed in this Draft Shelf Prospectus the Limited Review Financial Information. However, we cannot assure you that our actual audited results for the same period will not be materially different from the Limited Review Financial Information.

***11. 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 65. 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.

***12. We have a limited history with respect to operating through joint ventures and are subject to all of the business 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- Joint Ventures” on page 70.

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

***13. We have high loan concentrations with our top ten borrowers contributing to 29.78% of our total loans outstanding as on March 31, 2012 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, 2012, aggregate loans to our ten largest borrowers amounted to ₹ 7,445.90 crores, representing approximately 29.78% of our total loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of ₹ 2,172.95 crores, representing 8.70% 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.

***14. 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 82.

***15. 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.***

Some of our Directors have interests in other companies which are in businesses similar to ours. For instance, Ms. Sudha Krishnan, our government-nominee Director, is also on the board of directors of National Buildings Construction Corporation Limited and Hindustan Prefab Limited; Mr. Susheel Kumar, our government-nominee Director, is also on the board of directors on Hindustan Prefab Limited; and Mr. Nasseruddin Munjee, one of our independent Directors, is the chairman on the board of directors of Development Credit Bank Limited and on the board of directors of HDFC Limited. For further information with respect to directorships of certain of our Directors, please see the section titled "Our Management" on page 73.

Such directorships of our Directors 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.

***16. 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 four 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 95. 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.

***17. 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, 2012, 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.

***18. 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, 2012, we have a CRAR of 31.37%, which exceeded 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.

**19. 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, 2012, were ₹ 347.99 crores. The details are as follows:

<b>Particulars</b>		<b>(In ₹ crore)</b>
		<b>2011-2012</b>
A	Claims of Contractors not acknowledged as debts	5.69
	Counter claims of the Company	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 ₹ 245.37 crore (previous year ₹ 229.67 crore) under protest	272.96
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	4.56
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	31.51
G	Estimated amount of other commitments on account of maintenance of HUDCO Flats	1.66

For further details on contingent liabilities, see the section titled "Annexure A- Financial Statements" on page 153.

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

**20. 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.

We have been following the guidelines of the NHB on income recognition. However, 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.

**21. 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 September 30, 2012, ₹ 433.02 crores, or approximately 2.50% of our total indebtedness of ₹ 17,320.84 crores was denominated in U.S. dollars and ₹ 301.43 crores, or approximately 1.73% of our total indebtedness of ₹ 17,320.84 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 ₹ 26.35 crores denominated in U.S. dollars and ₹ 299.05 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 82. 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.

***22. 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.

***23. 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.

***24. 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 us and the L&DO, GoI. IHC is yet to enter into a lease deed with the L&DO and consequently, we have been unable to enter into this tripartite sub-lease deed with the IHC and the L&DO.

Failure by IHC to enter into a lease deed with the L&DO will render it difficult for us to enter into a tripartite sub-lease with the IHC and the L&DO in relation to our Registered Office. 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.

***25. With regard to the composition of our Board, we have not been able to comply, on certain occasions in the past, with the provisions of the guidelines by the Department of Public Enterprises.***

With regard to the composition of our Board, we 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"). During the past three Fiscals, our statutory auditors have qualified their annual corporate governance report 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. While our Board is currently 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 compliance will continue, 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.

**26. 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 2008, 2009, 2010, 2011 and 2012 in relation to our Company. For details, please see the section titled "Annexure A - Financial Statements" on page 153.

Significantly, in respect of their audit report for the financial statements for Fiscal 2012, our Statutory Auditors have included the following qualification:

*"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.*

*Further, 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.*

*The Company is charging interest from 1<sup>st</sup> April, 2012 to 30<sup>th</sup> September, 2012 amounting to Rs. 10.22 crores. Total outstanding as on 30<sup>th</sup> September, 2012 stood at Rs. 215.80 crores."*

In the event that this dispute is settled against the Company, it may have adverse impact on our financial position, profitability and results of operation. For further details, see the section titled "Outstanding Litigation and Material Defaults" on page 95.

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

**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:

	<i>(In ₹ crore)</i>				
<b>Particulars</b>	<b>Fiscal 2012</b>	<b>Fiscal 2011</b>	<b>Fiscal 2010</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>
Net cash used in operating activities	896.21	414.26	NA	NA	NA
Net cash used in investing activities	NA	NA	NA	NA	NA
Net cash used in financing activities	NA	NA	3706.61	NA	1,465.23

For further details, see the section titled "Annexure A - Financial Statements" on page 153.

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 2008, 2009, 2010, 2011 and 2012 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. *The positions of functional directors remaining vacant and/or the loss of 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. Currently, two out of the three positions of functional directors on the Board are vacant. We also 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 NSE and to be entered into with the NSE 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. 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 notification dated November 6, 2012 issued by the CBDT. 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 44.

***34. There is no guarantee that the Bonds issued pursuant to this Issue will be listed on the NSE 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 NSE.

***35. 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.

***36. 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 November 23, 2012. 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. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated November 23, 2012. 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.

***37. 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.

***38. A debenture redemption reserve will be created, only up to an extent of 50% 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.9/2002 No.6/3/2001-CL.V dated April 18, 2002 that in furtherance of section 117C of the Companies Act, a Public Financial Institution shall create a debenture redemption reserve to the extent of 50% of the value of the debentures issued through public issue.

Therefore, we will maintain a debenture redemption reserve only to the extent of 50% of the Bonds issued 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.

***39. 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**

***40. 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. After a significant recovery from the global financial crisis and two successive years of robust growth of 8.04%, India's GDP growth decelerated sharply to a nine-year low of 6.50% during Fiscal 2012. 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.

***41. 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.

***42. 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.

***43. 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.

***44. 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.

***45. 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 endeavor 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.

***46. 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.

***47. 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 ₹ 5,000.00 crores \* through a public issue of the Bonds in one or more tranches prior to March 31, 2013.

*\* 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.*

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 105.

### COMMON TERMS FOR ALL SERIES OF THE BONDS

<b>Security name</b>	[●]% HUDCO Tax Free 2012 Bonds Series [●]
<b>Issuer</b>	Housing and Urban Development Corporation Limited.
<b>Type of instrument</b>	Tax free bonds of face value of ₹ 1,000.00 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act.
<b>Nature of instrument</b>	Secured.
<b>Seniority</b>	Senior.
<b>Mode of issue</b>	Public issue.
<b>Eligible Investors</b>	See the section titled “Issue Procedure – Who can apply” on page 118.
<b>Listing</b>	NSE. The Bonds shall be listed within 12 Working Days from the Issue Closure Date.
<b>Rating of the instrument</b>	‘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 292.
<b>Issue size</b>	As specified in the relevant Tranche Prospectus with aggregate issuance amount in all Tranche Prospectus taken together, not exceeding the Shelf Limit.
<b>Option to retain oversubscription</b>	As specified in the relevant Tranche Prospectuses.
<b>Objects of the Issue</b>	See the section titled “Objects of the Issue” on page 42.
<b>Details of utilisation of proceeds</b>	See the section titled “Objects of the Issue” on page 42.
<b>Coupon rate</b>	See the section titled “Terms of the Issue – Interest” on page 109.
<b>Step up/ step down coupon rates</b>	See the section titled “Terms of the Issue – Interest” on page 109.
<b>Coupon payment frequency</b>	Annual.
<b>Coupon payment dates</b>	See the section titled “Terms of the Issue – Payment of Interest on Bonds” on page 111.
<b>Coupon type</b>	Fixed.
<b>Day count basis</b>	Actual/ actual.
<b>Interest on Application Amounts</b>	See the section titled “Terms of the Issue – Interest on Application Amounts” on page 110.
<b>Tenor</b>	10 years and 15 years from the Deemed Date of Allotment.
<b>Redemption Dates</b>	For Tranche [●] Series [●] Bonds, the date, falling 10 years from the Deemed Date of Allotment and for Tranche [●] Series [●] Bonds, the date falling 15 years from the Deemed Date of Allotment.
<b>Redemption Amount</b>	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.
<b>Issue Price (in ₹)</b>	₹ 1,000.00.
<b>Face Value (in ₹)</b>	₹ 1,000.00.
<b>Minimum application size</b>	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.



<b>Issue opening date</b>	As specified in the Tranche Prospectus.
<b>Issue closing date*</b>	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 (subject to the Issue being open for a minimum of three Working Days and subject to the Category IV Portion being fully subscribed prior to such early closure) or extension by such period, upto a period of 30 days from the date of opening of the Issue, 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 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.
<b>Pay-in date</b>	Application Date.
<b>Deemed date of Allotment</b>	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.
<b>Issuance mode of the instrument</b>	Dematerialised form or physical form** as specified by an Applicant in the Application Form.
<b>Trading</b>	In dematerialised form only.
<b>Depositories</b>	NSDL and CDSL.
<b>Business convention</b>	See the section titled “Terms of the Issue – Effect of holidays on payments” on page 111.
<b>Record Date</b>	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.
<b>Security</b>	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.
<b>Transaction documents</b>	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.
<b>Events of default</b>	See the section titled “Terms of the Issue – Events of Default” on page 113.
<b>Roles and responsibility of the Debenture Trustee</b>	See the section titled “Terms of the Issue – Debenture Trustee” on page 116.
<b>Governing law and jurisdiction</b>	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.
<b>Security cover</b>	At least 100% of the outstanding Bonds at any point of time.
<b>Debenture Trustee</b>	SBICAP Trustee Company Limited.
<b>Registrar</b>	Karvy Computershare Private Limited.
<b>Modes of payment</b>	Through various available modes as detailed in the section titled “Issue Procedure – Payment Instructions” on page 126.
<b>Lead Managers</b>	Enam Securities Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and SBI Capital Markets 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 (subject to the Issue being open for a minimum of three Working Days and subject to the Category IV Portion being fully subscribed prior to such early closure) or extension by such period, upto a period of 30 days from the date of opening of the Issue, 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 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 fulfil 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
<b>Tenor</b>	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).
<b>Redemption Date</b>	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.
<b>Redemption Amount (₹/ Bond)</b>	Repayment of the face value of the Bonds and any interest that may have accrued on the Redemption Date.	Repayment of the face value of the Bonds and any interest that may have accrued on the Redemption Date.
<b>Frequency of interest payment</b>	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
<b>Minimum Application size</b>	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
<b>In multiples of</b>	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
<b>Face Value (₹/ Bond)</b>	₹ 1,000.00.	₹ 1,000.00.
<b>Issue Price (₹/ Bond)</b>	₹ 1,000.00.	₹ 1,000.00.
<b>Modes of interest payment</b>	Through various available modes.**	Through various available modes.**
<b>Coupon Rate (%) p.a.</b>	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
<b>Annualised Yield</b>	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
<b>Put and call option</b>	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 1 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 112.

## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our financial information for the years ended March 31, 2012, 2011, 2010, 2009 and 2008. The summary financial information presented below should be read in conjunction with the section titled “Annexure A – Financial Statements” on page 153.

### STATEMENT OF ASSETS AND LIABILITIES

							(₹ in crore)
S. No	PARTICULARS	NOTE No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
(1)	<b>Share Holders' Funds</b>						
	(a) Share Capital	2	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
	(b) Reserves and Surplus	3	3,986.99	3,519.07	3,095.19	2,665.96	2,188.78
	<b>Sub-Total (1)</b>		<b>5,988.89</b>	<b>5,520.97</b>	<b>5,097.09</b>	<b>4,667.86</b>	<b>4,190.68</b>
(2)	<b>Non-current Liabilities</b>						
	(a) Long-term Borrowings	4	13,722.99	9,531.54	11,255.94	14,718.72	15,326.94
	(b) Deferred Tax Liabilities (Net)	5	350.37	281.85	237.36	234.39	163.33
	(c) Other Long-term Liabilities	6	51.74	119.71	128.90	196.08	196.99
	(d) Long-term Provisions	7	211.83	163.40	143.01	168.43	146.24
	<b>Sub-Total (2)</b>		<b>14,336.93</b>	<b>10,096.50</b>	<b>11,765.21</b>	<b>15,317.62</b>	<b>15,833.50</b>
(3)	<b>Current Liabilities</b>						
	(a) Short-term Borrowings	8	-	100.00	220.00	-	-
	(b) Trade Payable	9	31.10	10.72	10.46	10.15	11.87
	(c) Other Current Liabilities	10	6,919.51	6,861.00	4,821.52	5,264.41	4,495.37
	(d) Short-term Provisions	11	217.05	147.74	69.14	53.22	125.94
	<b>Sub-Total (3)</b>		<b>7,167.66</b>	<b>7,119.46</b>	<b>5,121.12</b>	<b>5,327.78</b>	<b>4,633.18</b>
	<b>Total (1+2+3)</b>		<b>27,493.48</b>	<b>22,736.93</b>	<b>21,983.42</b>	<b>25,313.26</b>	<b>24,657.36</b>
<b>II</b>	<b>ASSETS</b>						
(1)	<b>Non-current Assets</b>						
	(a) Fixed Assets	12					
	(i) Tangible Assets		71.37	74.20	68.88	71.95	67.64
	(ii) Intangible Assets		0.01	0.01	0.01	0.02	0.02
	(iii) Capital work-in-progress		13.87	11.81	9.58	9.07	8.72
			<b>85.25</b>	<b>86.02</b>	<b>78.47</b>	<b>81.04</b>	<b>76.38</b>
	(b) Non-current Investments	13	813.98	1,223.98	1,298.98	1,523.98	2,043.36
	(c) Long-term Loans and Advances	14	19,111.64	16,366.71	14,803.86	16,482.25	17,053.90
	(d) Other Non-current Assets	15	-	6.40	1.85	-	-
	<b>Sub-Total (1)</b>		<b>20,010.87</b>	<b>17,683.11</b>	<b>16,183.16</b>	<b>18,087.27</b>	<b>19,173.64</b>
(2)	<b>Current Assets</b>						
	(a) Current Investments	16	410.00	75.00	225.00	519.21	19.20
	(b) Trade Receivable	17	12.52	16.57	12.15	21.82	8.76
	(c) Cash and Bank Balances	18	2,778.84	716.20	755.86	1,052.38	746.70

<b>S. No</b>	<b>PARTICULARS</b>	<b>NOTE No.</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>	<b>As at 31<sup>st</sup> March, 2008</b>
	(d) Other Current Assets	<b>19</b>	4,281.25	4,246.05	4,807.25	5,632.58	4,709.06
	<b>Sub-Total (2)</b>		7,482.61	<b>5,053.82</b>	<b>5,800.26</b>	<b>7,225.99</b>	<b>5,483.72</b>
	<b>Total (1+2)</b>		<b>27,493.48</b>	<b>22,736.93</b>	<b>21,983.42</b>	<b>25,313.26</b>	<b>24,657.36</b>
	<b>Significant Accounting Policies</b>	<b>1</b>					
	<b>Explanatory Notes</b>	<b>26</b>					

Note: The Notes referred to above form an integral part of the Financial Statements.

## STATEMENT OF PROFITS

(₹ in crore)

S. no	PARTICULARS	NOTE No.	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
I	<b>Income</b>						
II	Revenue from Operations	20	2,738.36	2,263.46	2,421.80	2,697.93	2,558.50
III	Other Income	21	40.27	15.13	106.55	15.25	51.69
IV	<b>Total Revenue (II+III)</b>		<b>2,778.63</b>	<b>2,278.59</b>	<b>2,528.35</b>	<b>2,713.18</b>	<b>2,610.19</b>
V	<b>Expenses</b>						
(i)	Finance Cost	22	1,629.08	1,273.27	1,413.76	1,904.14	1,730.34
(ii)	Employee Benefits Expense	23	110.52	114.45	92.48	75.75	85.67
(iii)	Depreciation and Amortisation		4.60	11.42	4.52	4.67	5.29
(iv)	Other Expenses	24	50.64	29.40	23.27	24.28	21.15
(v)	Provision on Loans		37.18	27.80	210.67	(65.35)	213.87
(vi)	Provision on Debtors/recoverables, other loans and advances		6.71	1.43	0.14	0.15	0.11
(vii)	Provision on Investment		-	-	-	0.16	0.22
	<b>Total Expenses (V)</b>		<b>1,838.73</b>	<b>1,457.77</b>	<b>1,744.84</b>	<b>1,943.80</b>	<b>2,056.65</b>
VI	<b>Profit before exceptional, extraordinary Items and tax (IV-V)</b>		939.90	820.82	783.51	769.38	553.54
VII	Exceptional Items		-	-	-	-	-
VIII	<b>Profit before extraordinary Items and tax (VI-VII)</b>		<b>939.90</b>	<b>820.82</b>	<b>783.51</b>	<b>769.38</b>	<b>553.54</b>
IX	Extraordinary Items		-	-	-	-	-
X	Prior period adjustments	25	0.07	0.29	0.87	6.25	(0.29)
XI	Deferred Tax Liability for prior years transferred to General Reserve		-	-	-	(120.96)	-
XII	<b>Profit Before Tax (VIII-IX-X)</b>		<b>939.97</b>	<b>821.11</b>	<b>784.38</b>	<b>654.67</b>	<b>553.25</b>
XII	<b>Tax Expense</b>						
(i)	Current tax		(250.00)	(223.79)	(267.71)	(184.41)	(212.45)
(ii)	Deferred tax		(68.52)	(44.49)	(2.97)	(71.07)	33.54
(iii)	Fringe benefit tax		-	-	-	(0.85)	(0.85)
(iv)	Adjustment of tax of earlier years (Net)		8.88	(2.80)	(18.39)	2.65	0.24
	<b>Total Tax Expense XII (i+ii+iii)</b>		<b>(309.64)</b>	<b>(271.08)</b>	<b>(289.07)</b>	<b>(253.68)</b>	<b>(179.52)</b>
XIII	<b>Profit for the period (XI+XII)</b>		<b>630.33</b>	<b>550.03</b>	<b>495.31</b>	<b>400.99</b>	<b>373.73</b>
XIV	<b>Earnings per Share ( Face value ₹ 1000 )</b>						
	(Refer S.No 16 of Note No 26 - Explanatory Notes)						
	(1) Basic		314.87	274.75	247.42	200.30	186.69
	(2) Diluted		314.87	274.75	247.42	200.30	186.69
<b>Significant Accounting Policies</b>	<b>Significant Accounting Policies</b>	<b>1</b>					
<b>Explanatory Notes</b>	<b>Explanatory Notes</b>	<b>26</b>					

Note: The Notes referred to above form an integral part of the Financial Statements

## CASH FLOW STATEMENT

(₹ in crore)

S.No	Particulars	31 <sup>s</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
(i)	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	939.90	820.82	783.51	769.38	553.54
	Add/ (Less): Adjustments for:					
(ii)	Depreciation	4.60	11.42	4.52	4.67	5.29
(iii)	Financial Charges written off			22.87	9.56	8.94
(iv)	Provision on loans & advances	34.86	29.23	210.78	(66.05)	213.67
(v)	Provision on Investment			-	0.17	0.22
(vi)	Provision for leave encashment	1.68	5.47	7.75	1.31	3.66
(vii)	Provision for post retirement medical benefit	8.67	8.72	(2.11)	4.28	25.66
(viii)	Provision for Gratuity	-	-	(4.72)	(3.97)	8.69
(ix)	Provision for welfare expenditure	0.02	-	(0.15)	0.01	0.37
(x)	Provision for LTC	2.28	(3.20)	3.79	0.98	9.86
(xi)	Provision for pay revision			(24.00)	15.79	6.61
(xii)	Provision for Provident Fund	(5.21)	13.94	-	-	-
(xiii)	Provision for Corporate Social Responsibilities (CSR)	5.99	-	-	-	-
(xiv)	Prior Period Adjustments (Net)	0.07	0.29	0.87	6.25	(0.29)
(xv)	Deferred Tax Liability for prior years Adjustments				(120.96)	-
(xvi)	Profit on sale of investments	-	-	(0.19)	(0.19)	(0.19)
(xvii)	Loss/ (Profit) on sale of Fixed Assets (Net)	(0.03)	(0.01)	(0.03)	(0.04)	(0.03)
(xviii)	Translation/exchange (Gain)/Loss on Foreign Currency Loan	40.28	9.61	(75.16)	246.29	(38.59)
(xix)	Miscellaneous expenditure	0.00	0.00	(2.47)	(1.95)	(1.68)
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1033.11</b>	<b>896.29</b>	<b>925.26</b>	<b>865.53</b>	<b>795.73</b>
	Adjustment for					
(i)	Decrease/(Increase) in Loans	(2544.04)	(989.84)	2189.57	(288.69)	(221.50)
(ii)	(Increase)/Decrease in Current Assets, other Loans & Advances	(457.89)	(235.02)	(133.88)	(259.13)	(186.40)
(iii)	Increase/(Decrease) in Current Liabilities and Provisions	1788.83	(1012.86)	(311.23)	(418.60)	(286.56)
(iv)	<b>CASH GENERATED FROM OPERATIONS</b>	<b>(179.99)</b>	<b>(1341.43)</b>	<b>2669.72</b>	<b>(100.89)</b>	<b>101.27</b>
(v)	Direct taxes paid(Net of refunds)	250.34	211.58	252.06	210.57	168.68
(vi)	KFW Reserve	0.31	1.72	2.81	8.15	0.70
(xii)	General Reserve	-	-	-	120.96	(17.56)
(xiii)	Deferred Tax Assets adjustments	-	-	-	-	(9.04)
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>70.66</b>	<b>(1128.13)</b>	<b>2924.59</b>	<b>238.79</b>	<b>244.05</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
(i)	Sale / (Purchase) of Investment	78.39	225.00	519.40	19.39	387.91
(ii)	Purchase of fixed assets	(3.88)	(19.00)	(2.01)	(9.38)	(4.76)
(iii)	Sale of Fixed assets	0.08	0.04	0.09	0.09	0.10
	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>74.59</b>	<b>206.04</b>	<b>517.48</b>	<b>10.10</b>	<b>383.25</b>

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012 (Contd.)</b>						<b>(₹ in crore)</b>
<b>S.No</b>	<b>Particulars</b>	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>	<b>31<sup>st</sup> March, 2010</b>	<b>31<sup>st</sup> March, 2009</b>	<b>31<sup>st</sup> March, 2008</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>(i)</b>	Proceed from borrowings (Net)	18682.19	(15430.09)	(3653.69)	100.06	(1441.03)
<b>(ii)</b>	Corporate Dividend Tax Paid	(17.85)	(9.81)	(7.69)	(11.57)	(3.51)
<b>(iii)</b>	Dividend Paid	(110.02)	(59.08)	(45.24)	(68.11)	(20.68)
	<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>18554.32</b>	<b>(15498.98)</b>	<b>(3706.62)</b>	<b>20.38</b>	<b>(1465.22)</b>
	<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>18699.57</b>	<b>(16421.07)</b>	<b>(264.55)</b>	<b>269.27</b>	<b>(837.92)</b>
	* CASH & CASH EQUIVALENTS - OPENING BALANCE	556.29	584.82	849.36	580.09	1418.01
	* CASH & CASH EQUIVALENTS - CLOSING BALANCE	2606.93	556.29	584.81	849.36	580.09
	<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>2050.64</b>	<b>(28.53)</b>	<b>(264.55)</b>	<b>269.27</b>	<b>(837.92)</b>

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 Rs. 171.91 crore (previous year Rs. 159.91 crore).
2. Previous year figures have been regrouped wherever necessary.

## 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 September 30, 2012, we have provided finance for over 15 million dwelling units and over 1600 urban infrastructure projects in India. Further, up to September 30, 2012, we have sanctioned loans of ₹ 41,274 crores for housing and ₹ 90,874 crores for urban infrastructure on a cumulative basis, of which ₹ 31,050 crores and ₹ 50,599 crores has been disbursed respectively.

As part of consultancy services, up to September 30, 2012, we had appraised 1,253 projects with a project cost of ₹ 26,482.92 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 2012	Fiscal 2011	Fiscal 2010
Loan book (loan outstanding including investment in bonds) (₹ in crores)	25,003.06	22,492.82	21,796.52
Long term debt to equity ratio	2.29	1.73	2.21
CRAR (%)	31.37	39.81	42.33
Net NPA (%)	1.44	0.19	0.52
Net interest margin* (₹ in crores)	1147.90	958.22	993.66

*\*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:

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total income	2,778.63	2,278.59	2,528.35
Profit after tax	630.33	550.03	495.31

### Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals and the six months ended September 30, 2012.



(in ₹ crore except percentages)

Particulars	Six months ended September 30, 2012 (Unaudited)	Fiscal 2012 (Audited)	Fiscal 2011 (Audited)	Fiscal 2010 (Audited)
Paid up equity share capital	2,001.90	2,001.90	2,001.90	2,001.90
Net worth	6,220.89	5,988.89	5,520.97	5,097.08
Total Debt (of which)				
Non Current Maturities of				
- Long Term Borrowing	14,086.56	13,722.99	9,531.54	11,255.94
- Short Term Borrowing*	392.35	1,144.02	100.00	220.00
- Current Maturities of Long Term Borrowing	2,841.93	5,099.48	6,147.12	4,044.54
Net Fixed Assets (Net Block including CWIP)	84.84	85.25	86.02	78.47
Non Current Assets	19,650.69	20,010.87	17,683.11	16,183.16
Cash and Cash Equivalents	282.17	2,606.93	556.29	584.82
Current Investments	410.00	410.00	75.00	225.00
Current Assets	5,626.00	7,482.61	5,053.82	5,800.26
Current Liabilities	4370.92	7,167.66	7,119.46	5,121.12
Interest Income	1,399.53	2,701.32	2,213.65	2,372.39
Interest Expense	781.73	1553.42	1255.43	1378.73
Provisioning & Write-offs**	108.82	43.89	29.23	210.81
Profit after tax (PAT)	297.43	630.33	550.03	495.30
Gross NPA (%)	9.55	6.07	5.46	5.88
Net NPA (%)	4.66	1.44	0.19	0.52
Tier I Capital Adequacy Ratio (%)	34.81	31.37	39.81	41.51
Tier II Capital Adequacy Ratio (%)	0.00	0.00	0.0	0.81

\*Short term borrowings including Cash Credit/Overdraft facilities

\*\*Provisioning & 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 ₹ 630.33 crores for Fiscal 2012 and ₹ 297.43 crores for the six months ended September 30, 2012. As on March 31, 2012, our Company had a net worth of ₹ 5,988.89 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 (NCR), 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 42 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 September 30, 2012, we have provided finance for over 15 million dwelling units and over 1,600 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, up to September, 30, 2012 we have sanctioned loans of ₹ 41,274 crores for housing and ₹ 90,874 crores for urban infrastructure on a cumulative basis, of which ₹ 31,050 crores and ₹ 50,599 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 42 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 through 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 69. 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  
4<sup>th</sup> 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 8179  
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 NSE.

#### **Chief Financial Officer**

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

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

#### **Lead Managers to the Issue**

##### **Enam Securities Private 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.enam.com  
Investor Grievance ID: complaints@axiscap.in  
Contact Person: Mr. Akash Agarwal  
Compliance Officer: Mr. M. Natarajan  
SEBI Registration Number: INM000006856

*\*The merchant banking business of Enam Securities Private Limited has vested with Axis Capital Limited, which is in the process of completing the formalities of its SEBI registration.*

##### **ICICI Securities Limited**

ICICI Centre, H.T. Parekh Marg, Churchgate  
Mumbai 400 020, India  
Telephone: +91 22 2288 2460  
Facsimile: +91 22 2282 6580  
Email ID: hudco.bonds@icicisecurities.com  
Investor Grievance ID: customercare@icicisecurities.com  
Website: www.icicisecurities.com  
Contact Person: Mr. Manvendra Tiwari/ Ms. Payal Kulkarni  
Compliance Officer: Mr. Subir Saha  
SEBI Registration Number: INM000011179

##### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, Bakhtawar, 229 Nariman Point  
Mumbai 400 021, India  
Telephone: +91 22 6634 1100  
Facsimile: +91 22 2283 7517  
Email ID: hudco.ncd@kotak.com  
Website: www.investmentbank.kotak.com  
Investor Grievance ID: kmcceredressal@kotak.com

Contact Person : Mr. Ganesh Rane  
Compliance Officer: Mr. Ajaya Vaidya  
SEBI Registration Number: INM000008704

**SBI Capital Markets Limited**

202, Maker Tower E, Cuffe Parade  
Mumbai 400 005, India  
Telephone: +91 22 2217 8300  
Facsimile +91 22 2218 8332  
Email ID: hudcobonds2012@sbicaps.com  
Website: www.sbicaps.com  
Investor Grievance ID: investor.relations@sbicaps.com  
Contact Person : Ms. Rajalakshmi V/ Ms. Kavita Tanwani  
Compliance Officer: Mr. Bhaskar Chakraborty  
SEBI Registration Number: INM 000003531

**Consortium Members**

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**Debenture Trustee**

**SBICAP Trustee Company Limited**

8, Khetan Bhavan  
5<sup>th</sup> Floor, 198, J.T. Road  
Churchgate  
Mumbai 400 020, India  
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. Vishwas Pathak  
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 308 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**

**Agiwal & Associates**

Lal Kothi, 2nd Floor  
3830, Pataudi House Road  
Darya Ganj, New Delhi - 110 002  
Telephone: + 91 11 2328 3612  
Facsimile: + 91 11 2326 7461  
Email ID: agiwal@vsnl.net

Firm Registration Number: 000181N  
*Auditors since:* August 12, 2009

### **Legal Counsel to the Company**

#### **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**

3<sup>rd</sup> Floor, Indian Red Cross Society Building  
Red Cross Road  
New Delhi 110001  
Telephone: +91 11 6628 1027  
Facsimile: +91 11 2375 2730  
Email: rajiv.sharma@idbi.co.in  
Contact person: Mr. Rajiv Sharma  
Website: www.idbi.com

#### **Vijaya Bank**

D-65, Hauz Khas  
New Delhi 110016  
Telephone: +91 11 2696 3242  
Facsimile: +91 11 2696 1524  
Email: del.hauzhas6015@vijayabank.co.in  
Contact person: Mr. Rajeev Kumar  
Website: www.vijayabank.com

#### **IndusInd Bank Limited**

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

#### **Syndicate Bank**

Shop no. 26 – 30, Lok Nayak Bhawan  
Khan Market, New Delhi – 110 003  
Telephone: +91 11 2461 6694/ +91 11 2461 1872  
Facsimile: + 91 11 2461 6694  
Email: dl.9043delkhanmkt@syndicatebank.co.in  
Contact person: Mr. Bhagwati Prasad  
Website: www.syndicatebank.in

#### **Corporation Bank**

M – 34, Shopping Centre  
Greater Kailash – II  
New Delhi – 110 048

#### **Axis Bank Limited**

148, Statesman House  
Barakhamba Road  
New Delhi 110001  
Telephone: +91 11 4742 5120  
Facsimile: +91 11 2331 1054/ +91 11 4350 6565  
Email: newdelhi.branchhead@axisbank.com  
Contact person: Mr. Amit Mishra/ Mr. Ashish Dhall  
Website: www.axisbank.com

#### **ICICI Bank Limited**

A – 9, Phelps Building, Connaught Place  
New Delhi 110001  
Telephone: +91 11 4308 4073  
Facsimile: +91 11 4308 4080  
Email: rakson.vij@icicibank.com  
Contact person: Mr. Rakson Vij  
Website: www.icicibank.com

#### **Punjab National Bank**

Capital Market Services Branch  
5 Sansad Marg  
New Delhi – 110 001  
Telephone: +91 11 2373 7533/ 2373 7531  
Facsimile: +91 11 2373 7528  
Email: bo4522@pnb.co.in  
Contact person: Mr. N.K. Sharma  
Website: www.pnbindia.com

#### **Union Bank of India**

Motibagh Branch  
Palika Bhawan, Sector 13, R.K. Puram  
New Delhi  
Telephone: + 91 11 2410 0083  
Facsimile: + 91 11 2467 6643  
Email: motibagh@unionbankofindia.com  
Contact person: Mr. S.K. Jha  
Website: www.unionbankofindia.com

#### **Bank of Maharashtra**

Apeejay House, First Floor  
130, Dr. V. B. Gandhi Marg  
Fort, Mumbai – 400 001

Telephone: +91 11 2921 0667  
Facsimile: +91 11 2921 0959  
Email: cb286@corpbank.co.in  
Contact person: Mr. P. Rajendran  
Website: www.corpbank.com

Telephone: +91 22 2278 0306  
Facsimile: +91 22 2278 0329  
Email: cmtibd@mahabank.co.in  
Contact person: Mr. D.A. Patil  
Website: www.bankofmaharashtra.in

### **Escrow Collection Banks / Bankers to the Issue**

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### **Refund Banks**

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### **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**

3<sup>rd</sup> Floor, B – 47, Inner Circle  
Connaught Place, Near Plaza Cinema  
New Delhi – 110 001  
Telephone: +91 11 4533 3220  
Facsimile: +91 11 4533 3238  
Email: jyotsna.gadgil@careratings.com  
Investor Grievance ID: 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, 4<sup>th</sup> Floor  
Bandra Kurla Complex, Bandra (East)  
Mumbai – 400 051  
Telephone: +91 22 4000 1700  
Facsimile: +91 22 400 1701  
Email: rajesh.patel@indiaratings.co.in  
Investor Grievance ID : investor.services@indiaratings.co.in  
Website: [www.indianratings.co.in](http://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 November 23, 2012. 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. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated November 23, 2012. For details in relation to the rationale for the credit rating, please refer to the Annexure B to this Draft Shelf Prospectus on page 292.

### **Expert Opinion**

Except for the letters dated November 23, 2012 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Limited Review Financial Statements dated October 22, 2012, Reformatted Audited Financial Statements dated November 26, 2012 and statement of tax benefits dated



November 26, 2012 issued by our Auditor, 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**

<b>ISSUE PROGRAMME*</b>	
<b>ISSUE OPENS ON</b>	<b>ISSUE CLOSSES ON</b>
[●]	[●]

*\* 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 (subject to the Issue being open for a minimum of three Working Days and subject to the Category IV Portion being fully subscribed prior to such early closure) or extension by such period, upto a period of 30 days from the date of opening of the Issue, 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 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 September 30, 2012.

Particulars	Aggregate value (₹ in crores)
<b>Authorised share capital</b>	
25,000,000 Equity Shares	2,500.00
<b>Issued, subscribed and paid up Equity Share capital</b>	
20,019,000 Equity Shares	2,001.90
<b>Securities premium account</b>	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 September 30, 2012:

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.	Dr. P.K. Mohanty*	1	1	<i>Negligible</i>
3.	Ms. Sudha Krishnan*	1	1	<i>Negligible</i>
4.	Ms. Deepti Gaur Mukherjee*	1	1	<i>Negligible</i>
5.	Mr. Premjit Lal*	1	1	<i>Negligible</i>
6.	Mr. Vivek Nangia*	1	1	<i>Negligible</i>
7.	Mrs. Sweety Karta Ram*	1	1	<i>Negligible</i>
8.	Mr. Moti Lal*	1	1	<i>Negligible</i>
<b>Total</b>		<b>2,00,19,000</b>	<b>2,00,19,000</b>	<b>100.00%</b>

\* *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 ₹ 13,722.99 crores, and shareholders' funds, amounting to ₹ 5,988.89 crores which was 2.29 times as on March 31, 2012. 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 ₹ 18,722.99 crores and shareholders' funds of ₹ 5,988.89 crores, will be 3.13 times, the details of which are as under:

(In ₹ crores)

Particulars	Prior to the Issue (as on March 31, 2012)	Post-Issue*
<b>Debt</b>		
Short term debt	6243.50	6243.50
Long term debt	13,722.99	18,722.99
<b>Total debt</b>	<b>19,966.49</b>	<b>24,966.49</b>
<b>Shareholders' fund</b>		
Share capital	2,001.90	2,001.90
Reserves and surplus excluding revaluation reserve	3,986.99	3,986.99
<b>Total shareholders' funds</b>	<b>5,988.89</b>	<b>5,988.89</b>
<b>Long term debt/ equity</b>	<b>2.29</b>	<b>3.13</b>
<b>Total debt/ equity</b>	<b>3.33</b>	<b>4.17</b>

\* 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 and short term debt.

6. None of the Equity Shares are pledged or otherwise encumbered.
7. Our Company has not issued any Equity Shares or debt securities issued for consideration other than cash, whether in whole or in part since its incorporation.
8. Our Company has not, since incorporation, issued any debt securities at a premium or at a discount.
9. Provided below are brief details of debt securities issued by our Company in pursuance of an option which are outstanding as on date:

S no.	Instrument type	Date of issue	Issue size (in ₹ crore)	Option provided	Date of redemption
1.	7.50% taxable (XXXVII-B)	January 20, 2006	16.80	Put/call option exercisable at the end of the seventh year.	January 20, 2016
2.	8.12% taxable (XXXIX-B)	March 29, 2006	1.90	Put/call option exercisable at the end of the seventh year.	March 29, 2016
3.	9.10% taxable (Series 1-C) 2006-07	August 29, 2006	8.70	Put/call option exercisable at the end of the seventh year.	August 29, 2016
4.	8.92% taxable 2012 bond series(A)	November 2, 2012	500.00	Put/call option exercisable at the end of three years	November 02, 2017

10. For details of the outstanding borrowings of our Company, please see the section titled "Financial Indebtedness" on page 82.

## 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 ₹ 1,250 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.*

The RBI has, by its letter (FE.CO.FID/8730/10.02.001(29) 2012 – 2013) dated October 23, 2012, approved the issue of the Bonds by our Company through the Issue to FIIs and Eligible NRIs, subject to compliance with the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 (the “**FEMA Borrowing Regulations**”), and further subject to the subscription monies raised from FIIs and Eligible NRIs being not utilised for “relending” activities in terms of Regulation 6(2) of the FEMA Borrowing Regulations. Accordingly, our Company shall keep all subscription monies received from FIIs and Eligible NRIs through the Issue 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, 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.

Please note that [●]% of the amount to be allocated to Category I Investors under the Issue shall be reserved for allocation to FIIs and [●]% and [●]% of the amount to be allocated to be allocated to Category II Investors and Category III Investors, respectively, under the Issue shall be reserved for allocation to Eligible NRIs from Category II and Category III, respectively. For further details, see the section titled “Issue Procedure – Allocation Ratio” on page 140.

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:

<b>Particulars</b>	<b>Amount (₹ in Crore)</b>	<b>As percentage of Issue proceeds (in %)</b>	<b>As percentage of total expenses of the Issue (in %)</b>
Fees payable to Intermediaries			
Lead Managers	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Debenture Trustee	[●]	[●]	[●]
SCSBs	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Selling and Brokerage commission	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

### **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 2013, 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 NSE 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 105 and upon the listing of the Bonds.

## STATEMENT OF TAX BENEFITS

*Under the current tax laws, the following possible tax benefits, among other things, will be available to the Bond Holder. 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 Bond Holder 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 his statement of tax benefit is formulated may be considered differently by income tax authority, government, tribunals or court. We are not liable to the Bond Holder 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.

a) 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. 46/2012/F.No.178/60/2012 – (ITA.1) dated November 6, 2012 authorizes **Housing & Urban Development Corporation Ltd.** to issue through Public/Private Issue, during the Financial year 2012-13, tax free, secured, redeemable, non-convertible bonds of Rs. 1,000 each for the aggregate amount not exceeding Rs. 5,000 crores subject to the other following conditions that –

- (i) **Tenure of Bonds:** The tenure of the bonds shall be for 10 or 15 years.
- (ii) **Permanent Account Number:** It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer.
- (iii) **Registration with Issuer:** The benefit under the said section shall be admissible only if the holder of such bonds registers his or her name and holding with the issuer.
- (iv) **Rate of Interest:-** (a) There shall be a ceiling on the coupon rates based on the reference Government Security (G-Sec) Rate. The reference G-Sec Rate would be the average of the base yield of G-Sec for equivalent maturity reported by Fixed Income Money Market and Derivatives Association of India (FIMMDA) on daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filling of final prospectus with the Exchange or Registrar of Companies (ROC) in case of public issue and the issue opening date in case of private placement.
  - (a) The ceiling coupon rate for AA rated issuers shall be the reference G-Sec Rate less basis points in case of Retail Individual Investors (RII); and reference G-Sec less 100 basis points in case of other investors segment, like Qualified Institutional Buyers (QIBs), Corporate and High Net Worth Individuals (HNIs);
  - (b) In case the rating of the issuers entity is above AA, a reduction of 15 basis points shall be made in the ceiling rate compared to the ceiling rate for AA rated entities [as given in clause (a)];
  - (c) 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;
  - (d) Interest Rate on transfer of Bonds: The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred, except in the case of transfer to legal heir in the event of death of the original investor;
- (v) **Minimum ceiling for Public Issue, Issue Expenses and Brokerages :** (a) At least 75% of the aggregate amount of bonds shall be raised through public issue. 40% of such public issue shall be earmarked for retail investors;

- (a) Total issue expenses shall not exceed 0.5% of the issue size in case of public issue. The issue expenses would include all expenses relating to the issue like brokerages, advertisement, printing, registration, etc.
- (b) The brokerage, in cases of different categories , shall be limited to the following ceilings:
  - (1) QIB- 0.5%
  - (2) Corporates - 0.1%
  - (3) HNI- 0.15%
  - (4) RII- 0.75%

**b) 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 by the assessee in relation to said interest, being exempt.

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

- c) **TDS:** 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 rules.
- d) Accordingly, pursuant to the aforesaid notification inumerated above, interest from bond will be exempt from income tax.

## 2. Capital Gain

- a) Under section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, 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 I.T. Act, 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 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 200,000 in case of all individuals including resident women, Rs 250,000 in case of resident senior citizens and Rs.500,000 in case of resident very senior citizens, 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 I.T. Act read with CBDT Circular 721 dated September 13, 1995.

A 2% Education cess and 1% Secondary higher education cess on the total income tax (including surcharge for corporate only) is payable by all categories of tax payers. All the rates disclose above are taken as per the present tax rates.

- 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 I.T. Act.

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

- c) Under section 54 EC of the Act and subject to the conditions and to the extent specified therein at present, 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 6 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 3 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 Act 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 Act. The investment made in the notified bonds by an assessee in any financial year cannot exceed Rs. 50 Lakh.
- 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 Bond Holder who is an Individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales consideration is utilised, within a period of one year before, or two year after the date of transfer, in purchase of new residential house, or for construction of residential house within 3 years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in the residential house, then such gains would be chargeable to tax on a proportionate basis.
- e) Under section 195 of the Income Tax Act, Income tax shall be deducted from sum payable to non residents on the 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.

However under section 196D, No deduction of tax shall be made from income arising by way of capital gain to Foreign Institutional Investors.

### **3. Profit and Loss**

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

### **4. Taxation on Gift**

As per section 56(2)(vii) of the Income Tax Act, 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 the 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 TAXES CODE**

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

**For Agiwal & Associates  
Chartered Accountants  
Firm's Regn. No.: 000181N  
R.K.Agarwal  
Partner  
Membership no. 17020**

**Place: New Delhi  
Date: November 26, 2012**

## 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.*

### **State of the Indian Economy and outlook**

The Indian economy had continued to outperform most emerging markets during 2010-2011, retaining its position as the second fastest growing economy, after China, amongst the G-20 countries. (Source: Reserve Bank of India *Macroeconomic and Monetary Developments in 2010-2011*) The GDP of India at constant (2004-2005) prices is estimated at ₹ 48.78 trillion for fiscal 2011, showing a growth rate of 8.5% over fiscal 2010. The Index of Industrial Production of manufacturing registered a growth rate of 8.1% during fiscal 2011. (Source: Ministry of Statistics and Programme Implementation, Government of India, *Press Note on Revised Estimates of Annual National Income, 2010-2011 and Quarterly Estimates of Gross Domestic Product, 2010-2011, dated May 31, 2011*) During the same period India’s exports went up by 37.55% to USD 245.86 billion, demonstrating robust demand for Indian merchandise. (Source: *Press Note dated May 2, 2011, ‘India’s Foreign Trade: March 2011’, Ministry of Commerce and Industry, Government of India*). However during 2011-12 the Indian Economy has shown sign of slow down. Gross Domestic Product (GDP) growth decelerated over four successive quarters from 9.2 per cent in Q4 of 2010-11 to 5.3 per cent in Q4 of 2011-12. Slowdown in industrial growth as well as deceleration in services sector activity pulled down the overall GDP growth to 6.5 per cent for 2011-12. (Source: *First Quarter Review of Monetary Policy 2012-13, Reserve Bank of India, July 31, 2012*). The latest growth estimates by the Central Statistical Office (CSO) has revealed that the GDP has grown by 5.5 percent in Q1 of 2012-13 as compared to 8 per cent during the same period last fiscal. (Source: *Press Note on Estimates of Gross Domestic Product for the first quarter (April-June) of 2012-13, Dated 31<sup>st</sup> August 2012, Press Information Bureau, Government of India*). In the April 2012 Policy Statement, the Reserve Bank had made a baseline projection of WPI inflation for March 2013 of 6.5 per cent. Keeping in view the recent trends in food inflation, trends in global commodity prices and the likely demand scenario, the baseline projection for WPI inflation for March 2013 is now raised from 6.5 per cent, as set out in the April Policy, to 7.0 per cent (Source: *First Quarter Review of Monetary Policy 2012-13, Reserve Bank of India, July 31, 2012*)

### **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 on estimation of housing shortage constituted in the context of formulation of the Eleventh Five-Year Plan, housing shortage is estimated to be around 2.47 crore. About 99% of such households are from EWS and low income groups (LIG).

During the Eleventh Plan period, total housing requirement, including the backlog, is estimated at 2.65 Crore. (Source: *Eleventh Five Year Plan, Planning commission*)

## **Investment required for Urban Housing**

The total investment requirement for meeting the housing requirement would be of the order of Rs 3,61,318.10 crores consisting of Rs 1,47,195 crore required for mitigating housing shortage at the beginning of the Eleventh Plan and Rs 2,14,123.10 crore for new additions to be made during the Eleventh Plan period (this includes pucca, upgradation of semi-pucca, and kutcha housing units).

It is expected that the housing finance disbursements by banks, HFCs, and co-operative sector institutions would grow at a rate of about 15% per annum during the Eleventh Plan period. Taking this into account, it is estimated that the flow of credit disbursement from these institutions would be about Rs 7.75 lakh crore (gross flow of funds) during 2007–12. These projected fund flow figures include multiple counting and resale of properties, in the sense that cross-funding/bulk borrowing is involved among the various institutions. It is, therefore, assumed that the net flow of funds to the housing sector from formal sector institutions would be 50% of the gross flow of funds for construction of new houses. This comes to approximately Rs 2.90 lakh crore, which is 80% of the total investment requirements for urban housing for the Eleventh Plan. (*Source: Eleventh Five Year Plan, Planning commission*)

## **Housing for weaker sections of the society**

The percentage of BPL population in the urban areas in India has declined from 32.3% in 1993–94 to 25.7% in 2004–05. However, it has increased in absolute terms by 4.4 million persons.

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

## **Urban Infrastructure**

Urbanization is a key indicator of economic development and should be seen as a positive factor for overall development. Also, as an economy grows, its towns and cities expand in size and volume and the contribution of the urban sector to the national economy increases. For instance, the contribution of urban sector to India’s GDP has increased from 29% in 1950–51 to 47% in 1980–81. The urban sector presently contributes about 62%–63% of the GDP and this is expected to increase to 75% by 2021. (*Source: Eleventh Five Year Plan, Planning commission*)

## Trends of Urbanization

The trends of urbanization in India in the recent decades indicate the following key features:

- The degree of urbanization in India is one of the lowest in the world. With about 31.16% of the total population living in the urban areas (*Source: Census 2011*), India is less urbanized compared to many countries of Asia, viz., China (32%), Indonesia (37%), Japan (78%), South Korea (83%), and Pakistan (35%).
- There is a continued concentration of the urban population in large cities and existing city agglomerations (Class I cities with population over one lakh) account for 68.9% of the urban population and this proportion has been growing. The growth of rural settlements which are acquiring urban characteristic is very slow and there is reluctance on the part of the States to notify the rural settlements as a town.
- There are large variations in the spatial patterns of urbanization across the States and cities.
- The pattern of population concentration in large cities reflects spatial polarization of the employment opportunities. (*Source: Eleventh Five Year Plan, Planning commission*)

This phenomenon has led to tremendous pressure on civic infrastructure systems.

To ease up the pressure government has taken up several initiative and policy reforms directed towards growth in urban infrastructure.

## 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:

### 1. Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

The Jawaharlal Nehru National Urban Renewal Mission(JNNURM) was launched on 3<sup>rd</sup> December, 2005 with the objective of reforms driven and fast track development of cities across the country, with focus on bringing about efficiency in urban infrastructure, service delivery mechanisms, community participation and accountability of Urban Local Bodies and Parastatal agencies towards citizens. The duration of the Mission is seven years beginning from 2005-06 to 2011-2012. Planning Commission has allocated ₹ 31,500 crore for the whole mission period i.e. 2005-2012 for all components of JNNURM and ₹ 31,500 crore (including additional allocation of ₹ 6,000 crore in February, 2009) for UIG component of JNNURM for the Mission period. These in turn are expected to boost investment in urban infrastructure.

### 2. Urban Infrastructure Development Scheme For Small And Medium Towns Scheme (UIDSSMT)

This scheme 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.

The Scheme is for seven year duration beginning from 2005-06. An amount of ₹ 6400.00 crore has been earmarked for the 7 year Mission period (2005-2012) which has been enhanced by ₹ 5000.00 crore during 2008-09.

In addition to these schemes various other new initiatives are underway by way of schemes such as Pooled Finance Development Plan, National Urban Infrastructure Fund etc  
(*Source: Annual report 2010-11, Ministry of Urban Development, 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 Rs.1,29,237 crore. The proposed flow of funds to meet the estimated investment is given in the table mentioned below:

**Table 1: Proposed flow of funds**

(₹ in crore)	
Source of Funding	Amount
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
<b>TOTAL</b>	<b>1,29,237</b>

(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 Rs 39.2 lakh crore at 2009-10 prices. The sector-wise estimation is depicted in Table 2. Out of this Rs 34.1 lakh crore is for asset creation, out of which the investment for the eight major sectors is Rs 31 lakh crore; Rs 4.1 lakh crore for renewal and redevelopment including slums; and Rs 1 lakh crore for capacity building.

**Table 2: 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
Sewarage	242688
Storm Water Drains	191031
Capacity Building	101759
Traffic Support Infrastructure	97985
Solid Waste Mangement	48582
Street Lighting	18580
Other Sectors	309815
<b>TOTAL</b>	<b>3918670</b>

(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 September 30, 2012, we have provided finance for over 15 million dwelling units and over 1600 urban infrastructure projects in India. Further, up to September 30, 2012, we have sanctioned loans of ₹ 41,274 crores for housing and ₹ 90,874 crores for urban infrastructure on a cumulative basis, of which ₹ 31,050 crores and ₹ 50,599 crores has been disbursed respectively.

As part of consultancy services, up to September 30, 2012, we had appraised 1,253 projects with a project cost of ₹ 26,482.92 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 2012	Fiscal 2011	Fiscal 2010
Loan book (loan outstanding including investment in bonds) (₹ in crores)	25,003.06	22,492.82	21,796.52
Long term debt to equity ratio	2.29	1.73	2.21
CRAR (%)	31.37	39.81	42.33
Net NPA (%)	1.44	0.19	0.52
Net interest margin* (₹ in crores)	1147.90	958.22	993.66

*\*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:

	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total income	2,778.63	2,278.59	2,528.35
Profit after tax	630.33	550.03	495.31

### Key financial parameters

Provided below is a summary of our key financial parameters for the last three Fiscals and the six months ended September 30, 2012.

(in ₹ crore except percentages)

Particulars	Six months ended September 30, 2012 (Unaudited)	Fiscal 2012 (Audited)	Fiscal 2011 (Audited)	Fiscal 2010 (Audited)
Paid up equity share capital	2,001.90	2,001.90	2,001.90	2,001.90
Net worth	6,220.89	5,988.89	5,520.97	5,097.08
Total Debt (of which)				
Non Current Maturities of				
- Long Term Borrowing	14,086.56	13,722.99	9,531.54	11,255.94
- Short Term Borrowing*	392.35	1,144.02	100.00	220.00
- Current Maturities of Long Term Borrowing	2,841.93	5,099.48	6,147.12	4,044.54
Net Fixed Assets (Net Block including CWIP)	84.84	85.25	86.02	78.47
Non Current Assets	19,650.69	20,010.87	17,683.11	16,183.16
Cash and Cash Equivalents	282.17	2,606.93	556.29	584.82
Current Investments	410.00	410.00	75.00	225.00
Current Assets	5,626.00	7,482.61	5,053.82	5,800.26
Current Liabilities	4370.92	7,167.66	7,119.46	5,121.12
Interest Income	1,399.53	2,701.32	2,213.65	2,372.39
Interest Expense	781.73	1553.42	1255.43	1378.73
Provisioning & Write-offs**	108.82	43.89	29.23	210.81
Profit after tax (PAT)	297.43	630.33	550.03	495.30
Gross NPA (%)	9.55	6.07	5.46	5.88
Net NPA (%)	4.66	1.44	0.19	0.52
Tier I Capital Adequacy Ratio (%)	34.81	31.37	39.81	41.51
Tier II Capital Adequacy Ratio (%)	0.00	0.00	0.0	0.81

\*Short term borrowings including Cash Credit/Overdraft facilities

\*\*Provisioning & 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 ₹ 630.33 crores for Fiscal 2012 and ₹ 297.43 crores for the six months ended September 30, 2012. As on March 31, 2012,

our Company had a net worth of ₹ 5,988.89 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 (NCR), 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 42 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 September 30, 2012 we have provided finance for over 15 million dwelling units and over 1,600 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, up to September, 30, 2012 we have sanctioned loans of ₹ 41,274 crores for housing and ₹ 90,874 crores for urban infrastructure on a cumulative basis, of which ₹ 31,050 crores and ₹ 50,599 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 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 41 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 through consultancy.

### **Our business platforms**

#### ***Housing finance***

We finance dwelling units in the urban and the rural areas (“**Housing Finance**”). As on March 31, 2012, we have sanctioned Housing Finance of ₹ 41,111 crores, which is 31.63 % of our total financing activities. Income from Housing Finance consists of ₹ 619.35 crores for the Fiscal 2012, which is 22.62 % 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 ₹ 5,000 per month or less fall into the EWS Housing category and families with household income from ₹ 5,001 to ₹ 10,000 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 2012	Fiscal 2011	Fiscal 2010
<b>Sanctioned amount</b>			
<i>Social housing</i>	2,284.10 for 4,07,206 dwelling units	2,149.20 for 276,319 dwelling units	702.43 for 229,575 dwelling units
<i>Residential real estate</i>	4,023.12 for 15,318 dwelling units and others*	3,102.84 for 18,941 dwelling units and others*	1,976 for 67,753 dwelling units and others*
<i>Hudco Niwas</i>	-	40.44 for 472 dwelling units	37.92 for 579 dwelling units
<b>Total</b>	<b>6307.22 for 4,22,524 dwelling units and others*</b>	<b>5,292.48 for 295,732 dwelling units and others*</b>	<b>2,716.35 for 297,907 dwelling units and others*</b>
<b>Disbursed amount</b>			
<i>Social housing</i>	1083.72	328.46	143.16
<i>Residential real estate</i>	832.59	579.33	628.34
<i>Hudco Niwas</i>	2.26	46.94	30.87
<b>Total</b>	<b>1918.57</b>	<b>954.73</b>	<b>802.37</b>

\* 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, 2012 is ₹ 2,420.41 crores, ₹ 3,185.78 crores and ₹ 694.30 crores respectively.

### **Urban infrastructure finance**

We finance infrastructure projects of varied nature (“**Urban Infrastructure Finance**”). As on March 31, 2012, we have sanctioned Urban Infrastructure Finance of ₹ 88,856 crores which is 68.37% of our total financing activities. Income from Urban Infrastructure Projects consists of ₹ 1,855.41 crores for the Fiscal 2012 which is 67.76% 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 unserved 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 2012	Fiscal 2011	Fiscal 2010
<b>Sanctioned amount</b>			
<i>Social infrastructure and area development</i>	647.14 for 11 projects	290.88 for 18 projects	738.44 for 26 projects
<i>Water supply</i>	2,606.35 for 12 projects	2,721.43 for 11 projects	2,652 for 6 projects
<i>Sewerage and drainage</i>	2,845.41 for 8 projects	1,456.83 for 4 projects	809.75 for 2 projects
<i>Roads and transport</i>	2,510.08 for 11 projects	3,263.27 for 15 projects	3,505.14 for 11 projects
<i>Power</i>	4,819.43 for 12 projects	4,280.26 for 11 projects	2,113.38 for 8 projects
<i>Emerging sector</i>	631.70 for 2 projects	2,090 for 3 projects	3,740 for 5 projects
<i>Commercial infrastructure and others</i>	144.48 for 5 projects	366.70 for 10 projects	348.70 for 12 projects
<b>Total</b>	<b>14,204.19 for 61 projects</b>	<b>14,469.37 for 72 projects</b>	<b>13907.41 for 70 projects</b>
<b>Disbursed amount</b>			
<i>Social infrastructure and area development</i>	170.07	145.80	234.54
<i>Water supply</i>	156.65	211.56	26.00
<i>Sewerage and drainage</i>	15.75	15.69	12.60
<i>Roads and transport</i>	1,440.77	1053.20	312.91
<i>Power</i>	2,109.17	2,003.82	1,093.70
<i>Emerging sector</i>	705.89	375.73	243.06
<i>Commercial infrastructure and others</i>	558.94	344.02	372.88
<b>Total</b>	<b>4,987.17</b>	<b>4,149.82</b>	<b>2,295.69</b>

The outstanding amount 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, 2012 is ₹ 1,539.18 crores, ₹ 1,806.85 crores, ₹ 161.41 crores, ₹ 4,567.73 crores, ₹ 6,914.90 crores, ₹ 15.14 crores and ₹ 2,477.36 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 consists of ₹ 15.27 crores for the Fiscal 2012, which is 0.56% 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 SJSRY. 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 at 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 1,452 programmes, which have had 38,455 participants, and 24 international training programmes in which 468 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 on September 30, 2012, 655 Building Centres had been approved as a part of a national network (577 approved by the MoHUPA and 78 approved by the MoRD), out of which 442 Building Centres are functional and the remaining Building Centres are at various stages of functionality. Further, as on March 31, 2012, 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.

### **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 possess 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 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 40.

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, 2012 we had total outstanding borrowing of 19,966.49 crores, of which 5,408.52 crores or 27.09 % was secured and 14,557.97 crores, or 72.91 % was unsecured. For details of our outstanding borrowings as on September 30, 2012, see the section titled “Financial Indebtedness” on page 82.

## ***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 NSE and the BSE.

### *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 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 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 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 11.40%.

### *Public deposits*

We have obtained public deposits at an average interest rate of interest of 9.07% (as calculated on September 30, 2012), repayable over a period of one to seven years.

## ***International borrowings***

### *External commercial borrowings*

We have obtained foreign currency loans aggregating up to ₹ 734.45 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 letter dated November 23, 2012. 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.

### ***Fitch Ratings India Private Limited***

Fitch Ratings India Private Limited (now IRRPL) 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 November 23, 2012.

## **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 9.

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 'willful 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 'willful 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 9.

#### *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 risk management committee headed by our Chairman and Managing Director and a forex consultant to guide in hedging and other related activities. As on, September 30, 2012, we have entered into hedging transaction to cover 55.70 % of our foreign currency principal exposure. For additional information on foreign currency exchange rate risk, see the section titled "Risk Factors" on page 9.

#### *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 Chairman and Managing Director 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 9.

#### *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 ("**Joint Ventures Companies**"). 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 69. We earn equity-based income from some of our Joint Venture Companies. For details, see the section titled "Annexure A – Financial Statements" on page 153.

## **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 65.

## **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 2012, we created a non-lapsable budget of ₹ 11crore (2% 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.

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, 2012 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 on page 123.

## 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 52.

### 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	• 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
	• 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
2012	• PAT crossed ₹ 600 crores

### 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; and
- 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.

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 40.

### **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 26, 2012 (“**MoU**”). As per the MoU, our Company has undertaken to achieve performance levels for Fiscal 2013 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 seven Directors on the Board out of which one is an executive Director, two are government nominee non-executive Directors and four are independent Directors. Further, currently, two out of the three positions of functional directors on the Board are vacant.

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
<p><b>Mr. Veerappa Parameshwarappa Baligar</b></p> <p><i>DIN:</i> 00850615</p> <p><i>Address:</i> Flat No. 235, Malwa Singh Block, Khelgaon Marg, Asian Games Village Complex, New Delhi – 110049</p> <p><i>Occupation:</i> Service</p>	Indian	April 11, 2011	Chairman and Managing Director	-
<p><b>Dr. Susheel Kumar</b></p> <p><i>DIN:</i> 00040657</p> <p><i>Address:</i> C-11/52, Shahjahan Road, New Delhi.<i>Occupation:</i> Service</p>	Indian	May 7, 2012	Director	Hindustan Prefab Limited National Housing Bank
<p><b>Ms. Sudha Krishnan</b></p> <p><i>DIN:</i> 02885630</p> <p><i>Address:</i> C – II/145, Satya Marg, Chanakya Puri, New Delhi-110021</p> <p><i>Occupation:</i> Service</p>	Indian	December 3, 2009	Director	<ul style="list-style-type: none"> <li>• Hindustan Prefab Limited</li> <li>• Kolkata Metro Rail Corporation</li> </ul>
<p><b>Mr. Nasseruddin Munjee</b></p> <p><i>DIN:</i> 00010180</p> <p><i>Address:</i> House No. 471, Benedict Villa, Saudevado, Chorao Island, Tiswadi, Goa- 403102.</p> <p><i>Occupation:</i> Professional</p>	Indian	August 5, 2010	Director	<ul style="list-style-type: none"> <li>• Development Credit Bank Limited</li> <li>• Aga Khan Rural Support Programme India</li> <li>• ABB Limited</li> <li>• Ambuja Cements Limited</li> <li>• Bharti AXA Life Insurance Co. Limited</li> <li>• Britannia Industries Limited</li> <li>• Cummins India Limited</li> <li>• HDFC Limited</li> <li>• Shipping Corporation of India Limited</li> <li>• TATA Chemicals Limited</li> <li>• TATA Motors Limited</li> <li>• TATA Motors Finance Limited</li> </ul>

Name/DIN/Address/ Occupation	Nationality	Date of Appointment	Designation	Other Directorships
				<ul style="list-style-type: none"> <li>• Unichem Laboratories Limited</li> <li>• Voltas Limited</li> <li>• Indian Institute for Human Settlement</li> <li>• Reid &amp; Taylor (India) Limited</li> <li>• Himalayan Ski Village Private Limited</li> <li>• First American Securities Private Limited</li> <li>• GIBA Holdings Private Limited</li> <li>• EMSAF-Mauritius</li> <li>• Aarusha Homes Private Limited</li> <li>• Tata Chemicals North America Inc., USA</li> <li>• Jaguar Land Rover, UK</li> </ul>
<b>Prof. Dinesh Bhikhubhai Mehta</b>  <i>DIN:</i> 01957927  <i>Address:</i> 501/A, Shantanu Appt, Azad Society, Ahmedabad, Gujarat- 380 015  <i>Occupation:</i> Emeritus professorship	Indian	January 16, 2012	Director	-
<b>Mr. Virender Ganda</b>  <i>DIN:</i> 01013057  <i>Address:</i> 'Vishvas' C-20, South Extension, Part-II, New Delhi-110049  <i>Occupation:</i> Professional	Indian	February 9, 2012	Director	-
<b>Prof. Shukhadra Thorat</b>  <i>DIN:</i> 06414412  <i>Address:</i> House No. 23, Dakshina Puram Campus, Jawahar Lal Nehru University, New Delhi - 110067  <i>Occupation:</i> Professional	Indian	October 10, 2012	Director	-

None of the current directors of the Company appear on the list of willful 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 58 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.

**Dr. Susheel Kumar**, IAS, aged 54 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.

**Ms. Sudha Krishnan**, IA&AS, aged 52 years is a non-executive, government nominee Director of our Company. She holds a Master of Arts degree and a Master of Public Administration degree. She has previously held the post of principal director, (international relations and direct taxes), C&AG of India.

**Mr. Nassereddin Munjee**, aged 60 years is a non-executive, independent Director of our Company. He holds a bachelor degree and masters degree in economics from the London School of Economics, United Kingdom. He was instrumental in the formation of HDFC and IDFC and has also served on Government task forces on housing, infrastructure and urban development.

**Prof. Dinesh Bhikhubhai Mehta**, aged 61 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 60 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. Shukhadra Thorat**, aged 63 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 Ambedkar Marathwada University, Aurangabad and 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 Rs 40,000 crores.

The Issue is being made pursuant to the resolution passed by the Board on September 27, 2012.

### Interests of our Directors

Except as otherwise stated in the section titled “Annexure A- Financial Statement” on page 153, 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, 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 subject to the approval of the MoHUPA. 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 Ms. Sudha Krishnan, a non-executive government nominee Director, who holds one Equity Share in our Company as 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	<b>Basic Salary:</b> ₹ 80,000 per month
Chairman and Managing Director	<b>Perquisites and allowances:</b> In addition to the basic salary, he may also be entitled to perquisites and allowances including: <ul style="list-style-type: none"> <li>(i) Dearness allowance at central government rate</li> <li>(ii) HRA at central government rate</li> <li>(iii) LTA as applicable to central government employees</li> </ul>

#### B. Non-Executive Directors

The following table sets forth the details of the sitting fees and commission paid to the non-executive Directors during the year ended March 31, 2012:

Name	Sitting fee for board meeting	Sitting fee for committee meeting	Total
Ms. Sudha Krishnan*	Nil	Nil	Nil
Dr. Susheel Kumar*	Nil	Nil	Nil
Dr. Radha Binod Barman	75,000	16,000	91,000

(In ₹)

Name	Sitting fee for board meeting	Sitting fee for committee meeting	Total
Mr. Nasseruddin Munjee	30,000	16,000	46,000
Ms. Nirmala Samant Prabhavalkar	40,000	16,000	56,000
Mr. Virender Ganda	20,000	-	20,000
Prof. Dinesh B Mehta	20,000	-	20,000
Mr. Rajpal Singh Solanki	60,000	48,000	1,08,000

\* Ms. Sudha Krishnan and Dr. Susheel Kumar 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. K. L. Dhingra	00388194	Chairman and Managing Director	September 24, 2007	April 7, 2010
2.	Mr. T. Prabakaran	00254840	Director	December 29, 2004	September 29, 2011
4.	Dr. R. K. Vats	01625253	Nominee Director	May 18, 2007	December 3, 2009
5.	Mr. Dinesh Mahajan	01986547	Independent Director	December 26, 2007	December 25, 2010
6.	Mr.S. K. Tripathi	01016520	Director	November 14, 2006	June 11, 2009
7.	Mr. Rajpal Singh Solanki	00153047	Independent Director	December 7, 2008	December 6, 2011
8.	Dr. P.K. Mohanty	02493537	Nominee Director	January 2, 2009	April 18, 2011
9.	Ms. Nirmala Samant Prabhavalkar	02165342	Independent Director	April 8, 2008	April 7, 2011
10.	Ms. Sudha Krishnan	02885630	Nominee Director	December 3, 2009	-
11.	Dr. Radha Binod Barman	02612871	Independent Director	July 31, 2009	July 30, 2012
12.	Mr. Nasseruddin Munjee	00010180	Independent Director	August 5, 2010	-
13.	Ms. Nirmala Samant Prabhavalkar	02165342	Independent Director	October 04, 2011	July 10, 2012
14.	Mr. Veerappa Parameshwarappa Baligar	00850615	Chairman and Managing Director	April 11, 2011	-
15.	Ms. Aruna Sundararajan	03523267	Nominee Director	April 18, 2011	May 7, 2012
16.	Prof. Dinesh Bhikhubhai Mehta	01957927	Independent Director	January 16, 2012	-
17.	Mr. Virender Ganda	01013057	Independent Director	February 9, 2012	-
18.	Dr. Susheel Kumar	00040657	Nominee Director	May 7, 2012	-
19.	Prof. Sukhadeo Thorat	06414412	Independent Director	October 10, 2012	-

### Corporate Governance

The Guidelines on Corporate Governance for Central Public Sector Enterprises dated May 14, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises (“DPE Guidelines”) lay down certain corporate governance norms to be adhered to by all central public sector enterprises. Our Company, as on date of this Draft Shelf Prospectus, is in compliance with the applicable corporate governance requirements with respect to the composition of the Board of Directors under the DPE guidelines. The DPE 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.

In accordance with the requirements under the DPE Guidelines, our Company has one 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.

### **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 July 30, 2012. The members of the audit committee are:

- i) Mr. Virender Ganda- Chairperson
- ii) Ms. Sudha Krishnan
- iii) Mr. Nasseruddin Munjee
- iv) Prof. Dinesh Bhikhubhai Mehta

The scope and function of the audit committee is in accordance with Section 292A of the Companies Act and the DPE 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) Mr. Nasseruddin Munjee
- iii) Prof. Dinesh Bhikhubhai Mehta

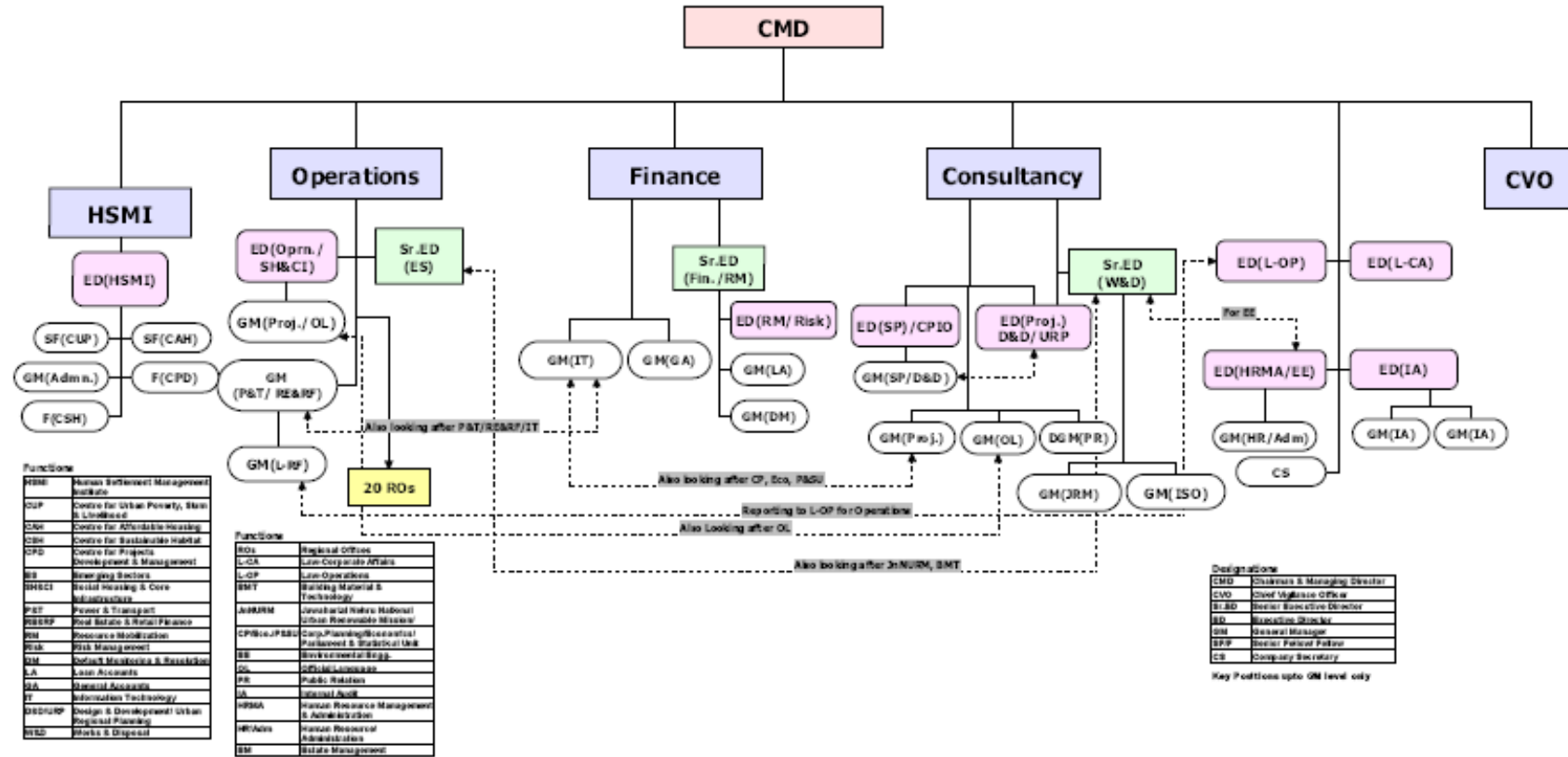
The terms of reference of the remuneration committee is to give recommendations/considering the various aspects of regulating/distributing performance related pay across the organization at various levels and linking it up with the organizational performance/individual performance/ performance management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

### **Organizational Chart**

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



## Organization Chart of HUDCO (Key Positions as on November 2012)



**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**

There has been no change in our Company's auditors in the past three years.

## 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 NSE, BSE and/or 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 NSE and BSE is as follows:

Month	BSE*		NSE*	
	High	Low	High	Low
October, 2012	1073.30	1087.25	1092.40	1066
September, 2012	1067.80	1065	1082.01	1055.77
August, 2012	1048.10	1062.95	1064.39	1048.04
July, 2012	1032.97	1048.01	1057	1031.35
June, 2012	1020	1033	1039.50	1021.98
May, 2012	1025	996.04	1024	997.92
April, 2012	997.66	986.19	995.80	983
March, 2012**	989.89	976.81	992.88	979.63

\*Based on closing price

\*\*The debentures have been listed on March 20, 2012, hence high and low data for last 3 years is not available.

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 NSE and BSE is as follows:

Month	BSE*		NSE*	
	High	Low	High	Low
October, 2012	1100.05	1083	1099.49	1082.99
September, 2012	1086.25	1066.26	1085.46	1065.91
August, 2012	1065.55	1059.56	1065	1058.98
July, 2012	1059.50	1049	1059.11	1049.02
June, 2012	1023.12	1049.01	1051.50	1023.04
May, 2012	986.58	1023.46	1023.26	986.82
April, 2012	987.59	964.48	987.90	965.01
March, 2012	965.51	945.17	965.74	944.78

\*Based on closing price

\*\*The debentures have been listed on March 20, 2012, hence high and low data for last 3 years is not available.

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

- iii) Certain of the debt securities issued by our Company are listed on the DSE, and listed and traded on the NSE. Following are the details of the trading of the debt securities that have taken place during the last three years:

Issue Description	Trade Date	No. of Trades	Traded Value (₹ in Crores)	Weighted Average Price (₹)
SDV (2004) 7.35% Taxable	Feb 24, 2010	1	25.00	96.95
SDV (2004) 7.35% Taxable	Feb 25, 2010	1	50.00	96.95

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding secured borrowings of ₹ 5,747.87 crores and unsecured borrowings of ₹11,572.97 crores, as on September 30, 2012, 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 September 30, 2012:

Name of lender	Facility granted and loan documentation	Facility (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Rate of interest (% p.a.)	Security	Repayment schedule
Bank of India	Term loan agreement dated February 10, 1999	150.00	97.35	Interest on the loan to be charged at rate based on YTM (in %) for maturity of one year as declared by FIMMDA and to be reset on 10 <sup>th</sup> of June every year. Currently, the rate of interest is 11.40 % 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 quarterly 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 September 30, 2012). These bonds are listed on the DSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Interest/coupon rate (% p.a.)	Security	Repayment schedule
UTI Bank Limited*	SPS Bond Series B	32.05	15.35	G-Sec rate (as on the 10 <sup>th</sup> 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 ₹ 500.00 crores under Rural Housing Fund sanctioned by the NHB. As of September 30, 2012, ₹ 481.00 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 September 30, 2012 (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	481.00	6.25	Lien over WBIDC bonds to the extent of 25% of the loan amount and negative lien on all properties, assets, receivables etc of HUDCO both present and future, except those on which the first exclusive charge is proposed to be created in favour of the trustees to the secured tax free bonds of ₹ 5000 crores allocated for Fiscal 2011-12.	Repayable in a maximum of 60 equal quarterly installments starting with the quarter succeeding the one in which the refinance was drawn.

### 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 ₹ 1,00,000 to various categories of investors. The details of the bonds, as on September 30, 2012, are mentioned below.

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ 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 <i>pari-passu</i> charge on present and future receivables of our Company to the extent of amount mobilized.	Fitch-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		Fitch-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		Fitch-AA+(ind) and CARE-AA+

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
						repayable on November 11, 2021		
	7.83% tax free HBS 2011 series B (Option-II)	66.51	November 11, 2011	66.51	7.83	Bonds will mature 15 years from the date of allotment and will be repayable on November 11, 2026		Fitch-AA+(ind) 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		Fitch-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		Fitch-AA+(ind) and CARE-AA+

### Public Issue

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

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule	Security	Credit rating
SBICAP Trustee Company Limited	8.10% (Tranche-1, (Series-1))	2166.50	March 7, 2012	2166.50	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.	Fitch-AA+(ind) and CARE-AA+
	8.20% (Tranche-1) (Series-2)	2518.22	March 7, 2012	2518.22	8.20 *	Bonds will mature 15 years from date of allotment and shall be repayable on March 05, 2027		Fitch-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 Tax free Bonds 2011 Tranche-I Series 1 Bonds and Tranche- I Series 2 Bonds respectively. 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, payable annually on the interest payment date. The said additional interest of 0.12% p.a. and 0.15% p.a. is only available to the original allottees.

## II Unsecured borrowings availed by our Company

### II.1 Bonds

#### II.1.1 HUDCO Bond Series

##### Taxable Bonds

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 ₹ 5025.90 crores is outstanding as on September 30, 2012. 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 September 30, 2012 (₹ 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-AAA+
	7.60 taxable (XXVI)	250.00	January 20, 2003	217.90	7.60	Repayable at the end of 10 years from date of allotment i.e. January 20, 2013 with a put/call option exercisable at the end of the fifth year.	Fitch-AAA(ind)(SO)
	7.10% taxable (XXVIII)	32.00	March 6, 2003	29.80	7.10	Repayable at the end of 10 years from date of allotment i.e. March 06, 2013 with a put/call option exercisable at the end of the seventh year.	Fitch-AAA(ind)(SO)
	7.40% taxable (XXIX-A)	47.40	March 6, 2003	31.40	7.40	Repayable at the end of 10 years from date of allotment i.e. March 06, 2013 with a put/call option exercisable at the end of the fifth year.	Fitch-AAA(ind)(SO)
	7.60% taxable (XXIX-B)	38.40	March 6, 2003	38.40	7.60	Repayable at the end of 10 years from date of allotment i.e. March 06, 2013 with a put/call option exercisable at the end of the seventh year.	Fitch-AAA(ind)(SO)
	7.80% taxable (XXIX-C)	62.40	March 6, 2003	62.40	7.80	Repayable at the end of 10 years from date of allotment i.e. March 06, 2013.	Fitch-AAA(ind)(SO)
	7.10% taxable (XXXI-A)	1.50	March 31, 2003	1.50	7.10	Repayable at the end of 10 years from date of allotment i.e. March 31, 2013 with a put/call option exercisable at the end of the fifth year.	Fitch-AAA(ind)(SO)
	7.30% taxable (XXXI-B)	1.00	March 31, 2003	1.00	7.30	Repayable at the end of 10 years from date of allotment i.e.	Fitch-AAA(ind)(SO)

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
						March 31, 2013 with a put/call option exercisable at the end of the seventh year.	
	7.50% taxable (XXXI-C)	45.40	March 31, 2003	45.40	7.50	Repayable at the end of 10 years from date of allotment i.e. March 31, 2013.	Fitch-AAA(ind) (SO)
	7.10% taxable (XXXI-D)	7.00	March 31, 2003	7.00	7.10	Repayable at the end of 10 years from date of allotment i.e. March 31, 2013 with a put/call option exercisable at the end of the seventh year.	Fitch-AAA(ind) (SO)
	7.30% taxable (XXXI-E)	2.50	March 31, 2003	2.50	7.30	Repayable at the end of 10 years from date of allotment i.e. March 31, 2013.	Fitch-AAA(ind) (SO)
	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.	Fitch-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.	Fitch-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.	Fitch-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	16.80	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% taxable (XXXIX-A)	17.60	March 29, 2006	14.70	8.05	Repayable at the end of 10 years from the date of allotment i.e. March 29, 2016 with a	CARE-AA+ and ICRA-AA



Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
						put/call option exercisable at the end of five years.	
	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
	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

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Date of Allotment	Amount outstanding as on September 30, 2012 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Credit rating
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 Fitch-AA+(ind)
UTI Bank Limited*	7.40% taxable 2003 (SD-I)	100.00	March 5, 2003	100.00	7.40	Repayable at the end of 10 years from date of allotment i.e. March 05, 2013 with a put/call option exercisable at the end of five years.	Fitch-AAA(ind) (SO) ) and CARE-AAA(SO)
	7.90% taxable 2003 (SD-II)	470.00	March 31, 2003	470.00	7.90	Repayable at the end of 10 years from date of allotment i.e. March 31, 2013.	Fitch-AAA(ind) (SO)
	7.70% taxable 2003 (SD-III)	145.90	March 27, 2003	145.90	7.70	Repayable at the end of 10 years from date of allotment i.e. March 27, 2013 with a put/call option exercisable at the end of the seventh year.	Fitch-AAA(ind) (SO)
	7.90% taxable 2003 (SD-IV)	50.00	March 28, 2003	50.00	7.90	Repayable within 10 years from date of allotment by i.e. March 28, 2013.	Fitch-AAA(ind) (SO)
	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)
IDBI Trusteeship Services Limited	8.30% taxable 2006 (SD-II)	500.00	March 28, 2006	500.00	8.30	Repayable at the end of 7 years and 1 month from the date of allotment i.e. April 28, 2013.	CARE-AA+ and ICRA-AA+
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 Fitch-AA+(ind)

\*Now Axis Bank Limited

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

- Radically change its accounting system
- Change its Memorandum and Articles of Association affecting the rights of the bondholders.
- Effect any scheme for amalgamation merger or reconstruction
- 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 ₹ 84.5 crores is outstanding as on September 30, 2012. 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
UTI Bank Limited*	6.15% tax free (XXX)	30.00	March 8, 2003	30.00	6.15	Repayable at the end 10 years from the date of allotment i.e. March 08, 2013 with a put/call option exercisable at the end of 5 years.	Fitch-AAA(ind) (SO)
	6.10% tax free (XXXII-A)	3.00	March 31, 2003	1.00	6.10	Repayable at the end 10 years from the date of allotment i.e. March 31, 2013 with a put/call option exercisable at the end of 5 years.	Fitch-AAA(ind) (SO)
	6.50% tax free (XXXII-B)	3.50	March 31, 2003	3.50	6.50	Repayable at the end 10 years from the date of allotment i.e. March 31, 2013	Fitch-AAA(ind) (SO)
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	Fitch-AAA(ind) (SO) and CARE-AAA(SO)

\* Now Axis Bank Limited

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

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

#### II.1.2 HUDCO Gujarat Punarnirman Special tax free bonds

Set forth below is a brief summary of the unsecured, non-convertible, redeemable, tax free HUDCO Gujarat Punarnirman Special bonds at different face values issued to various classes of investors on a private placement basis, each under various series, of which ₹ 73.5 crores is outstanding as on September 30, 2012. These bonds are listed on the 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
UTI Bank Limited*	5.90% tax free bond series (III-B)	7.50	March 8, 2003	7.50	5.90	Repayable at the end 10 years from date of allotment i.e. March 08, 2013 with a put/call option exercisable at the end of 7 years	Fitch-AAA(ind) (SO)
	6.40% tax free bond series (IV-A)	55.00	March 8, 2003	50.00	6.40	Repayable at the end period of 10 years i.e. March 08, 2013 with a put/call option exercisable at the end of 5 years	Fitch-AAA(ind) (SO)

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
	6.80% tax free bond series (IV-B)	16.00	March 8, 2003	16.00	6.80	Repayable at the end period of 10 years i.e. March 08, 2013	Fitch-AAA(ind) (SO)

\* Now Axis Bank Limited

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

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

## 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 September 30, 2012:

Name of Lender	Facility granted and loan documentation	Total loan amount (₹ crores)	Amount outstanding as on September 30, 2012 (₹ 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 for release of loan amount to our Company.	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.

\* Drawn in four tranches.

## II.3 Loan from financial institutions

Set forth below is a brief summary of the loans taken by our Company from various financial institutions as on September 30, 2012:

Name of the Lender and loan documentation	Total loan granted (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Rate of interest (% p.a.)	Repayment schedule
<b>General Insurance Corporation and its subsidiaries</b>				
General Insurance Corporation	27.00	1.80	6.25	Repayable by March 31, 2013
The New India Assurance Company Limited	23.00	1.53	6.25	Repayable by March 31, 2013

Name of the Lender and loan documentation	Total loan granted (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Rate of interest (% p.a.)	Repayment schedule
<b>General Insurance Corporation and its subsidiaries</b>				
Oriental Insurance Corporation Limited	15.00	1.00	6.25	Repayable by March 31, 2013
United India Insurance Company Limited	18.00	1.20	6.25	Repayable by March 31, 2013

#### II.4 Loan from various banks\*

Below is a brief summary of the loans obtained by our Company from various banks as on September 30, 2012:

Name of the lender	Total loan amount (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Range of rate of interest (%)	Repayment schedule
Bank of Baroda	2000.00	836.42	10.00-10.50	Repayable in different instalments from December 29, 2012 to July 20, 2014
Bank of Maharashtra	700.00	350	10.25-10.50	Repayable in different instalments from January 31, 2014 to October 22, 2015
Canara Bank	2300.00	1112.22	10.50	Repayable in different instalments from March 18, 2016 to July 20, 2016
Chinatrust Commercial Bank	12.00	4.00	10.50	Repayable by March 22, 2013
Jammu & Kashmir Bank	100.00	7.14	7.21	Repayable by March 1, 2013
Oriental Bank of Commerce	300.00	35.50	7.25	Repayable in different instalments from ranging from March 19, 2013 to May 5, 2013
State Bank of Bikaner & Jaipur	500.00	249.88	10.55	Repayable in different instalments from December 23, 2012 to October 24, 2014
State Bank of Patiala	300.00	270	10.50	Repayable in equal half yearly instalments by March 29, 2017
State Bank of Travancore	350.00	75.71	10.50	Repayable in different instalments from July 31, 2014 to March 19, 2015
Syndicate Bank	652.00	171.20	10.50	Repayable in different instalments from July 22, 2016 to July 29, 2016
Union Bank of India	896.00	362	10.50	Repayable in different instalments from January 31, 2014 to July 22, 2014
United Bank of India, New Delhi	280.00	20.62	9.60-9.75	Repayable in different instalments from December 15, 2012 to January 18, 2013
United Bank of India, Kolkata	400.00	216.70	9.60-10.45	Repayable in different instalments from March 15, 2013 to July 20, 2014
Vijaya Bank	600.00	300	10.45	Repayable in different instalments from January 3, 2014 to March 31, 2014

\* As per Basel-II requirements, credit rating of AA+ by CARE and AA+(ind) by Fitch 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 September 30, 2012:

Name of the lender	Total loan amount (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Range of rate of interest (%)	Repayment schedule
Vijaya Bank	360	360.00	10.45	Repayable on demand
Punjab National Bank	700	16.35	10.50	Repayable on demand
Bank of Baroda	250	16	10.50	Repayable on demand

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

#### II.6 Loan against fixed deposit receipts from banks

Below is a brief summary of the Loan against fixed deposit receipts from banks availed by our Company as on September 30, 2012:

Name of the lender	Total loan amount (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Range of rate of interest (%)	Repayment schedule
State Bank of India	64.17	64.17	8.50	Repayable on demand
Yes Bank	40.50	40.50	9.20-9.50	Repayable on demand

#### II.7 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 September 30, 2012:

Nature of facility	Total amount of deposits (₹ crores)	Amount outstanding as on September 30, 2012 (₹ crores)	Average rate of interest (% p.a.)	Repayment schedule	Credit rating
Public deposits	1,192.24	1,192.24	9.07	Repayable over a period of one to seven years	CARE- AA+(FD) Fitch-tAA+(ind)
Interest bearing cash securities	0.15	0.15	8.75	-	-

#### 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	Facility	Amount outstanding as on September 30, 2012	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 4465.40 million	2.10% p.a. (fixed) semi-annually	Due for repayment by January 20, 2023
Asian Development Bank	Long term loan facility via loan agreement dated November 6, 1997	USD 100 million	USD 64.90 million	Six month USD LIBOR plus 0.40 % p.a. payable semi-annually	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 September 30, 2012:

Loan documentation	Facility (USD million)	Amount outstanding as on Septmeber 30, 2012	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 18 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 8.50 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 September 30, 2012:

Lender in whose favour the guarantee is extended	Guarantee documentatation	Name of the counterparty	Amount of the guarantee (in ₹ crore)	Validity
State Bank of Travancore	Deed of counter guarantee dated January 24, 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.*	43.85	The guarantee is valid up to April 23, 2013.
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.

\* 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 FY 2011-12.

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

## IV Details of top 10 debenture holders/ bondholders

Provided below are details of our top 10 debenture holders/ bondholders of our Company as on September 30, 2012.

<b>Sr. no.</b>	<b>Name of debenture holder/ bondholder</b>	<b>Amount of debentures/ bonds held (in ₹ crore)</b>
1.	Life Insurance Corporation of India	714.50
2.	Hindustan Zinc Limited	500.00
3.	Axis Bank Limited	310.47
4.	Nuclear Power Corporation of India Limited	145.90
5.	Syndicate Bank	140.75
6.	General Insurance Corporation of India	136.30
7.	Punjab National Bank	123.75
8.	Central Board of Trustee	100.00
9.	Bank of Baroda	100.00
10.	IDBI Bank Limited	89.75



## 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 disbursement 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.
4. Our Company has filed an application (CM No. 4045/2010 in Contempt Case No. 19/2010) dated April 5, 2010 against Mr. D.K. Shrivastava before the High Court of Delhi under section 340 of the CrPC, alleging fabrication of evidence by Mr. D.K. Shrivastava in a contempt case (No. 19/2010) filed by him before the High Court of Delhi. Mr. D.K. Shrivastava has also filed an application under section 340 of the CrPC against our Company in the same matter. Both the applications are pending.

### **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 2012 and 1% of the net worth of our Company as on March 31, 2012) 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. MCD has now issued a demand notice dated August 16, 2011 revising the amount to ₹ 40.81 crores. 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 ₹ 1,46,76,45,561 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. The High Court passed an interim order staying the order dated September 6, 2012. The matter is currently pending.
4. MS Shoes East Limited (“**MSEL**”) 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 MSEL 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. MSEL 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 MSEL 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. The matter is currently pending.
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 derecognition 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.

### **Material developments post March 31, 2012**

The following are the material developments of our Company after March 31, 2012, i.e. the date of the last audited financial statements of the Company:

1. Our Company has obtained refinance assistance of ₹ 500.00 crores under Rural Housing Fund sanctioned by the NHB. The details of the borrowings are given below:

Facility granted and loan documentation	Total amount obtained (₹ in crores)	Rate of interest (% p.a.)	Security	Repayment date and schedule
Long term loan via memorandum of agreement dated February 5, 2009	250.00	6.25% p.a. (Fixed)	Lien over WBIDC bonds to the extent of 25% of the loan amount and negative lien on all properties, assets, receivables etc of HUDCO 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 Rs.5000 crores allocated for Fiscal 2011-12 together with tax free bonds of Rs. 5000 crores which are proposed to be issued during the fiscal 2012-13 (i.e. assets totaling to Rs. 10000 crores)	Repayable in a maximum of 60 equal quarterly installments starting with the quarter succeeding the one in which the refinance was drawn.
	250.00	6.75% p.a. (Fixed)		Repayable in a maximum of 60 equal quarterly installments starting with the quarter succeeding the one in which the refinance was drawn.

2. Our Company has issued unsecured, redeemable, non – convertible, non – cumulative and taxable bonds in the nature of promissory note for a total value of ₹ 500 crore.

Nature of bond	Total value of bonds (₹ in crores)	Date of Allotment	Interest/coupon rate (% p.a.)	Repayment terms and schedule	Rating
Unsecured, redeemable, non – convertible non – cumulative and taxable bonds in the nature of promissory notes	500.00	November 11, 2012	8.92% p.a. (fixed)	Repayable at the end of 5 years from date of allotment i.e. on November 2, 2017 with put/call option after 3 years from the date of allotment i.e. on November 2, 2015	CARE AA+ & IND AA+ by IRRPL (formerly Fitch Ratings)

## 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 ₹ 5,000.00 crores\* through a public issue of the Bonds in one or more tranches prior to March 31, 2013.

*\* 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.*

The Board of Directors have, pursuant to a resolution dated September 27, 2012, 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 ₹ 5,000.00 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, 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.

### Expert Opinion

Except the letters dated November 23, 2012 issued by CARE and IRRPL, respectively, in respect of the credit rating for the Bonds, and the report on Limited Review Financial Statements dated October 22, 2012, Reformatted Audited Financial Statements dated November 26, 2012 and statement of tax benefits dated November 26, 2012 issued by our Auditor, 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**

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 NSE and BSE on March 20, 2012.

### **Commission or Brokerage on Previous Public Issues**

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

### **Change in auditors of our Company during the last three years**

There have been no changes in our statutory auditors for the last three years.

### **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 42.

### **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 bonds issues have been utilised for our business as stated in the respective offer documents.

### **Disclaimer clause of NSE**

[●]

### **Track Record of past issues handled by the Lead Managers**

The track record of past issues handled by Enam Securities Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and SBI Capital markets Limited are available at [www.enam.com](http://www.enam.com), [www.icicisecurities.com](http://www.icicisecurities.com); [www.kotak.com](http://www.kotak.com) and [www.sbicaps.com](http://www.sbicaps.com), respectively.

### **Listing**

The Bonds will be listed on the NSE. NSE has given in-principle listing approval through letter dated [●], 2012.

If the permission to list and trade the Bonds has not been granted by the NSE, 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 (except 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 NSE 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, 2008, 2009, 2010, 2011 and 2012 and the three months ended June 30, 2012, see the section titled “Annexure A – Financial Statements” on page 153.

### **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 NSE.

## 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 ₹ 5,000.00 crores\* through a public issue of the Bonds in one or more tranches prior to March 31, 2013, as approved by our Board pursuant to its resolution dated September 27, 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 ₹ 1,250 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.*

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 105.

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

Particulars	Terms and Conditions
<b>Minimum application size</b>	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.
<b>Mode of allotment</b>	Both in dematerialised form as well as in physical form as specified by the Applicant in the Application Form.
<b>Terms of Payment</b>	Full amount on application.
<b>Trading Lot</b>	1 (one) Bond.
<b>Who can Apply</b>	<p><b>Category I</b></p> <ul style="list-style-type: none"> <li>• Public Financial Institutions, scheduled commercial banks, multilateral and bilateral development financial institutions, state industrial development corporations, which are authorised to invest in the Bonds;</li> <li>• FIIs and their sub – accounts (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI;</li> <li>• Provident funds and pension funds with minimum corpus of ₹ 25 crores, which are authorised to invest in the Bonds;</li> <li>• Insurance companies registered with the IRDA;</li> <li>• National Investment Fund;</li> <li>• 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;</li> <li>• Mutual funds; and</li> <li>• Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.</li> </ul> <p><b>Category II</b></p> <p>Companies within the meaning of section 3 of the Companies Act and bodies corporate registered under the applicable laws in India and authorised to invest in the Bonds.</p> <p><b>Category III</b></p> <p>The following Investors applying for an amount aggregating to above ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis; and</li> <li>• Hindu Undivided Families through the Karta.</li> </ul> <p><b>Category IV</b></p> <p>The following Investors applying for an amount aggregating to up to and including ₹ 10 lakhs across all Series of Bonds in each Tranche Issue:</p> <ul style="list-style-type: none"> <li>• Resident Indian individuals;</li> <li>• Eligible NRIs on a repatriation or non – repatriation basis; and</li> <li>• Hindu Undivided Families through the Karta.</li> </ul>



**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 118.

## 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 ₹ 1,000.00 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*	
	Series 1 Bonds	Series 2 Bonds
<b>Tenor</b>	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)
<b>Redemption Date</b>	10 years from the Deemed Date Of Allotment	15 years from the Deemed Date Of Allotment
<b>Redemption Amount(₹/Bond)</b>	Repayment of the face value plus any interest that may have accrued at the Redemption Date	Repayment of the face value plus any interest that may have accrued at the Redemption Date
<b>Frequency of Interest Payment</b>	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
<b>Minimum Application Size</b>	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
<b>In Multiples of</b>	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
<b>Face Value(₹/Bond)</b>	₹ 1,000.00	₹ 1,000.00
<b>Issue Price(₹/Bond)</b>	₹ 1,000.00.	₹ 1,000.00.
<b>Mode of Interest Payment</b>	Through various modes available**	Through various modes available**
<b>Coupon Rate (%)p.a.</b>	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
<b>Annualized Yield</b>	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
<b>Credit Rating</b>	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated November 23, 2012. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated November 23, 2012.	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated November 23, 2012. IRRPL has assigned a rating of 'IND AA+' to the Bonds vide letter dated November 23, 2012.
<b>Put Option and Call Option</b>	None.	None.

\* 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 112.

### 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 2013.

Our Company shall issue the Bonds up to an aggregate amount of ₹ 5,000.00 crores\* through this Issue during Fiscal 2013.

*\* 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.*

### 2. Issue and status of Bonds

2.1. Public issue of tax free bonds of face value of ₹ 1,000.00 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 ₹ 1,250 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.*

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 ₹ 1,000.00.

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 NSE.

#### 3.5. **Market Lot**

The Bonds shall be allotted in physical as well as dematerialised form. As per 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 April 18, 2002, specified that public financial institutions shall create a DRR to the extent of 50% of the value of the debentures issued through public issue. Accordingly, our Company shall create DRR of 50% of the value of Bonds issued and allotted in terms of the Tranche Prospectus(es), 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:

<b>Issue Opens on</b>	As specified in the Tranche Prospectus
<b>Issue Closes on</b>	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 (subject to the Issue being open for a minimum of three Working Days and subject to the Category IV Portion being fully subscribed prior to such early closure) or extension by such period, upto a period of 30 days from the date of opening of the Issue, 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 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 and Tranche [●] Series [●] Bonds shall carry interest at the 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.

However, we may decide to pay an additional interest at the rate of [●]% p.a. to all Allottees under Category IV for Tranche [●] Series [●] Bonds and Tranche [●] Series [●] Bonds. Accordingly, the Tranche [●] Series [●] Bonds and 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. and [●]% p.a. for the Tranche [●] Series [●] and Tranche [●] Series [●] respectively.

Please note that in the event we decide to pay the aforesaid additional interest of [●] % p.a., such additional interest shall only be available to the original Allottees under Category IV for the Tranche [●] Series [●] Bonds and the Tranche [●] Series [●] Bonds. In such case, in the event the Bonds held by the original Allottees under Category IV are sold/ transferred (except in case of transfer of Bonds to legal heir in the event of death of the original Allottee), the coupon rate shall stand revised to the coupon rate applicable for Allottees falling under Category I, Category II and Category III. The Registrar to the Issue will monitor this process by comparing the list of bondholders as on record date with list of original allottees under Category IV.

Please note 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 137.

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.

11.2.2. ***NECS***

Through NECS for Applicants having an account at any of the centers 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 Benefit**

For the details of tax benefits, see the section titled "Statement of Tax Benefits" on page 44.

#### 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 44.

#### 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 required 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 NSE.*

*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 NSE 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 NSE and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by NSE and/or SEBI. The following section may consequently undergo change between the dates of the Draft Shelf Prospectus and the Shelf Prospectus and the 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 NSE. Further the NSE 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;
- FIIs and their sub – accounts (other than a sub-account which is a foreign corporate or foreign individual), registered with SEBI;
- 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;
- National Investment Fund;
- 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; 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 and bodies corporate registered under



the applicable laws in India and authorised to invest in the Bonds.

### 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 and Eligible NRI is not (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 Draft 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 NSE at [www.nseindia.com](http://www.nseindia.com), and the websites of the Lead Managers at [www.enam.com](http://www.enam.com); [www.icicisecurities.com](http://www.icicisecurities.com), [www.kotak.com](http://www.kotak.com) and [www.sbicaps.com](http://www.sbicaps.com).

Electronic Application Forms will also be available on the website of NSE. A hyperlink to the website of NSE 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 NSE. 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	As will be specified in the Tranche Prospectus(es)
FII's and Eligible NRIs (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.

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 NSE 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 NSE 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 NSE 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 NSE 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, all grievances against Trading Members in relation to the Issue should be made by Applicants directly to NSE.

**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 NSE, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time 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 NSE, 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.enam.com](http://www.enam.com); [www.icicisecurities.com](http://www.icicisecurities.com), [www.kotak.com](http://www.kotak.com) and [www.sbicans.com](http://www.sbicans.com) (A link for the said websites will be available at the website of the NSE at [www.nseindia.com](http://www.nseindia.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 NSE 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 NSE 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 NSE.

##### ***(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 122 and 134, 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 NSE, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time 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 NSE 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 NSE 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.enam.com](http://www.enam.com); [www.icicisecurities.com](http://www.icicisecurities.com), [www.kotak.com](http://www.kotak.com) and [www.sbicans.com](http://www.sbicans.com) (A link for the said websites will be available at the website of the NSE at [www.nseindia.com](http://www.nseindia.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.

<b>Mode of Application</b>	<b>To whom the Application Form has to be submitted</b>
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; <b>or</b> (iii) to Trading Members only at the Syndicate ASBA Application Locations.
Non- ASBA Applications	(i) to the Members of the Syndicate; <b>or</b> (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**

The present limit for investment in corporate debt instruments like non-convertible debentures/ bonds by FIIs is USD 20 billion as per SEBI circular CIR/IMD/FIIC/20/2011, dated November 18, 2011, which has been increased by USD 5 billion from the existing limit of USD 20 billion as per SEBI Circular IMD/FII & C/37/2009. This incremental limit can be invested in listed corporate bonds as well.

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) 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 and Non Resident External (NRE) 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.

In case of Eligible NRIs applying on repatriation basis, Application Amounts will be received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through Indian 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) account maintained with an RBI authorised dealer or a RBI authorised bank in India.

In case of NRIs applying under non-repatriation basis: If it is received either by inward remittance of freely convertible foreign exchange through normal banking channels i.e. through Indian 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 and Non Resident External (NRE) maintained with an RBI authorised dealer or a RBI authorised bank in India.

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 42.

### **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**

In case of Applications for Allotment of the Bonds in physical form made by an Insurance Company, 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 and bodies corporate registered under applicable laws in India**

Applications made by companies 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 Funds**

Application made by a 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.

#### **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 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;
- c) Overseas Corporate Bodies;
- d) Indian Venture Capital Funds;
- e) Foreign Venture Capital Investors;
- f) Persons ineligible to contract under applicable statutory/ regulatory requirements; and
- g) Categories of Investors who have not been specifically mentioned as eligible Investors under Categories I, II, III and IV.

*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 NSE by the Members of the Syndicate, SCSBs or the Trading Members, as the case may be.*

#### **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.

The RBI has, by its letter (FE.CO.FID/8730/10.02.001(29) 2012 – 2013) dated October 23, 2012, approved the issue of the Bonds by our Company through the Issue to FIIs and Eligible NRIs subject to compliance with the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and the FEMA Borrowing Regulations, and further subject to the subscription monies raised from FIIs and Eligible NRIs being not utilised for “relending” activities in terms of Regulation 6(2) of the FEMA Borrowing Regulations.

Accordingly, we will open and maintain a separate escrow accounts with the Escrow Collection Banks in connection with all Application Amounts received from FIIs and Eligible NRIs (the “**Non Resident Escrow Accounts**”). All application Amounts received from FIIs and Eligible NRI Applicants 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; and
- (d) Other working capital requirements of our Company.

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 all FII and Eligible NRI Applicants 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 Draft 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.

- (f) 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.
- (g) 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.
- (h) 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.
- (i) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.
- (j) Applications for all the Series of the Bonds may be made in a single Application Form only.
- (k) 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 NSE 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 Draft 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 NSE. 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) NSE 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 NSE. 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 NSE, a graphical representation of consolidated demand for the Bonds, as available on the website of NSE, 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 NSE.

- (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 NSE 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 NSE; 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 Draft Shelf Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on NSE.
- (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 NSE.
- (h) Only Applications that are uploaded on the online system of NSE 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 NSE, 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;

Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to the circular dated April 3, 2008 issued by SEBI) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same.

- 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 NSE 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 NSE. It is clarified that the Applications not uploaded in the electronic application system of NSE 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 lease 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 aforesaid 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:

<b>Type of Investors</b>	<b>Documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)</b>
Public financial institutions, commercial 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; multilateral and bilateral development financial institutions and State Industrial Development Corporations	The Application must be accompanied by certified true copies of: <ul style="list-style-type: none"> <li>• Any Act/ Rules under which they are incorporated</li> <li>• Board Resolution authorizing investments</li> <li>• Specimen signature of authorized person</li> </ul>
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of <ul style="list-style-type: none"> <li>• Any Act/Rules under which they are incorporated</li> <li>• Registration documents (i.e. IRDA registration)</li> <li>• Resolution authorizing investment and containing operating instructions (Resolution)</li> <li>• Specimen signature of authorized person</li> </ul>
Provident Funds, Pension Funds and National Investment Fund	The Application must be accompanied by certified true copies of: <ul style="list-style-type: none"> <li>• Any Act/Rules under which they are incorporated</li> <li>• Board Resolution authorizing investments</li> <li>• Specimen signature of authorized person</li> </ul>
Mutual Funds	The Application must be also accompanied by certified true copies of: <ul style="list-style-type: none"> <li>• SEBI registration Certificate and trust deed (SEBI Registration)</li> <li>• Resolution authorizing investment and containing operating instructions (Resolution)</li> <li>• Specimen signature of authorized person</li> </ul>
Applicants through a power of attorney under Category I	The Application must be also accompanied by certified true copies of: <ul style="list-style-type: none"> <li>• A certified copy of the power of attorney or the</li> </ul>

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)
	<p>relevant resolution or authority, as the case may be</p> <ul style="list-style-type: none"> <li>• A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form.</li> <li>• Specimen signature of power of attorney holder/authorized signatory as per the relevant resolution.</li> </ul>
Resident Indian individuals under Categories II and III	N.A.
HUF through the Karta under Categories II and III	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• Self-attested copy of PAN card of HUF.</li> <li>• Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant.</li> <li>• Self-attested copy of proof of Address of karta, identity proof of karta.</li> </ul>
Power of Attorney under Category II and Category III	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• A certified copy of the power of attorney has to be lodge with the Application Form</li> </ul>
FIIs	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• SEBI registration certificates.</li> <li>• An inward remittance certificate.</li> <li>• A resolution authorising investment in the Bonds.</li> <li>• Specimen signatures of authorised persons</li> </ul>
Eligible NRIs	<p>The Application must be also accompanied by certified true copies of:</p> <ul style="list-style-type: none"> <li>• A certificate from the issuing bank confirming that the demand draft has been drawn on an NRE account.</li> <li>• A PIO Card (if the Eligible NRI is a PIO).</li> </ul>

### 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 120.

### 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. NSE 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 120 and 131, 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 NSE 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;
- 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;
- 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, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- 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 by any persons outside India (except for FIIs and Eligible NRIs);
- 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 NSE;
- 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; and
- 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;

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:

<b>QIB Portion</b>	<b>Corporate Portion</b>	<b>High Net Worth Individual Portion</b>	<b>Retail Individual Investor Portion</b>
[●]% of the Overall Issue Size, out of which [●]% shall be reserved in favour of FII Investors.	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size out of which [●]% shall be reserved in favour of Eligible NRI Investors.	40% of the Overall Issue Size out of which [●]% shall be reserved in favour of Eligible NRI Investors.

### 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 NSE. 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 NSE 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 NSE.

### ***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 Draft Shelf Prospectus, receipt of the listing and trading approval from NSE.
- (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 and Eligible NRIs 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 NSE. Our Company has applied for an in-principle approval to the NSE 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 NSE at an appropriate stage.

If permissions to deal in and for an official quotation of our Bonds are not granted by NSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Shelf Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at NSE 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.

<b>SHARE CAPITAL</b>	
<b>Articles Capital</b>	
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 Rs. 1,000/- each.
<b>Company's shares not to be purchased</b>	
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.
<b>Allotment of shares</b>	
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.
<b>CERTIFICATES</b>	
<b>Share Certificate</b>	
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.
<b>Issue of new share, debenture certificate etc. in place of defaced, lost or destroyed</b>	
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.
<b>CALLS</b>	
<b>Calls on shares</b>	
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.
	<b>When interest on call payable.</b>
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.
	<b>Payment in anticipation of calls may carry interest.</b>
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.
	<b>Joint-holders' liability to pay.</b>
14.	The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
	<b>LIEN</b>
	<b>Company's lien on shares</b>
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.
	<b>TRANSFER AND TRANSMISSION OF SHARES</b>
	<b>Register of transfers</b>
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.
	<b>Transfer and transmission of shares</b>
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.
	<b>Notice of refusal to register transfer</b>
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
	<b>Company not bound to recognize any interest in shares other than that of the registered holders.</b>
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.
	<b>Execution of transfer</b>
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.
	<b>Form of transfer</b>
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.
	<b>Transfer to be left at office and evidence of title to be given</b>
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.
		<b>Transmission by operation of law</b>
29.		Nothing contained in article 23 shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
		<b>When transfer books and register may be closed</b>
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.
		<b>Director's right to refuse registration</b>
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.
		<b>INCREASE, REDUCTION AND ALTERATION OF CAPITAL</b>
		<b>Transfer and transmission of debentures etc.</b>
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.
		<b>Power to increase capital</b>
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.
		<b>On what condition new shares may be issued</b>
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.
		<b>How far new shares to rank with shares in original capital.</b>
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.
		<b>New shares to be offered to members</b>
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.
		<b>Reduction of capital etc.</b>
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.
	<b>Sub-division and consolidation of shares</b>
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.
	<b>MODIFICATION OF CLASS RIGHTS</b>
	<b>Power to modify</b>
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 <i>mutatis mutandis</i> 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.
	<b>BORROWING POWERS</b>
	<b>Power to borrow</b>
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.
	<b>Securities may be assignable free from equities</b>
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.
	<b>Issue of debentures etc. at discount or with special privilege</b>
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.
	<b>Persons not to have priority over any prior charge</b>
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.
	<b>GENERAL MEETINGS</b>

	<b>General meeting</b>
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".
	<b>When extraordinary meeting to be called</b>
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 extraordinary 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.
	<b>Notice of Meeting.</b>
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 same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.
	<b>Business of annual meeting.</b>
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.
<b>PROCEEDINGS AT GENERAL MEETINGS</b>	
	<b>Quorum</b>
59.	Five members present in person, of whom one shall be a representative of the President, shall be a quorum for a general meeting.
	<b>Right of President to appoint any person as his representative.</b>
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.
	<b>Chairman of general meeting</b>
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.
	<b>When if quorum not present, meeting to be dissolved and when to be adjourned</b>
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.
	<b>How questions to be decided at meeting</b>
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.
	<b>What is to be evidence of the passing of resolution where poll not demanded</b>
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.
	<b>Poll</b>
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.
	<b>Power to adjourn general meeting.</b>
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.
	<b>In what cases poll taken without adjournment</b>
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.	<b>Business may proceed notwithstanding demand of poll</b> 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.
	<b>Chairman's decision conclusive</b>
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.
	<b>VOTES OF MEMBERS</b>
	<b>Votes of members</b>
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.
	<b>BOARD OF DIRECTORS</b>
	<b>Number of directors</b>
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.
	<b>Appointment of chairman, managing director and other directors</b>
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)	<p>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.</p> <p>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.</p>
<b>Disqualifications of directors</b>	
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.
<b>Powers of chairman</b>	
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.
<b>Rights of the President</b>	
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.
	<p>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</p>
<b>General power of Company vested in directors</b>	
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.
<b>DIVIDENDS</b>	
<b>Dividends</b>	
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.
<b>Paid up in Advance</b>	
101	Where capital is paid up on any shares in advance of calls, such capital shall not, confer a right to participate in profits.
<b>Declaration of dividends</b>	
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.
<b>Dividends out of profits only and not to carry interest</b>	
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.
<b>Interim dividend</b>	
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.
<b>Unclaimed dividend</b>	
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.
<b>WINDING UP</b>	
<b>Distribution of assets on winding up</b>	
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 November 29, 2012 between our Company and the Lead Managers.
2. Memorandum of Understanding dated November 23, 2012 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated November 23, 2012 between our Company and the Debenture Trustee.
4. Escrow Agreement dated [●], 2012 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 September 27, 2012 approving the Issue.
4. Letter dated November 23, 2012 by CARE assigning a rating of 'CARE AA+' to the Bonds.
5. Letter dated November 23, 2012 by IRRPL assigning a rating of 'IND AA+' to the Bonds.
6. Letter dated October 23, 2012, from the RBI on investment by FIIs and Eligible NRIs through the Issue.
7. Letter dated October 5, 2012 from SEBI on the use of the Limited Review Financial Information in the Draft Shelf Prospectus.
8. Consents of each of the Directors, the Compliance Officer, Lead Managers, Consortium Members, Legal Counsel to the Company, Registrar to the Issue, Bankers 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.
9. 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.
10. Auditor's Report dated November 26, 2012 on the reformatted financial information prepared under Indian GAAP for the financial year March 31, 2008, 2009, 2010, 2011 and 2012.
11. Limited review financial information for the six months ended September 30, 2012.
12. Notification No. 46/2012 F. No. 178/60/2012-(ITA.1) dated November 6, 2012 issued by the CBDT.
13. Annual Report of our Company for the last five Fiscals.
14. In-principle listing approval from NSE vide their letter no. [●] dated [●], 2012.
15. Due Diligence Certificate dated [●], 2012 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**

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Veerappa Parameshwarappa Baligar  
*Chairman and Managing Director*

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Susheel Kumar  
*Director*

---

Sudha Krishnan  
*Director*

---

Nassereddin Munjee  
*Director*

---

Dinesh Bhikhubhai Mehta  
*Director*

---

Virender Ganda  
*Director*

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Shukhadra Thorat  
*Director*

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Place: New Delhi

Date: November 30, 2012

## ANNEXURE A: FINANCIAL STATEMENTS

### PART I: LIMITED REVIEW FINANCIAL STATEMENTS

Review Report

To the Board of Directors of  
Housing & Urban Development Corporation Limited  
New Delhi

We have reviewed the accompanying statement of unaudited financial results of **HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED** for the half year ended September 30, 2012. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, Engagements to Review Financial Statements issued by The Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of Clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed, or that it contains any material misstatement, except that: **As per existing NPA norms of NHB, the NPA provision required on the project loans as on 30/09/2012 amounts to Rs. 1125.83 crore, but the company has made the provisioning of Rs. 1370.83 crore, which is higher by Rs. 147.86 crore. Due to utilisation of Adhoc provision of Rs.70 crore, the Adhoc provision now stands at Rs. 245 crore as on 30/09/2012 against Rs. 315 crore as on 31/03/2012. Overall effect on the net profit for the current period (i.e. 30/09/2012), that it is higher by Rs.70 crore.**

**The Gross NPA amounting to Rs. 2347.29 crores mentioned in the Unaudited Financial Results (Provisional) for the Six Months ended 30.09.2012 pertains to Project Loans only. The Gross NPA (Amt.) of Retail Finance (HUDCO Niwas) is Rs. 50.50 crores. The Gross NPA % (9.55%) relates to total loans (Rs. 2397.79 crores i.e. both Project loans and Retail Finance). The Profitability of the Company is not affected due to that.**

For Agiwal & Associates  
(Firm Registration No. 000181N)  
Chartered Accountants

Place: New Delhi  
Date: 22/10/2012

(P.C. Agiwal)  
Partner  
M.No. 080475

**HOUSING AND URBAN DEVELOPMENT CORPORATION LTD.  
(A GOVT. OF INDIA UNDERTAKING)**

**REGISTERED OFFICE: HUDCO BHAWAN, INDIA HABITAT CENTRE, LODHI ROAD, NEW  
DELHI -110003**

**UNAUDITED FINANCIAL RESULTS (PROVISIONAL) FOR THE SIX MONTHS ENDED 30.9.2012**

(₹ in crore)				
Particulars	6 months ended 30.9.2012 (Reviewed)	Corresponding 6 months ended in the previous year (30.9.2011) (Reviewed)	Previous year ended 31.3.2012 (Audited)	
1	a) Net Sales/Income from Operation	1380.90	1192.29	2619.86
	b) Other Operating Income	52.09	31.60	155.02
2	Total Expenditure			
	a) Interest and other financial charges	786.97	725.00	1588.80
	b) Exchange Gain (-) / Loss	25.41	45.64	40.28
	c) Staff Cost	59.74	51.31	110.52
	d) Depreciation	2.40	2.50	4.60
	e) Other Expenditure	20.13	13.55	50.64
	f) Provision on Loans (Net)	108.82	5.44	37.18
	g) Provision on Debtors/recoverable, Loans and Advances	-	-	6.71
3	Profit from Operations before Other Income	429.52	380.45	936.15
4	Other Income	0.52	0.72	3.75
5	Profit before Exceptional Items	430.04	381.17	939.90
6	Exceptional items	-	-	-
7	Profit (+)/ Loss (-) from Ordinary Activities before tax	430.04	381.17	939.90
8	Prior Period Adjustments (Net)	0.16	(0.03)	(0.07)
9	Provision for Tax			
	- Current Tax (Including Prior Period Tax Adjustments)	135.99	97.48	241.12
	- Deferred Tax	(3.54)	21.14	68.52
10	Net Profit (+)/ Loss (-) from Ordinary Activities after tax	297.43	262.58	630.33
11	Extraordinary Items (net of tax expense)	-	-	-
12	Net Profit(+)/ Loss(-) for the period	297.43	262.58	630.33
13	Paid-up Equity Share Capital (Face Value - ₹ 1000 per share)	2001.90	2001.90	2001.90
14	Reserves excluding Revaluation Reserves (As at 31.3.2012)			3986.99
15	Analytical Ratios			
	(i) Capital Adequacy Ratio (%)	-	-	31.37
	(ii) Earnings Per Share (EPS) (₹)	148.57	131.17	314.87
16	NPA Ratios			
	(i) Gross NPA (Amount)	2347.29	1678.42	1518.25
	(ii) Net NPA (Amount)	1108.73	536.23	344.29
	(iii) Gross NPA (%)	9.55	7.50	6.07
	(iv) Net NPA (%)	4.66	2.45	1.44
	(v) Return on assets (%)	-	-	2.54

**Note:**

- The Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard - 17.
- As per NHB norms, NPA provision required on project loans is ₹ 1125.83 crore whereas the total provision made is ₹1370.83 crore as on 30.9.2012. As such additional provision on project loans of ₹ 245 crore is available beyond NHB norms as on 30.9.2012 as against ₹ 315 crore which was available as on 31.3.2012.
- The Company had mobilised Tax Free Bonds of ₹ 5,000 crore through public issue in the year 2011-2012. In compliance of SEBI requirement, Company has created Bonds Redemption Reserve of ₹ 192.27 crore in the accounts for the year 2011-2012.

- 4 The main audit observations on the accounts for the financial year 2011-2012 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 six months ended 30.9.2012 have been Limited Review by the Statutory Auditors.
- 8 Figures of corresponding period in the previous year have been regrouped, wherever necessary.
- 9 The Company has paid final dividend of ₹ 140.01 crore and dividend tax of ₹ 22.71 crore for the financial year 2011-2012.
- 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 22.10.2012.

**For and on behalf of Board of Directors**

DATE: 22.10.2012  
PLACE : NEW DELHI

**Sd/-  
V P Baligar  
Chairman and Managing Director**

## PART II: 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/private 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 crores allocated under Notification No. 46/2012 F.No. 178/60/2012-(ITA.1) dated November 6, 2012 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 issued by the Securities and Exchange Board of India, 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 October 5, 2012, in connection with the Company’s Proposed Issue of secured, redeemable, non-convertible debentures, 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, 2008 to 31st March, 2012 (Annexure I), ‘Statement of Profit and Loss’ of the Company for the financial years from 31st March, 2008 to 31st March, 2012 (Annexure II), and ‘Cash Flow Statement’ of the Company for the financial years from 31st March, 2008 to 31st March, 2012 (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 2012, 31<sup>st</sup> March 2011 and 31<sup>st</sup> March 2010 have been audited by Agiwal & Associates, Chartered Accountants and for the year ended 31st March, 2009 and 31<sup>st</sup> March 2008, by S.N.Dhawan & Co., Chartered Accountants. The reformatted financial statements for the year as at 31st March, 2008 to 31st March, 2012 have been adopted by the board. Based on our examination of these reformatted financial statements, we state that:

- i. These have to be read 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 to 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 confirm 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 year 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, 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 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 Annexure IV].*
- iii) *Attention is to be further invited to the following:*
- (a) *Some of the balances of Loan Accounts are subject to confirmation/ reconciliation. (refer to point 3(a) of Annexure V)*
- (b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. (refer to point 3(c) of 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 financia implication, if any. [refer Point 2(b) of Annexure V)*
- Further, as indicated in Point 2(b) of Annexure V, 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 Annexure V]*
- vi. 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 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 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 Annexure V]*
  - b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 4(c) of 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 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 Annexure V]*

vii 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 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 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 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 Annexure V]*
  - b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 5(c) of 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 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 Annexure V]*

viii 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 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 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 Annexure V]*
  - b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 5(c) of 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 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 Annexure V]*
- ix. *There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March, 2008 which are as under :*
  - i) *The Company has not complied with the assets classification and provisioning requirement as per the Housing Finance Companies (NHB) Directions, 2001. The amount of short provisioning has not been ascertained. [refer Note 5(c) of Annexure V]*
  - ii) *The Company has made an additional provision on loans amounting to Rs.315 crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.315 crores. [refer Note 5(d) of Annexure V]*
  - iii) *The Company has not given effect to the opinion given by the Expert Advisory Committee of the Institute of Chartered Accountants of India on treatment of Deferred Tax Liability (DTL) amounting to Rs.120.97 crores created on the special reserve under Section 36(1)(viii) of the Income Tax Act, 1961 for the period 2001-02 to 2003-04 on 31<sup>st</sup> March 2005. The Committee is of the view that DTL created out of the reserves in respect of the aforesaid years should be treated as "Prior Period Item" by charging the same to the Profit and Loss Account & crediting to General Reserve. As a result, the profit for the year is higher by Rs.120.97 crores. [refer Note 12 of Annexure V]*
  - iv) *Attention is further invited to the following :*
    - a) *Non-reconciliation of outstanding balances in banking sector loans. [refer Note 3(b) of Annexure V]*
    - b) *The balances shown under loans, advances and other debits/credits have not been confirmed are subject to reconciliation and consequential adjustments, if any. [refer Note 5(a) & 5(b) of Annexure V]*

- c) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd (CIAL). [refer Note 5(f) of Annexure V]*
- d) *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 7(a) of Annexure V]*
- e) *The Company is not able to comply with National Housing Bank's norms: i) credit concentration norms in respect of lending to some State Governments / State Governments Agencies and ii) creation of a floating charge in terms of Paragraph 14A of the Housing Finance Company (NHB) Directions, 2001. [refer Note 10(a) & 10(b) of 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, 2012, 31st March, 2011, 31st March 2010, 31st March 2009 and 31<sup>st</sup> March 2008 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, 2012, 31st March, 2011, 31st March, 2010, 31st March 2009, and 31<sup>st</sup> March 2008 (Annexure IV)
- ii. Significant Notes to Accounts as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March 2009, and 31st March 2008 (Annexure V)
- iii. Related Party Information as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31<sup>st</sup> March, 2010, 31st March 2009, and 31st March 2008 (Annexure VI)
- iv. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March 2009, and 31st March, 2008 (Annexure VII)
- v. Statement of the Dividend as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31<sup>st</sup> March, 2010, 31st March, 2009 and 31st March, 2008 (Annexure VIII)
- vi. Statement of Tax Shelter as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31<sup>st</sup> March, 2010, 31st March, 2009 and 31st March, 2008 (Annexure IX)
- vii. Capitalization Statement as at 31st March, 2012 (Annexure X)
- viii. Statement of Contingent Liabilities as at and for each of the years ended 31st March, 2012, 31st March, 2011, 31st March, 2010, 31st March 2009 and 31st March 2008 (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 the report.

**For AGIWAL & ASSOCIATES  
(Firm registration No. 000181N)  
Chartered Accountants**

**Place:** New Delhi  
**Dated:** 26.11.2012

(P.C.Agiwal)  
Partner  
Membership No. 080475

**HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED**  
**Statement of Assets & Liabilities**

(₹ in crore)							
S. No	PARTICULARS	NOTE No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>I</b>	<b>EQUITY AND LIABILITIES</b>						
(1)	<b>Share Holders' Funds</b>						
	(a) Share Capital	2	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
	(b) Reserves and Surplus	3	3,986.99	3,519.07	3,095.19	2,665.96	2,188.78
	<b>Sub-Total (1)</b>		<b>5,988.89</b>	<b>5,520.97</b>	<b>5,097.09</b>	<b>4,667.86</b>	<b>4,190.68</b>
(2)	<b>Non-current Liabilities</b>						
	(a) Long-term Borrowings	4	13,722.99	9,531.54	11,255.94	14,718.72	15,326.94
	(b) Deferred Tax Liabilities (Net)	5	350.37	281.85	237.36	234.39	163.33
	(c) Other Long-term Liabilities	6	51.74	119.71	128.90	196.08	196.99
	(d) Long-term Provisions	7	211.83	163.40	143.01	168.43	146.24
	<b>Sub-Total (2)</b>		<b>14,336.93</b>	<b>10,096.50</b>	<b>11,765.21</b>	<b>15,317.62</b>	<b>15,833.50</b>
(3)	<b>Current Liabilities</b>						
	(a) Short-term Borrowings	8	-	100.00	220.00	-	-
	(b) Trade Payable	9	31.10	10.72	10.46	10.15	11.87
	(c) Other Current Liabilities	10	6,919.51	6,861.00	4,821.52	5,264.41	4,495.37
	(d) Short-term Provisions	11	217.05	147.74	69.14	53.22	125.94
	<b>Sub-Total (3)</b>		<b>7,167.66</b>	<b>7,119.46</b>	<b>5,121.12</b>	<b>5,327.78</b>	<b>4,633.18</b>
	<b>Total (1+2+3)</b>		<b>27,493.48</b>	<b>22,736.93</b>	<b>21,983.42</b>	<b>25,313.26</b>	<b>24,657.36</b>
<b>II</b>	<b>ASSETS</b>						
(1)	<b>Non-current Assets</b>						
	(a) Fixed Assets	12					
	(i) Tangible Assets		71.37	74.20	68.88	71.95	67.64
	(ii) Intangible Assets		0.01	0.01	0.01	0.02	0.02
	(iii) Capital work-in-progress		13.87	11.81	9.58	9.07	8.72
			<b>85.25</b>	<b>86.02</b>	<b>78.47</b>	<b>81.04</b>	<b>76.38</b>
	(b) Non-current Investments	13	813.98	1,223.98	1,298.98	1,523.98	2,043.36
	(c) Long-term Loans and Advances	14	19,111.64	16,366.71	14,803.86	16,482.25	17,053.90
	(d) Other Non-current Assets	15	-	6.40	1.85	-	-
	<b>Sub-Total (1)</b>		<b>20,010.87</b>	<b>17,683.11</b>	<b>16,183.16</b>	<b>18,087.27</b>	<b>19,173.64</b>
(2)	<b>Current Assets</b>						
	(a) Current Investments	16	410.00	75.00	225.00	519.21	19.20
	(b) Trade Receivable	17	12.52	16.57	12.15	21.82	8.76
	(c) Cash and Bank Balances	18	2,778.84	716.20	755.86	1,052.38	746.70
	(d) Other Current Assets	19	4,281.25	4,246.05	4,807.25	5,632.58	4,709.06
	<b>Sub-Total (2)</b>		<b>7,482.61</b>	<b>5,053.82</b>	<b>5,800.26</b>	<b>7,225.99</b>	<b>5,483.72</b>

<b>S. No</b>	<b>PARTICULARS</b>	<b>NOTE No.</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>	<b>As at 31<sup>st</sup> March, 2008</b>
	<b>Total (1+2)</b>		<b>27,493.48</b>	<b>22,736.93</b>	<b>21,983.42</b>	<b>25,313.26</b>	<b>24,657.36</b>
	<b>Significant Accounting Policies</b>	<b>1</b>					
	<b>Explanatory Notes</b>	<b>26</b>					

Note: The Notes referred to above form an integral part of the Financial Statements

## HOUSING &amp; URBAN DEVELOPMENT CORPORATION LIMITED

## Statement of Profits

(₹ in crore)

S. no	PARTICULARS	NOTE No.	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
I	<b>Income</b>						
II	Revenue from Operations	20	2,738.36	2,263.46	2,421.80	2,697.93	2,558.50
III	Other Income	21	40.27	15.13	106.55	15.25	51.69
IV	<b>Total Revenue (II+III)</b>		<b>2,778.63</b>	<b>2,278.59</b>	<b>2,528.35</b>	<b>2,713.18</b>	<b>2,610.19</b>
V	<b>Expenses</b>						
(i)	Finance Cost	22	1,629.08	1,273.27	1,413.76	1,904.14	1,730.34
(ii)	Employee Benefits Expense	23	110.52	114.45	92.48	75.75	85.67
(iii)	Depreciation and Amortisation		4.60	11.42	4.52	4.67	5.29
(iv)	Other Expenses	24	50.64	29.40	23.27	24.28	21.15
(v)	Provision on Loans		37.18	27.80	210.67	(65.35)	213.87
(vi)	Provision on Debtors/recoverables, other loans and advances		6.71	1.43	0.14	0.15	0.11
(vii)	Provision on Investment		-	-	-	0.16	0.22
	<b>Total Expenses (V)</b>		<b>1,838.73</b>	<b>1,457.77</b>	<b>1,744.84</b>	<b>1,943.80</b>	<b>2,056.65</b>
VI	<b>Profit before exceptional, extraordinary Items and tax (IV-V)</b>		939.90	820.82	783.51	769.38	553.54
VII	Exceptional Items		-	-	-	-	-
VIII	<b>Profit before extraordinary Items and tax (VI-VII)</b>		<b>939.90</b>	<b>820.82</b>	<b>783.51</b>	<b>769.38</b>	<b>553.54</b>
IX	Extraordinary Items		-	-	-	-	-
X	Prior period adjustments	25	0.07	0.29	0.87	6.25	(0.29)
XI	Deferred Tax Liability for prior years transferred to General Reserve		-	-	-	(120.96)	-
XII	<b>Profit Before Tax (VIII-IX-X)</b>		<b>939.97</b>	<b>821.11</b>	<b>784.38</b>	<b>654.67</b>	<b>553.25</b>
XII	<b>Tax Expense</b>						
(i)	Current tax		(250.00)	(223.79)	(267.71)	(184.41)	(212.45)
(ii)	Deferred tax		(68.52)	(44.49)	(2.97)	(71.07)	33.54
(iii)	Fringe benefit tax		-	-	-	(0.85)	(0.85)
(iv)	Adjustment of tax of earlier years (Net)		8.88	(2.80)	(18.39)	2.65	0.24
	<b>Total Tax Expense XII (i+ii+iii)</b>		<b>(309.64)</b>	<b>(271.08)</b>	<b>(289.07)</b>	<b>(253.68)</b>	<b>(179.52)</b>
XIII	<b>Profit for the period (XI+XII)</b>		<b>630.33</b>	<b>550.03</b>	<b>495.31</b>	<b>400.99</b>	<b>373.73</b>
XIV	<b>Earnings per Share ( Face value ₹ 1000 )</b>						
	(Refer S.No 16 of Note No 26 - Explanatory Notes)						
	(1) Basic		314.87	274.75	247.42	200.30	186.69
	(2) Diluted		314.87	274.75	247.42	200.30	186.69
<b>Significant Accounting Policies</b>	<b>Significant Accounting Policies</b>	<b>1</b>					
<b>Explanatory Notes</b>	<b>Explanatory Notes</b>	<b>26</b>					

Note: The Notes referred to above form an integral part of the Financial Statements

**NOTE 2: SHARE CAPITAL**

(₹ in crore)

S.No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Authorised</b>					
	25,000,000 equity shares of ₹ 1000/- each					
	(previous year 25,000,000 equity shares of ₹ 1000/- each)	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>	<b>2,500.00</b>
<b>B</b>	<b>Issued, Subscribed and Paid up</b>					
	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
		<b>2,001.90</b>	<b>2,001.90</b>	<b>2,001.90</b>	<b>2,001.90</b>	<b>2,001.90</b>
	<b>(The entire Share Capital is held/owned by the Government of India and its nominees)</b>					

**NOTE 3: RESERVES AND SURPLUS**

(₹ in crore)

S.No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Capital (KfW) Reserve</b>					
	Balance from previous year	58.49	56.77	53.96	45.81	45.11
	Add: Additions during the year	0.31	1.72	2.81	8.15	0.70
	Balance as at the end of the year	<b>58.80</b>	<b>58.49</b>	<b>56.77</b>	<b>53.96</b>	<b>45.81</b>
<b>B</b>	<b>Bonds Redemption Reserve</b>					
	Balance from previous year	-	-	-	-	122.12
	Less: Transferred to Statement of Profit & Loss	-	-	-	-	122.12
	Add: Transferred from Surplus in Statement of Profit & Loss	192.27	-	-	-	-
	Balance as at the end of the year	<b>192.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	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. Accordingly, during the year, the company has created BRR amounting ₹ 192.27 crore (previous year Nil). The Company is not required to create Bonds redemption reserve in case of privately placed bonds in term of clarifications issued by the Department of Company Affairs, Govt. of India vide no. 6/3/2001-CL.V dated 18.04.2002					
<b>C</b>	<b>Special Reserve</b>					
	<b>(a) Created (u/s 36(1) (viii) of the Income Tax Act,1961 upto Financial Year 1996-97)</b>					
	Balance from previous year	181.75	181.75	181.75	181.75	181.75
	<b>(b) Created and Maintained (u/s 36(1) (viii) of the Income Tax Act,1961 from Financial Year 1997-98 onwards)</b>					
	Balance from previous year	2,084.05	1,870.05	1,670.05	1,495.05	1,330.05
	Add: Transferred from Surplus in Statement of Profit & Loss	268.00	214.00	200.00	175.00	165.00
	Balance as at the end of the year	<b>2,352.05</b>	<b>2,084.05</b>	<b>1,870.05</b>	<b>1,670.05</b>	<b>1,495.05</b>
	Balance as at the end of the year	<b>2,533.80</b>	<b>2,265.80</b>	<b>2,051.80</b>	<b>1,851.80</b>	<b>1,676.80</b>
<b>D</b>	<b>General Reserve</b>					
	Balance from previous year	1,007.83	810.06	588.07	300.53	70.00
	Less: Utilised for leave encashment on account of AS - 15 *	-	-	-	-	1.17
	Less: Utilised for post retirement medical benefit on account of AS - 15 *	-	-	-	-	13.80
	Less: Utilised for Gratuity on account of AS - 15 *	-	-	-	-	2.59
	Add: Transferred from Statement of Profit & Loss on account of prior years					
	Deferred Tax Liability	-	-	-	120.97	-
	Add: Transferred from Surplus in Statement of Profit & Loss	6.13	197.77	221.99	166.57	248.09
	Balance as at the end of the year	<b>1,013.96</b>	<b>1,007.83</b>	<b>810.06</b>	<b>588.07</b>	<b>300.53</b>
<b>E</b>	<b>Welfare Reserve</b>					
	<b>(This is to be used for the Welfare of employees of the company as per approved guideline)</b>					
	Balance from previous year	56.95	46.56	46.65	40.17	37.09
	Less: Transferred to Statement of Profit & Loss	0.91	-	2.36	-	2.35



S.No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
	Add: Transferred from Surplus in Statement of Profit & Loss	-	3.59	-	0.28	-
	Add: Transferred from Surplus in Statement of Profit & Loss	2.12	6.80	2.27	6.20	5.43
	Balance as at the end of the year	<b>58.16</b>	<b>56.95</b>	<b>46.56</b>	<b>46.65</b>	<b>40.17</b>
<b>F</b>	<b>Surplus Account</b>					
<b>i</b>	Balance from previous year	130.00	130.00	125.48	125.47	125.47
<b>ii</b>	Add: Balance from statement of Profit & Loss	630.33	550.03	495.31	400.99	373.73
	Add: Transferred from Bonds Redemption Reserve	-	-	-	-	122.12
<b>iii</b>	Add: Transferred from Welfare Reserve	0.91	-	2.36	-	2.35
<b>iv</b>	Less: Transferred to Welfare Reserve	-	3.59	-	0.28	-
<b>v</b>	<b>Total amount available for appropriation</b>	<b>761.24</b>	<b>676.44</b>	<b>623.15</b>	<b>526.18</b>	<b>623.67</b>
<b>vi</b>	Less: Interim/Proposed Final Dividend (Refer S.No 13 of Note No 26 - Explanatory Notes)	140.01	110.02	59.08	45.24	68.11
<b>vii</b>	Less: Dividend Tax	22.71	17.85	9.81	7.69	11.57
<b>viii</b>	Less: Special Reserve	268.00	214.00	200.00	175.00	165.00
<b>ix</b>	Less: Bonds Redemption Reserve	192.27	-	-	-	-
<b>x</b>	Less: General Reserve	6.13	197.77	221.99	166.57	248.09
<b>xi</b>	Less: Welfare Reserve	2.12	6.80	2.27	6.20	5.43
<b>xii</b>	Balance as at the end of the year	<b>130.00</b>	<b>130.00</b>	<b>130.00</b>	<b>125.48</b>	<b>125.47</b>
	<b>Total Reserves and Surplus</b>	<b>3,986.99</b>	<b>3,519.07</b>	<b>3,095.19</b>	<b>2,665.96</b>	<b>2,188.78</b>

**NOTE 4: NON CURRENT - LONG TERM BORROWINGS**

(₹ in crore)

S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>(A)</b>	<b>SECURED LOANS</b>					
<b>I</b>	<b>Special Priority Sector Bonds</b>					
	SPS Bond series B & C (Bank of India)	62.50	67.20	71.65	75.85	79.65
		<b>62.50</b>	<b>67.20</b>	<b>71.65</b>	<b>75.85</b>	<b>79.65</b>
<b>II</b>	<b>TAX FREE BONDS 2011</b>	5,000.00	-	-	-	-
		<b>5,000.00</b>	-	-	-	-
<b>III</b>	<b>LOANS FROM BANKS</b>					
	Bank of India	93.77	100.81	107.45	113.68	119.54
		<b>93.77</b>	<b>100.81</b>	<b>107.45</b>	<b>113.68</b>	<b>119.54</b>
<b>IV</b>	<b>LOANS FROM FINANCIAL INSTITUTIONS</b>					
	National Housing Bank	212.00	-	-	-	-
		<b>212.00</b>	-	-	-	-
	<b>Total Secured Loans</b>	<b>5,368.27</b>	<b>168.01</b>	<b>179.10</b>	<b>189.53</b>	<b>199.19</b>
<b>(B)</b>	<b>UNSECURED LOANS</b>					
<b>I</b>	<b>DEBENTURES</b>					
	Subscribed by Banks, Companies and Trusts	-	-	77.00	147.00	228.00
<b>II</b>	<b>BONDS</b>					
(i)	HUDCO Bonds	3,872.70	4,608.50	6,142.91	6,292.59	6,589.59
(ii)	HUDCO Gujarat Punarnirman Special Tax free Bonds	-	73.50	353.10	353.10	353.10
(iii)	Bonds - Subordinated Debt under Tier - II Capital	-	-	500.00	500.00	500.00
		<b>3,872.70</b>	<b>4,682.00</b>	<b>6,996.01</b>	<b>7,145.69</b>	<b>7,442.69</b>
<b>III</b>	<b>LOANS FROM VARIOUS BANKS</b>					
	Against Banking Sector Fund	3,082.80	3,119.40	1,944.76	4,689.26	5,131.47
		<b>3,082.80</b>	<b>3,119.40</b>	<b>1,944.76</b>	<b>4,689.26</b>	<b>5,131.47</b>
<b>IV</b>	<b>LOANS FROM FINANCIAL INSTITUTIONS :</b>					
(i)	General Insurance Corporation of India & its four subsidiaries	-	5.53	26.73	69.85	126.02
(ii)	National Housing Bank	-	-	252.30	336.70	-
(iii)	Life Insurance Corporation of India	-	-	26.67	136.67	296.67
		-	<b>5.53</b>	<b>305.70</b>	<b>543.22</b>	<b>422.69</b>
<b>V</b>	<b>LOANS FROM GOVERNMENT OF INDIA UNDER:</b>					
	Line of credit from Kreditanstalt für Wiederaufbau (KfW)	52.96	52.96	52.96	52.96	52.96
		<b>52.96</b>	<b>52.96</b>	<b>52.96</b>	<b>52.96</b>	<b>52.96</b>
<b>VI</b>	<b>Public Deposits</b>	667.88	839.62	1,032.85	1,205.93	1,155.40
		<b>667.88</b>	<b>839.62</b>	<b>1,032.85</b>	<b>1,205.93</b>	<b>1,155.40</b>
<b>VII</b>	<b>Interest Bearing Cash Securities</b>	0.15	0.15	0.18	0.42	0.41
		<b>0.15</b>	<b>0.15</b>	<b>0.18</b>	<b>0.42</b>	<b>0.41</b>
<b>VIII</b>	<b>LOANS IN FOREIGN CURRENCY :</b>					
(i)	Loans from Japan Bank for International Cooperation (JBIC)	265.57	247.41	221.95	242.81	227.78
(ii)	Loans from Asian Development Bank (ADB)	295.51	295.87	317.08	357.49	332.19
(iii)	Loans from US Capital Market (Guaranteed by USAID & Counter Guaranteed by Canara Bank @ 0.5% of the outstanding Loan)	117.15	120.59	128.35	144.41	134.16
		<b>678.23</b>	<b>663.87</b>	<b>667.38</b>	<b>744.71</b>	<b>694.13</b>
	<b>Total Unsecured Loans</b>	<b>8,354.72</b>	<b>9,363.53</b>	<b>11,076.84</b>	<b>14,529.19</b>	<b>15,127.75</b>
	<b>Grant Total</b>	<b>13,722.99</b>	<b>9,531.54</b>	<b>11,255.94</b>	<b>14,718.72</b>	<b>15,326.94</b>

<b>NOTE TO NOTE 4: NON CURRENT - BORROWINGS (pertaining to Loan Outstanding as on 31.03.2012)</b>						
S. No	PARTICULARS	(₹ in crore)				
		As at				
						<b>31<sup>st</sup> March, 2012</b>
<b>(A)</b>	<b>SECURED LOANS</b>					
	<b>1 The details of Special Priority Sector Bonds outstanding as on 31.03.2012 are as follows:</b>					
<b>I</b>	<b>Special Priority Sector Bonds</b>					
	SPS Bond series B & C (Bank of India)					62.50
				<b>Sub-Total (I)</b>		62.50
	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 \$ 13.44 million (Previous year US \$ 14.32 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.					
	<b>2 The details of Tax Free Bonds 2011 outstanding as on 31.03.2012 are as follows:</b>					
<b>II</b>	<b>TAX FREE BONDS 2011</b>		Date of Allotment	Date of redemption		
	8.20% (Tranche - I) Series - 2		05.03.2012	05.03.2027		2,518.22
	8.16% (C - II)		22.12.2011	22.12.2026		47.67
	7.83% (B - II)		11.11.2011	11.11.2026		66.51
	7.75% (A - II)		21.10.2011	21.10.2026		10.81
	8.10% (Tranche - I) Series - 1		05.03.2012	05.03.2022		2,166.50
	8.09% (C - I)		22.12.2011	22.12.2021		47.86
	7.62% (B - I)		11.11.2011	11.11.2021		137.66
	7.51% (A - I)		21.10.2011	21.10.2021		4.77
				<b>Sub-Total (II)</b>		5,000.00
	Refer S.No 5 of Note No 26 - Explanatory Notes					
	The Bonds are secured by a floating first <i>pari-passu</i> charge on the present & future receivables of the Company to the extent of amount mobilised under the issue. However, the Company reserves the right to create first <i>pari-passu</i> charge on the present and future receivable for its present and future financial requirements.					
	<b>3 The details of Loans from Banks outstanding as on 31.03.2012 are as follows:</b>					
<b>III</b>	<b>LOANS FROM BANKS</b>					
	Bank of India					93.77
	[Refer Details of Long-term Borrowing - (A) i]			<b>Sub-Total (III)</b>		93.77
	Secured by lien over Certificate of Deposits for US \$ 20.16 million (Previous year US \$ 21.49 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. Repayable from 10.12.2002 to 10.06.2022.					
	<b>4 The details of Loans from Financial Institutions outstanding as on 31.03.2012 are as follows:</b>					
<b>IV</b>	<b>LOANS FROM FINANCIAL INSTITUTIONS</b>					
	National Housing Bank					212.00
	[Refer Details of Long-term Borrowing - (A) ii]			<b>Sub-Total (IV)</b>		212.00
	Secured by lien over West Bengal Infra. Dev. Finance Corp. Ltd. bonds to the extent of 25% of the loans amount and negative lien on all properties, assets, receivables etc. of HUDCO 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 ₹ 5,000 crore mobilised during 2011-12. Repayable upto 01.10.2018					



	5.90% Tax free Bond Series (III-B) @ @			08.03.2003	08.03.2013	-	
	6.40% Tax free Bond Series (IV-A) @			08.03.2003	08.03.2013	-	
	6.80% Tax free Bond Series (IV-B)			08.03.2003	08.03.2013	-	
					<b>Sub-Total (ii)</b>	-	
	@ Put and call option at the end of 5th year from the date of allotment, else redeemable at par on a due date.						
	@ @ Put and call option at the end of 7th year from the date of allotment, else redeemable at par on a due date.						
					<b>Total Bonds (i+ii)</b>	<b>3,872.70</b>	
	<b>6 The details of Loan from various Banks outstanding as on 31.03.2012 are as follows:</b>						
<b>II</b>	<b>LOANS FROM VARIOUS BANKS</b>						
	( Repayable within 10 years from the date of drawal)						
	Covered by irrevocable power of attorney in favour of lenders / trustee.						
(i)	7.25% p.a from Jammu and Kashmir Bank Ltd.					-	
(ii)	Term Loans from Banks ( PLR / Base Rate) [Refer Details of Long-term Borrowing - (B) I]					3,082.80	
					<b>Total Bank Loans</b>	<b>3,082.80</b>	
	<b>7 The details of Loan from Financial Institutions outstanding as on 31.03.2012 are as follows:</b>						
<b>III</b>	<b>LOANS FROM FINANCIAL INSTITUTIONS :</b>						
	<b>General Insurance Corporation of India &amp; its four subsidiaries @ 6.25% p.a.(net)</b>					-	
	Covered by irrevocable power of attorney in favour of lenders / trustee						
					<b>Total Financial Institutions</b>	-	
	<b>8 The details of Loan from Government of India outstanding as on 31.03.2012 are as follows:</b>						
<b>IV</b>	<b>LOANS FROM GOVERNMENT OF INDIA UNDER: [Refer Details of Long-term Borrowing - (B) II]</b>						
	Line of credit from Kreditanstalt für Wiederaufbau (KfW)					52.96	
					<b>Total Government of India Loans</b>	<b>52.96</b>	
	<b>9 The details of Loan from Public Deposits outstanding as on 31.03.2012 are as follows:</b>						
<b>V</b>	<b>Public Deposits @ 6% p.a. to 14% p.a. [Refer Details of Long-term Borrowing - (B) III]</b>						
	Repayable over a period of two to seven years					667.88	
					<b>Total Public Deposits</b>	<b>667.88</b>	
	<b>10 The details of Interest bearing Cash Securities outstanding as on 31.03.2012 are as follows:</b>						
<b>VI</b>	<b>Interest Bearing Cash Securities @ 7.25% p.a. to 10% p.a.</b>						
	Repayable over a period of four to five years					0.15	
					<b>Total Interest Bearing</b>	<b>0.15</b>	



	Bank Ltd. on 26.10.2010( for 7 years upto 28.10.2017 ) in respect of USAID-2 loan at spot rate of Rs. 44.46 and swap premium of 6.18% payable semi-annually.						
	** Currency and Interest Rate Swap for US \$ 5 million executed with State Bank of India on 19.07.2011( for 7 years upto 19.07.2018 ) in respect of USAID-2 loan at spot rate of Rs. 44.50 and swap premium of 6.2025% payable semi-annually.						
					<b>Total Foreign Currency Loans</b>	<b>678.23</b>	
	<b>Total Unsecured Loans</b>					<b>8,354.72</b>	
	<b>Total Long Term Borrowings</b>					<b>13,722.99</b>	
	<b>Details of Long-term Borrowing</b>						
							(Foreign Currency amounts in Millions, in ₹ crore)
<b>S. No</b>	<b>Date of drawal / Institution</b>	<b>Rate on drawal</b>	<b>Amount Drawn</b>	<b>Amount Outstanding</b>	<b>Rate of Interest as on 31.3.2012</b>	<b>Frequency of repayment</b>	<b>Redemption Details</b>
<b>(A)</b>	<b>Secured Loans</b>						
<b>i</b>	<b>Bank of India</b>				@ 1 years G-Sec + 350bps p.a. Currently the ROI is 11.67% p.a		
	-15.02.1999		150.00	93.76		Semi-Annual	10 Jun. and 10 Dec.
<b>ii</b>	<b>National Housing Bank</b>						
	-12.12.2011		250.00	212.00	6.25%	Quarterly	1st-Apr.,Jul.,Oct. & Jan.
<b>(B)</b>	<b>Unsecured Loans</b>						
<b>I</b>	<b>Loans from various Banks</b>						
<b>i</b>	<b>Bank of Baroda</b>						
	- 29.04.2010	7.25%	559.00	186.30	10.25%	Annual	29th April
	- 23.03.2011	9.50%	17.00	6.80	10.75%	Semi-Annual	23rd Sept. & 23rd March
	- 25.03.2011	9.50%	111.00	44.40	10.75%	Semi-Annual	25th Sept. & 25th March
	- 28.03.2011	9.50%	132.00	52.80	10.75%	Semi-Annual	28th Sept. & 28th March
	- 30.03.2011	9.50%	23.00	9.20	10.75%	Semi-Annual	30th Sept. & 30th March
	- 16.06.2011	10.00%	53.00	35.33	10.75%	Annual	16th June
	- 18.06.2011	10.00%	20.00	13.33	10.75%	Annual	18th June
	- 30.06.2011	10.00%	83.00	55.33	10.75%	Annual	30th June
	- 06.07.2011	10.00%	172.00	114.67	10.75%	Annual	6th July
	- 20.07.2011	10.25%	172.00	114.67	10.75%	Annual	20th July
	<b>Total Bank of Baroda</b>			<b>632.82</b>			
<b>ii</b>	<b>Bank of Maharashtra</b>						
	- 31.01.2004	7.00%	35.00	3.50	10.25%	Semi-Annual	31st July & 31st January
	- 15.03.2004	7.00%	65.00	6.50	10.25%	Semi-Annual	31st July & 31st January
	- 19.03.2004	7.00%	100.00	10.00	10.25%	Semi-Annual	31st July & 31st January
	- 09.09.2009	7.25%	200.00	60.00	10.60%	Quarterly	9th-Jun.,Sep.,Dec. & Mar
	- 22.10.2010	8.25%	300.00	180.00	10.60%	Annual	22nd October

	<b>Total Bank of Maharashtra</b>			<b>260.00</b>			
<b>iii</b>	<b>Canara Bank</b>						
	- 29.03.2011	9.50%	59.00	39.33	10.75%	Quarterly	29th-Jun.,Sep.,Dec. & Mar
	- 18.03.2011	9.50%	100.00	35.33	10.75%	Quarterly	18th-Jun.,Sep.,Dec. & Mar
	- 30.03.2011	9.50%	243.00	162.00	10.75%	Quarterly	30th-Jun.,Sep.,Dec. & Mar
	- 15.04.2011	9.50%	20.00	14.44	10.75%	Quarterly	15th-Apr.,Jul.,Oct. & Jan.
	- 21.04.2011	9.50%	25.00	18.06	10.75%	Quarterly	21st-Apr.,Jul.,Oct. & Jan.
	- 23.05.2011	10.00%	72.00	52.00	10.75%	Quarterly	23rd-May,Aug.,Nov.& Feb.
	- 25.05.2011	10.00%	33.00	23.83	10.75%	Quarterly	25th-May,Aug.,Nov.& Feb.
	- 19.07.2011	10.25%	275.00	213.89	10.75%	Quarterly	19th-Apr.,Jul.,Oct. & Jan.
	- 19.07.2011	10.25%	525.00	408.33	10.75%	Quarterly	20th-Apr.,Jul.,Oct. & Jan.
	<b>Total Canara Bank</b>			<b>967.21</b>			
<b>iv</b>	<b>Oriental Bank of Commerce</b>						
	- 09.05.2008	8.75%	110.00	<b>5.50</b>	7.25%	Quarterly	9th- May, Aug.,Nov.& Feb.
<b>v</b>	<b>State Bank of Bikaner &amp; Jaipur</b>						
	- 09.05.2008	10.55%	200.00	<b>155.56</b>	10.55%	Quarterly	24th-Apr.,Jul.,Oct. & Jan.
<b>vi</b>	<b>State Bank of Patiala</b>						
	- 29.03.2012	10.50%	300.00	<b>240.00</b>	10.50%	Quarterly	29th Sept. & 29th March
<b>vii</b>	<b>State Bank of Travancore</b>						
	- 31.07.2009	7.25%	45.00	13.50	10.50%	Semi-Annual	31st July & 31st January
	- 12.08.2009	7.25%	55.00	16.50	10.50%	Semi-Annual	31st July & 31st January
	- 19.03.2010	7.00%	250.00	28.57	10.50%	Quarterly	19th- Jun., Sep.,Dec.& Mar.
	<b>Total State Bank of Travancore</b>			<b>58.57</b>			
<b>viii</b>	<b>Syndicate Bank</b>						
	- 22.07.2011	10.25%	100.00	70.00	10.75%	Quarterly	22th-Apr.,Jul.,Oct. & Jan.
	- 29.07.2011	10.25%	114.00	79.80	10.75%	Quarterly	29th-Apr.,Jul.,Oct. & Jan.
	<b>Total Syndicate Bank</b>			<b>149.80</b>			
<b>ix</b>	<b>Union Bank of India</b>						
	- 01.02.2011	9.50%	85.00	28.33	10.65%	Quarterly	19th-May,Aug.,Nov. & Feb.
	- 07.03.2011	9.50%	111.00	37.00	10.65%	Quarterly	16th-Jun.,Sep.,Dec. & Mar.



	- 18.07.2011	10.25%	396.00	198.00	10.65%	Quarterly	20th- Apr.,Jul.,Oct & Jan.
	<b>Total Union Bank of India</b>			<b>263.33</b>			
<b>x</b>	<b>United Bank of India</b>						
	- 20.07.2011	10.25%	300.00	<b>150.00</b>	10.60%	Quarterly	20th- Apr.,Jul., Oct. & Jan.
<b>xi</b>	<b>Vijaya Bank</b>						
	- 03.01.2011	9.00%	200.00	66.67	10.65%	Quarterly	3rd- Apr.,Jul.,Oct & Jan.
	- 09.02.2011	9.50%	55.00	18.34	10.65%	Quarterly	9th- May,Aug.,N ov. & Feb.
	- 14.03.2011	9.50%	73.00	24.34	10.65%	Quarterly	14th- Jun.,Sep.,De c.& Mar.
	- 19.03.2011	9.50%	91.00	30.33	10.65%	Quarterly	19th- Jun.,Sep.,De c.& Mar.
	- 31.03.2011	9.50%	181.00	60.33	10.65%	Quarterly	30th- Jun.,Sep.,De c.& Mar.
	<b>Total Vijaya Bank</b>			<b>200.01</b>			
	<b>Total Bank Loans</b>			<b>3,082.80</b>			
							<b>(Foreign Currency amounts in Millions, INR in crore)</b>
	<b>Date of drawal / Institution</b>			<b>Amount Outstandin g</b>	<b>Rate of Interest as on 31.3.2012</b>	<b>Frequency of repayment</b>	<b>Redemptio n Details</b>
<b>II</b>	<b>LOANS FROM GOVERNMENT OF INDIA UNDER:</b>						
	<b>Line of credit from KfW</b>						
	- 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
	- 31.03.1992			19.84	5.75%	Bullet basis	on 31.03.2014
	- 04.07.1991			9.50	5.75%	Bullet basis	on 04.07.2013
			<b>Total KfW</b>	<b>52.96</b>			
<b>III</b>	<b>Public Deposits</b>						
	Apr., 2013 - Mar. 2014			247.44		Repayable over a period of one to seven years	
	Apr., 2014 - Mar. 2015			152.63			
	Apr., 2015 - Mar. 2016			194.31			
	Apr., 2016 - Mar. 2017			57.36			
	Apr., 2017 - Mar. 2018			9.96			
	Apr., 2018 - Mar. 2019			6.18			
	<b>Total Public Deposits</b>			<b>667.88</b>			
<b>IV</b>	<b>LOANS IN FOREIGN CURRENCY :</b>						
		<b>Foreign Currency</b>	<b>Amount in Million</b>				

<b>i</b>	<b>Loans from JBIC</b>						
	- 28.03.1997	JPY	1,157.16		2.10% p.a. (fixed)	Semi- Annual	Repayable from 20.07.2013 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				
	- 30.03.2001	JPY	257.05				
	Unswapped JBIC outstanding Loan out of above	JPY	4,253.94	<b>265.57</b>			
<b>ii</b>	<b>Loan from Asian Development Bank</b>						
	- 31.12.1997	US \$	20.00		@ 6M LIBOR for US \$ + 0.40% p.a. Currently the ROI is 1.17050% p.a	Semi- Annual	Repayable from 15.06.2013 to 15.06.2022
	- 13.11.1998	US \$	30.00				
	Swapped US \$ outstanding Loan out of above with Bank of India	US \$	31.26	159.89			
	- 06.12.1999	US \$	50.00		12.50% p.a	Semi- Annual	
	Swapped US \$ outstanding Loan out of above with Exim Bank	US \$	31.26	135.62			
	<b>Total Asian Development Bank</b>			<b>295.51</b>			
<b>ii</b>	<b>Loan from US Capital Market</b>						
<b>(a)</b>	<b>USAID-1</b>						
	-24.09.1999	US \$	10.00		12.50% p.a	Semi- Annual	Repayable from 23.09.2013 to 23.08.2029
	Swapped US \$ outstanding Loan out of above with Exim Bank	US \$	8.75	35.97			
<b>(b)</b>	<b>USAID-2</b>						Repayable from 15.09.2013 to 15.09.2030
	- 28.09.2000	US \$	20.00				
	Swapped US \$ outstanding Loan out of above with ICICI Bank	US \$	7.50	33.35	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	25.58	@ 6M LIBOR for	Semi- Annual	
					US \$ + 0.035% p.a. Currently the ROI is 0.7794% p.a		
	<b>Total USAID</b>			<b>117.15</b>			
	<b>Total Foreign</b>			<b>678.23</b>			

	<b>Currency Loans</b>						
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**NOTE 5: DEFERRED TAX LIABILITIES**

(₹ in crore)						
S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Deferred Tax Liabilities</b>					
<b>i</b>	Miscellaneous expenses yet to be written off	-	-	-	6.93	9.52
<b>ii</b>	Depreciation	4.00	3.71	5.73	5.86	5.18
<b>iii</b>	Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961	822.22	735.25	681.60	607.16	559.72
	<b>Sub Total (A)</b>	<b>826.22</b>	<b>738.96</b>	<b>687.33</b>	<b>619.95</b>	<b>574.42</b>
<b>B</b>	<b>Deferred Tax Assets</b>					
<b>i</b>	Provision on investment	1.10	1.10	1.13	1.15	1.09
<b>ii</b>	Provision for Debtors	2.74	0.56	0.11	0.11	0.35
<b>iii</b>	Provision on Loans	419.57	407.50	407.94	345.79	367.99
<b>iv</b>	Provision on Jabalpur Earthquake	1.62	1.62	1.66	1.70	1.70
<b>v</b>	Provision for staff loans	0.03	0.03	0.03	0.03	0.03
<b>vi</b>	Provision on advances	0.15	0.15	0.15	0.15	0.15
<b>vii</b>	Provision for leave encashment	9.06	8.52	6.90	4.43	3.98
<b>viii</b>	Provision for Gratuity	-	-	-	1.60	2.95
<b>ix</b>	Provision for retirement benefit	23.31	20.50	18.09	19.23	17.77
<b>x</b>	Provision for Welfare Expenses	0.08	0.08	0.07	0.13	0.13
<b>xi</b>	Provision for LTC	4.45	3.71	4.86	3.69	3.35
<b>xii</b>	Provision for PF Contribution	2.83	4.52	-	-	-
<b>xiii</b>	Disallowance of interest under section 43B of Income Tax Act, 1961	4.46	8.82	9.03	7.55	8.01
<b>xiv</b>	Provision for Productivity Linked Incentive	-	-	-	-	0.79
<b>xv</b>	Provision for Revision in Pay	-	-	-	-	2.80
<b>xvi</b>	Provision on Corporate Social Responsibilities (CSR)	6.45	-	-	-	-
		<b>475.85</b>	<b>457.11</b>	<b>449.97</b>	<b>385.56</b>	<b>411.09</b>
<b>C</b>	<b>Net Deferred Tax Liabilities (A) - (B)</b>	<b>350.37</b>	<b>281.85</b>	<b>237.36</b>	<b>234.39</b>	<b>163.33</b>

**NOTE 6: OTHER LONG TERM LIABILITIES**

(₹ in crore)						
S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Others</b>					
i	Security and other deposits	5.92	16.08	15.80	6.90	6.27
<b>B</b>	<b>Interest accrued but not due</b>					
i	Unsecured Loans	45.82	103.63	113.10	189.18	190.72
	<b>Total</b>	<b>51.74</b>	<b>119.71</b>	<b>128.90</b>	<b>196.08</b>	<b>196.99</b>

**NOTE 7: LONG TERM PROVISIONS**

		(₹ in crore)				
S.No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Provision for employees benefit</b>					
(i)	Leave encashment	25.02	23.78	20.78	13.03	11.72
(ii)	Post retirement medical benefit	65.39	57.94	54.45	56.56	52.28
(iii)	Gratuity			-	4.72	8.69
(iv)	Welfare expenses	0.23	0.19	0.23	0.38	0.37
(v)	Leave travel concession	13.71	11.43	14.63	10.84	9.86
(vi)	Pay revision	-	-	-	24.00	8.21
(vii)	Provident Fund (funded) (Refer S.No 6 of Note No 26 - Explanatory Notes)	8.73	13.94	-	-	-
<b>B</b>	<b>Others</b>					
(i)	Contingent Provisions for Standard Assets as per NHB norms	98.75	56.12	52.92	58.90	55.11
	<b>Total</b>	<b>211.83</b>	<b>163.40</b>	<b>143.01</b>	<b>168.43</b>	<b>146.24</b>

**NOTE 8: SHORT TERM BORROWINGS****(₹ in crore)**

<b>S. No</b>	<b>PARTICULARS</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>	<b>As at 31<sup>st</sup> March, 2008</b>
<b>A</b>	<b>Unsecured Loan from Bank (Short Term)</b>					
	7.65% p.a. (Repayable within one year)	-	100.00	220.00	-	-
	<b>Total</b>	<b>-</b>	<b>100.00</b>	<b>220.00</b>	<b>-</b>	<b>-</b>

**NOTE 9: TRADE PAYABLE**

		(₹ in crore)				
S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Expenses Payable</b>					
	(Refer S.No 9 of Note No 26 - Explanatory Notes)	31.10	10.72	10.46	10.15	11.87
	<b>Total</b>	31.10	10.72	10.46	10.15	11.87



**NOTE 10: OTHER CURRENT LIABILITIES**

(₹ in crore)

S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>(A)</b>	<b>CURRENT MATURITIES OF LONG TERM DEBT</b>					
<b>I</b>	<b>SECURED LOANS</b>					
i	Special Priority Sector Bonds series B & C (Bank of India)	4.70	4.45	4.20	3.80	3.65
ii	Loan from Bank (Bank of India)	7.05	6.63	6.23	5.86	5.51
iii	National Housing Bank	28.50	-	-	-	-
	<b>Sub Total Secured Loans</b>	<b>40.25</b>	<b>11.08</b>	<b>10.43</b>	<b>9.66</b>	<b>9.16</b>
<b>II</b>	<b>UNSECURED LOANS</b>					
i	DEBENTURES	-	77.00	70.00	81.00	75.50
ii	BONDS	1,476.20	2,314.01	149.68	297.00	631.10
iii	LOANS FROM VARIOUS BANKS	3,045.60	3,044.11	2,314.72	3,381.20	2,163.35
		<b>4,521.80</b>	<b>5,435.12</b>	<b>2,534.40</b>	<b>3,759.20</b>	<b>2,869.95</b>
iv	LOANS FROM FINANCIAL INSTITUTIONS :					
(a)	General Insurance Corporation of India & its four subsidiaries	5.53	21.19	43.12	56.16	78.99
(b)	Life Insurance Corporation Of India	-	13.33	96.67	146.67	150.00
(c)	National Housing Bank	-	-	63.30	63.30	-
		<b>5.53</b>	<b>34.52</b>	<b>203.09</b>	<b>266.13</b>	<b>228.99</b>
v	Public Deposits	484.24	625.39	1,257.94	459.76	433.18
		<b>484.24</b>	<b>625.39</b>	<b>1,257.94</b>	<b>459.76</b>	<b>433.18</b>
vi	Interest Bearing Cash Securities	-	0.03	0.23	-	3.11
		-	<b>0.03</b>	<b>0.23</b>	-	<b>3.11</b>
vii	LOANS IN FOREIGN CURRENCY :					
(a)	Loan from JBIC	18.81	14.91	15.61	16.32	16.33
(b)	Loan from Asian Development Bank	22.22	19.45	18.40	18.45	15.32
(c)	Loan from US Capital Market	6.63	6.63	4.44	1.09	-
		<b>47.66</b>	<b>40.99</b>	<b>38.45</b>	<b>35.86</b>	<b>31.65</b>
	<b>Sub Total Unsecured Loans</b>	<b>5,059.23</b>	<b>6,136.05</b>	<b>4,034.11</b>	<b>4,520.95</b>	<b>3,566.88</b>
	<b>Total Current maturities of Long Term Debt</b>	<b>5,099.48</b>	<b>6,147.13</b>	<b>4,044.54</b>	<b>4,530.61</b>	<b>3,576.04</b>
<b>(B)</b>	Interest accrued but not due	400.48	389.56	504.30	399.21	445.78
<b>(C)</b>	Bank book overdraft in current account	1,144.08	50.00	-	6.71	-
<b>(D)</b>	Sundry Creditors	0.43	0.38	0.95	0.74	0.72
<b>(E)</b>	Security, Earnest money and other deposits	1.42	1.19	0.14	0.38	0.07
<b>(F)</b>	Amount received in advance	10.51	6.66	5.23	7.35	5.12
<b>(G)</b>	Liability towards Investors Education and Protection Fund	52.38	29.60	32.84	46.14	43.82
<b>(H)</b>	KfW R & D account	50.07	49.95	49.45	48.67	45.12
<b>(I)</b>	KfW Interest account	9.87	9.87	9.79	9.64	8.58
<b>(J)</b>	Amount received from KfW	94.32	91.34	87.98	83.80	68.76
<b>(K)</b>	Grant / Subsidy received from different Ministries/Agencies	8.57	8.25	7.64	6.73	60.15
	Amount received/receivable against sale	-	-	-	-	57.79

S. No	PARTICULARS				As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
	of project								
(L)	Amt payable to Ministry - AGP and BCP				0.93	30.18	42.26	92.72	129.85
	Premium for forward sale contact accrued but not due				-	-	-	0.03	0.02
(M)	Amount Payable to Staff				16.41	10.46	13.16	5.65	15.57
(N)	Other Liabilities				30.56	36.43	23.24	26.03	37.98
					<b>1,820.03</b>	<b>713.87</b>	<b>776.98</b>	<b>733.80</b>	<b>919.33</b>
					<b>6,919.51</b>	<b>6,861.00</b>	<b>4,821.52</b>	<b>5,264.41</b>	<b>4,495.37</b>

<b>NOTE TO NOTE 10: OTHER CURRENT LIABILITIES - CURRENT MATURITIES OF LONG TERM DEBT</b>						
<b>(pertaining to Loan Outstanding as on 31.03.2012)</b>						
						(₹ in crore)
<b>S.No</b>	<b>PARTICULARS</b>					<b>As at 31<sup>st</sup> March, 2012</b>
<b>(A)</b>	<b>CURRENT MATURITIES OF LONG TERM DEBT</b>					
<b>I</b>	<b>SECURED LOANS</b>					
<b>i</b>	Special Priority Sector Bonds series B & C (Bank of India)					4.70
<b>ii</b>	Loan from Bank (Bank of India)					7.05
<b>iii</b>	National Housing Bank					28.50
					<b>Sub Total Secured Loans</b>	40.25
<b>II</b>	<b>UNSECURED LOANS</b>					
<b>i</b>	<b>DEBENTURES</b>					
	Subscribed by Banks, Companies and Trusts					
	12.00% Paid on	07.01.2012				-
	11.50% Paid on	25.09.2011				-
					<b>Sub Total (i)</b>	-
	Guaranteed by Central Government as to the repayment of principal and interest and are redeemable at par.					
<b>ii</b>	<b>BONDS</b>					
<b>(a)</b>	HUDCO Bonds Non Cumulative redeemable at par					
	8.85% Taxable (1-B) 2006-07 Repayable on (Put option exercised on 29.08.2011)	29.08.2016	@			-
	7.10% Taxable (XXXI-A) Repayable on	31.03.2013	@			1.50
	7.30% Taxable (XXXI-B) Repayable on	31.03.2013	@@			1.00
	7.50% Taxable (XXXI-C) Repayable on	31.03.2013				45.40
	7.10% Taxable (XXXI-D) Repayable on	31.03.2013	@@			7.00
	7.30% Taxable (XXXI-E) Repayable on	31.03.2013				2.50
	6.10% Tax free (XXXII-A) Repayable on	31.03.2013	@			1.00
	6.50% Tax free (XXXII-B) Repayable on	31.03.2013				3.50
	7.90% Taxable 2003 (SD-II) Repayable on	31.03.2013				470.00
	7.90% Taxable 2003 (SD-IV) Repayable on	28.03.2013				50.00
	7.70% Taxable 2003 (SD-III) Repayable on	27.03.2013	@@			145.90
	6.15% Tax free (XXX) Repayable on	08.03.2013	@			30.00
	7.10% Taxable (XXVIII) Repayable on	06.03.2013	@@			29.80
	7.40% Taxable (XXIX-A) Repayable on	06.03.2013	@			31.40
	7.60% Taxable (XXIX-B) Repayable on	06.03.2013	@@			38.40
	7.60% Taxable (XXIX-C) Repayable on	06.03.2013				62.40
	7.40% Taxable 2003	05.03.2013	@			100.00

	(SD-I) Repayable on						
	7.60% Taxable (XXVI) Repayable on	20.01.2013	@			217.90	
	9.75% Taxable (XXV-B) Repayable on	28.06.2013				165.00	
	7.00% Taxable (XXXVI-A) Paid on	29.03.2012	\$			-	
	7.30% Taxable (XXXVI-C) Paid on	29.03.2012				-	
	10.00% Taxable (XXIV-C) Paid on	28.03.2012				-	
	9.75% Taxable (XXII-C) Paid on	28.03.2012				-	
	10.00% Taxable (XXIII-C) Paid on	27.03.2012				-	
	9.00% Tax free (XXI-B) Paid on	30.01.2012				-	
	11.15% Taxable (XX-C) Paid on	20.07.2011				-	
	7.95% Taxable 2006 (SD-I) Paid on	20.07.2011				-	
						<b>Sub Total [ ii(a) ]</b>	<b>1,402.70</b>
<b>(b)</b>	<b>Hudco Gujarat Punarnirman Special Taxfree Bonds</b>						
	5.90% Tax free Bond Series (III-B) Repayable on 08.03.2013 @@					7.50	
	6.40% Tax free Bond Series (IV-A) Repayable on 08.03.2013 @					50.00	
	6.80% Tax free Bond Series (IV-B) Repayable on 08.03.2013					16.00	
	9.00% Tax free Bond Series (II-C) Paid on 28.03.2012					-	
	9.25% Tax free Bond Series (I-C) Paid on 06.03.2012					-	
						<b>Sub Total [ ii(b) ]</b>	<b>73.50</b>
<b>(c)</b>	<b>BONDS -SUBORDINATED DEBT UNDER TIER - II CAPITAL #</b>						
	Redeemable Bonds of ₹ 1,00,00,000/- each						
	Converted to Tier II Capital on 30.03.2004 from 10.15% Taxable 2002 SD-II bonds Paid on 27.03.2012.					-	
						<b>Sub Total [ ii(c) ]</b>	<b>-</b>
						<b>Total Bonds [ ii(a) + ii(b) + ii(c) ]</b>	<b>1,476.20</b>
	\$ Put and call option at the end of 3rd year from the date of allotment, else redeemable at par on due date.						
	@ Put and call option at the end of 5th year from the date of allotment, else redeemable at par on a due date.						
	@@ Put and call option at the end of 7th year from the date of allotment, else redeemable at par on a due date.						
<b>iii</b>	<b>LOANS FROM VARIOUS BANKS</b>						
	7.25% p.a from Jammu and Kashmir Bank Ltd.					14.29	
	Term Loan from Banks ( PLR / Base Rate) [Details of Current Maturity of long term debt- (A) I ]					3,031.31	
						<b>Total Bank Loans</b>	<b>3,045.60</b>
<b>iv</b>	<b>LOANS FROM FINANCIAL INSTITUTIONS :</b>						
<b>(a)</b>	<b>General Insurance Corporation of India &amp; its four subsidiaries @ 6.25% p.a.(net) #</b>						
	[Details of Current Maturity of long term debt- (A) II ]					5.53	
						<b>Sub Total [ iv(a) ]</b>	<b>5.53</b>
<b>(b)</b>	<b>Life Insurance Corporation Of India</b>						

	@ 6.25% p.a. #						
						<b>Sub Total [ iv(b) ]</b>	-
						<b>Total Financial Institutions [ iv(a) + iv(b) ]</b>	5.53
v	<b>Public Deposits @ 6% p.a. to 14% p.a.</b>						484.24
	<b>Repayable with in one year [Details of Current Maturity of long term debt- (A) III ]</b>					<b>Total Public Deposits</b>	<b>484.24</b>
vi	<b>Interest Bearing Cash Securities</b>						-
						<b>Total Interest Bearing Cash Securities</b>	-
	<b>Note 10 (Contd.)</b>						
							(₹ in crore)
<b>S.No</b>	<b>PARTICULARS</b>						<b>As at</b>
							<b>31<sup>st</sup> March, 2012</b>
vii	<b>LOANS IN FOREIGN CURRENCY : [Details of Current Maturity of long term debt- (A) IV ]</b>						
(a)	<b>Loan from JBIC</b>						
	- Swapped in one tranche with ICICI Bank						9.83
	- Unswapped Portion of JBIC						8.98
						<b>Sub Total [ vii(a) ]</b>	18.81
(b)	<b>Loan from Asian Development Bank</b>						
	6 months LIBOR for US \$ +0.40% p.a.						22.22
						<b>Sub Total [ vii(b) ]</b>	22.22
(c)	<b>Loan from US Capital Market</b>						
	<b>(Guaranteed by USAID &amp; Counter Guaranteed by Canara Bank @ 0.5% of the outstanding Loan)</b>						
(c)	6 months LIBOR for US \$ + 0.18%						2.18
(i)	p.a.(USAID-1)						
(c)	6 months LIBOR for US \$ + 0.035% p.a.						
(ii)	(USAID-2)						
	- Swapped with ICICI Bank						4.45
						<b>Sub Total [ vii(c) ]</b>	6.63
						<b>Total Foreign Currency Loans</b>	47.66
						<b>Total Current maturities of LongTerm Debt</b>	5,099.48
(B)	<b>Interest accrued but not due</b>						
(i)	Secured Loans						2.63
(ii)	Unsecured Loans						397.84
(iii)	Others						0.01
						<b>Sub Total B (i+ii+iii)</b>	<b>400.48</b>

(C)	Bank book overdraft in current account					1,144.08	
(D)	Sundry Creditors (Refer S.No 9 of Note No 26 - Explanatory Notes)					0.43	
(E)	Security, Earnest money and other deposits					1.42	
(F)	Amount received in advance					10.51	
(G)	Liability towards Investors Education and Protection Fund [see footnote (B) 1]						
	i) Unpaid Debentures					-	
	ii) Unpaid Bonds					39.82	
	iii) Unpaid Public Deposits					3.48	
	iv) Interest accrued and due on above					9.08	
(H)	KfW R & D account					50.07	
(I)	KfW Interest account					9.87	
(J)	Amount received from KfW [see footnote (B) 2 and (B) 3]				98.96		
	Less: KfW Releases				4.64		
					<b>Sub Total (J)</b>	<b>94.32</b>	
(K)	Grant / Subsidy received from different Ministries/Agencies [see footnote (B) 3]					8.57	
(L)	Amt payable to Ministry - AGP and BCP					0.93	
(M)	Amount Payable to Staff					16.41	
(N)	Other Liabilities					30.56	
					<b>Sub Total (B+C+D+E+F+G+H+I+J+K+L+M+N)</b>	<b>1,820.03</b>	
					<b>Total (A+B+C+D+E+F+G+H+I+J+K+L+M+N)</b>	<b>6,919.51</b>	
	<b>Details of Current Maturity of long term debt</b>						<b>(Foreign Currency amounts in Millions, INR in crore)</b>
<b>S.No</b>	<b>Date of drawal / Institution</b>			<b>Amount</b>	<b>Rate of Interest as on 31.3.2012</b>	<b>Redemption Details</b>	
(A)	<b>Unsecured Loans</b>						
I	<b>Banking Loans</b>						
i	<b>Jammu &amp; Kashmir Bank</b>						
	01.03.2006			<b>14.29</b>	7.25%	01.09.2012 & 01.03.2013	
ii	<b>Bank of Baroda</b>						
	-29.12.2009			33.34	10.25%	29.04.2012	
	-31.03.2010			113.66	10.25%	31.03.2012	
	-29.03.2010			186.35	10.25%	29.04.2012	
	-23.03.2011			6.80	10.75%	23.09.2012 & 23.03.2013	
	-30.03.2011			9.20	10.75%	30.09.2012 & 30.03.2013	
	-25.03.2011			44.40	10.75%	25.09.2012 & 25.03.2013	
	-28.03.2011			52.80	10.75%	28.09.2012 & 28.03.2013	
	-18.06.2011			6.67	10.75%	18.01.2013	
	-16.06.2011			17.67	10.75%	16.01.2013	
	-30.06.2011			27.67	10.75%	30.01.2013	
	-06.07.2011			57.33	10.75%	06.07.2012	
	-20.07.2011			57.33	10.75%	20.07.2012	
				<b>Total Bank of Baroda</b>	<b>613.22</b>		
iii	<b>Bank of Maharashtra</b>						

	-31.01.2004			3.50	10.25%	31.07.2012 & 31.01.2013
	-15.03.2004			6.50	10.25%	31.07.2012 & 31.01.2013
	-19.03.2004			10.00	10.25%	31.07.2012 & 31.01.2013
	-09.09.2009			40.00	10.60%	09.06.2012, 09.09.2012, 09.12.2012 & 09.03.2013
	-22.10.2010			60.00	10.60%	22.10.2012
			<b>Total Bank of Maharashtra</b>	<b>120.00</b>		
	<b>Note 10 (Contd.)</b>					
						<b>(Foreign Currency amounts in Millions, INR in crore)</b>
<b>S.No</b>	<b>Date of drawal / Institution</b>			<b>Amount</b>	<b>Rate of Interest as on 31.3.2012</b>	<b>Redemption Details</b>
<b>iv</b>	<b>Canara Bank</b>					
	-13.01.2011			44.44	10.75%	10.04.2012
	-21.01.2011			48.00	10.75%	10.04.2012
	-24.01.2011			266.67	10.75%	10.04.2012
	-14.03.2011			36.45	10.75%	10.04.2012
	-21.02.2011			45.33	10.75%	10.04.2012
	-10.03.2011			56.89	10.75%	10.04.2012
	-10.02.2011			81.78	10.75%	10.04.2012
	-15.03.2011			85.33	10.75%	10.04.2012
	-18.03.2011			53.55	10.75%	10.04.2012
	-09.02.2011			133.33	10.75%	10.04.2012
	-31.03.2011			160.00	10.75%	10.04.2012
	-15.04.2011			4.44	10.75%	15.04.2012, 15.07.2012, 15.10.2012, & 15.01.2013
	-21.04.2011			5.56	10.75%	21.04.2012, 21.07.2012, 21.10.2012, & 21.01.2013
	-29.03.2011			13.11	10.75%	29.06.2012, 29.09.2012, 29.12.2012, & 29.03.2013
	-30.03.2011			54.00	10.75%	30.06.2012, 30.09.2012, 30.12.2012, & 30.03.2013
	-25.05.2011			7.33	10.75%	25.05.2012, 25.08.2012, 25.11.2012, & 25.02.2013
	-23.05.2011			16.00	10.75%	23.05.2012, 23.08.2012, 23.11.2012, & 23.02.2013
	-19.07.2011			61.11	10.75%	19.04.2012, 19.07.2012, 19.10.2012 & 19.01.2013
	-20.07.2011			116.68	10.75%	20.04.2012, 20.07.2012, 20.10.2012 & 20.01.2013
			<b>Total Canara Bank</b>	<b>1,290.00</b>		
<b>v</b>	<b>China Trust Commercial Bank</b>			<b>4.00</b>	10.50%	
	22.03.2010					22.03.2013
<b>vi</b>	<b>Oriental Bank of Commerce</b>					
	-19.03.2008			16.00	7.25%	19.06.2012, 19.09.2012, 19.12.2012 & 19.03.2013

	-26.03.2008			22.00	7.25%	26.06.2012, 26.09.2012, 26.12.2012 & 26.03.2013
	-09.05.2008			22.00	7.25%	09.05.2012, 09.08.2012, 09.11.2012 & 09.02.2013
			<b>Total Oriental Bank of Commerce</b>	<b>60.00</b>		
<b>vii</b>	<b>State Bank of Bikaner &amp; Jaipur</b>					
	-18.01.2008			28.85	10.55%	17.04.2012, 17.07.2012, 17.10.2012 & 17.01.2013
	-01.02.2010			37.75	10.55%	30.04.2012, 30.07.2012, 30.10.2012 & 30.01.2013
	-23.12.2009			49.98	10.55%	22.06.2012, 22.09.2012, 22.12.2012 & 22.03.2013
	-20.10.2009			44.44	10.55%	24.04.2012, 24.07.2012, 24.10.2012 & 24.01.2013
			<b>Total State Bank of Bikaner &amp; Jaipur</b>	<b>161.02</b>		
<b>viii</b>	<b>State Bank of Patiala</b>			<b>60.00</b>	10.50%	29.09.2012 & 29.03.2013
<b>ix</b>	<b>State Bank of Travancore</b>					
	-19.03.2010			14.29	10.50%	19.06.2012, 19.09.2012, 19.12.2012 & 19.03.2013
	-31.07.2009			9.00	10.50%	31.07.2012 & 31.01.2013
	-12.08.2009			11.00	10.50%	31.07.2012 & 31.01.2013
			<b>Total State Bank of Travancore</b>	<b>34.29</b>		
<b>x</b>	<b>Syndicate Bank</b>					
	-13.08.2009			3.00	10.75%	13.05.2012, 13.08.2012, 13.11.2012 & 13.02.2013
	- 21.07.2009			20.00	10.75%	21.04.2012, 21.07.2012, 21.10.2012 & 21.01.2013
	-13.07.2009			25.00	10.75%	13.04.2012, 13.07.2012, 13.10.2012 & 13.01.2013
	-22.07.2011			20.00	10.75%	22.04.2012, 22.07.2012, 22.10.2012 & 22.01.2013
	-29.07.2011			22.80	10.75%	29.04.2012, 29.07.2012, 29.10.2012 & 29.01.2013
			<b>Total Syndicate Bank</b>	<b>90.80</b>		
<b>xi</b>	<b>Union Bank of India</b>					
	-01.02.2011			28.33	10.65%	19.05.2012, 19.08.2012, 19.11.2012 & 19.02.2013
	-07.03.2011			37.00	10.65%	16.06.2012, 16.09.2012, 16.12.2012 & 16.03.2013
	-18.07.2011			132.00	10.65%	20.04.2012, 20.07.2012, 20.10.2012 & 20.01.2013
			<b>Total Union Bank of</b>	<b>197.33</b>		



			<b>India</b>			
<b>xii</b>	<b>United Bank of India</b>					
	-15.03.2010			33.36	9.85%	15.06.2012, 15.09.2012, 15.12.2012 & 15.03.2013
	-20.07.2011			100.00	10.60%	20.04.2012, 20.07.2012, 20.10.2012 & 20.01.2013
	-18.01.2010			12.99	9.85%	15.06.2012, 15.09.2012, 15.12.2012 & 15.03.2013
	-01.02.2010			21.64	9.85%	01.05.2012, 01.08.2012, 01.11.2012 & 01.02.2013
	-15.12.2009			16.50	9.85%	15.06.2012, 15.09.2012, 15.12.2012 & 15.03.2013
	-15.09.2009			7.50	10.00%	15.06.2012, 15.09.2012, 15.12.2012 & 15.03.2013
	-12.10.2009			8.65	10.00%	15.06.2012, 15.09.2012, 15.12.2012 & 15.03.2013
			<b>Total United Bank of India</b>	<b>200.64</b>		
<b>xiii</b>	<b>Vijaya Bank</b>					
	-03.01.2011			66.67	10.65%	03.04.2012, 03.07.2012, 03.10.2012 & 03.01.2013
	-09.02.2011			18.34	10.65%	09.05.2012, 09.08.2012, 09.11.2012 & 09.02.2013
	-14.03.2011			24.33	10.65%	12.06.2012, 12.09.2012, 12.12.2012 & 12.03.2013
	-19.03.2011			30.34	10.65%	19.06.2012, 19.09.2012, 19.12.2012 & 19.03.2013
	-31.03.2011			60.33	10.65%	30.06.2012, 30.09.2012, 31.12.2012 & 31.03.2013
			<b>Total Vijaya Bank</b>	<b>200.01</b>		
			<b>Total Banking Loans</b>	<b>3,031.31</b>		
<b>II</b>	<b>Loans from Financial Institutions :</b>					
	<b>General Insurance Corporation of India &amp; its four subsidiaries</b>					
	General Insurance Corporation of India 31.03.1998			1.80	6.25%	31.03.2013
	New India Assurance Company Ltd. 27.03.1998			1.53	6.25%	31.03.2013
	Oriental Insurance Company Ltd. 31.03.1998			1.00	6.25%	31.03.2013
	United India Insurance Company Ltd. 26.03.1998			1.20	6.25%	31.03.2013
			<b>Total Financial Institutions</b>	<b>5.53</b>		
	<b>Note 10 (Contd.)</b>					
						<b>(Foreign Currency)</b>

						amounts in Millions, INR ` in crore)
S.No	Date of drawal / Institution			Amount	Rate of Interest as on 31.3.2012	Redemption Details
<b>III</b>	<b>Public Deposits</b>					Repayable within one year
	April, 2012			6.36		
	May, 2012			29.03		
	June, 2012			38.07		
	July, 2012			29.96		
	August, 2012			22.05		
	September, 2012			24.11		
	October, 2012 to March, 2013			334.66		
			<b>Total Public Deposits</b>	<b>484.24</b>		
<b>IV</b>	<b>Loans in Foreign Currency:</b>					
<b>i</b>	<b>Loan from JBIC</b>					20.07.2012 and 20.01.2013
	Swapped with ICICI Bank	JPY	279.07	9.83	Principle only Swap premium @ 7.65% p.a	
	Unswapped	JPY	143.86	8.98	2.10% p.a. (fixed)	
<b>ii</b>	<b>Loan from Asian Development Bank</b>					15.06.2012 and 15.12.2012
	Swapped with Bank of India	US \$	2.35	12.02		
	Swapped with Exim Bank	US \$	2.35	10.20		
<b>iii</b>	<b>Loan from US Capital Market</b>					
	<b>USAID-1</b>					
	Swapped with Exim Bank	US \$	0.50	2.18		23.09.2012 and 23.03.2013
	<b>USAID-2</b>					
	Swapped with ICICI Bank	US \$	1.00	4.45		15.09.2012 and 15.03.2013
			<b>Total Foreign Currency Loans</b>	<b>47.66</b>		
#	Covered by irrevocable power of attorney in favour of lenders / trustee.					
	<b>For 2011-12</b>					
<b>(B)</b>	<b>Footnotes:</b>					
<b>1</b>	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 ₹ 52.38 crore towards interest and principal (Previous Year ₹29.60 crore) were due and unclaimed as on 31.3.2012. 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 ₹ 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.					
<b>2</b>	Includes Principal overdue & interest overdue as on 31.03.2012 amounting to ₹ 4.63 crore (previous year ₹ 4.63 crore) and ₹ 6.10 crore (previous year ₹ 4.85 crore) respectively.					
<b>3</b>	Includes ₹ 8.78 crore (Previous year ₹ 8.37 crore) (Net of refunds) as on 31.03.2012 received on account of various Grants / Subsidies. Cummulative Grants / Subsidies received as on 31.03.2012 is ₹ 1457.96 crore ( Previous year ₹ 1457.86 crore ), out of which ₹ 1449.18 crore (Previous year ₹ 1449.49 crore) has been released (Net of refunds). The Utilisation Certificates to the extend of ₹ 1282.49 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 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 209	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Provision for employees benefit</b>					
(i)	Leave encashment	2.91	2.47	0.00	0.00	0.00
(ii)	Post retirement medical benefit	6.45	5.23	0.00	0.00	0.00
(iii)	Welfare expenses (Refer S.No 6 of Note No 26 - Explanatory Notes)	0.02	0.04	0.00	0.00	0.00
<b>B</b>	<b>Others</b>					
(i)	Provision for Income Tax/FBT	253.00	-	-	-	218.03
(ii)	Less: Advance Income Tax ( Including TDS)	250.34	-	-	-	172.01
(iii)	Net Provision for Income Tax	2.66	-	-	-	46.02
(iv)	Wealth tax	0.15	0.15	0.15	0.15	0.12
(v)	Proposed Final Dividend	140.01	110.02	59.08	45.24	68.11
(vi)	Dividend Tax	22.71	17.85	9.81	7.69	11.57
<b>C</b>	<b>Contingent Provisions for Standard Assets as per NHB norms</b>	22.27	11.98	0.10	0.14	0.12
<b>D</b>	<b>Corporate Social Responsibilities (CSR)</b>					
(i)	Corporate Social Responsibilities (Refer footnote 1)	25.86	-	-	-	-
(ii)	Less: Cumulative Expenditure Incurred	5.99	-	-	-	-
		19.87	-	-	-	-
	<b>Total</b>	<b>217.05</b>	<b>147.74</b>	<b>69.14</b>	<b>53.22</b>	<b>125.94</b>
	<b>For 2011-12</b>					
<b>E</b>	<b>Footnote:</b>					
<b>1</b>	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 2011-12 has allocated 2% of previous years profit after tax amounting to ₹ 11 crore ( previous allocated 3% of the amounting to ₹ 14.86 crore ) towards CSR budget.					

**NOTE 12: FIXED ASSETS**

(Rs. in crore)

S. No.	ITEMS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK				
		Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	
		as at 2012	as at 2011	as at 2010	as at 2009	as at 2008	as at 2012	as at 2011	as at 2010	as at 2009	as at 2008	as at 2012	as at 2011	as at 2010	as at 2009	as at 2008
<b>A</b>	<b>TANGIBLE</b>															
i	Land (Freehold)	4.86	4.86	4.86	4.86	0.85	-	-	-	-	-	4.86	4.86	4.86	4.86	0.85
ii	Land (Leasehold) * #	7.99	8.09	8.09	8.09	9.41	1.34	1.25	1.15	1.06	1.77	6.65	6.84	6.94	7.03	7.64
iii	Building (Freehold)	3.13	3.13	1.56	1.09	1.09	2.14	2.09	1.14	0.77	0.75	0.99	1.04	0.42	0.32	0.34
iv	Building (Leasehold) #	82.73	82.73	69.65	70.12	65.28	39.06	36.76	28.39	26.56	24.17	43.67	45.97	41.26	43.56	41.11
v	Flat (Freehold) #	9.05	9.05	9.05	9.05	9.15	4.42	4.18	3.92	3.65	3.40	4.63	4.87	5.13	5.40	5.75
vi	Flat (Leasehold) #	11.92	11.92	11.92	11.92	11.87	7.30	7.06	6.80	6.53	6.26	4.62	4.86	5.12	5.39	5.61
vii	Airconditioner and Cooler	1.73	1.70	1.67	1.59	1.59	1.29	1.23	1.17	1.12	1.08	0.44	0.47	0.50	0.47	0.51
viii	Office Equipments	25.78	24.52	23.40	23.21	23.09	21.89	21.22	20.53	19.75	18.46	3.89	3.30	2.87	3.46	4.63
ix	Furniture and Fixtures	4.53	4.48	4.44	4.31	4.16	3.81	3.68	3.52	3.33	3.17	0.72	0.80	0.92	0.98	0.99
x	Vehicle	1.98	2.32	2.00	1.90	1.65	1.07	1.12	1.13	1.41	1.42	0.91	1.20	0.87	0.49	0.23
xi	Library Books	0.91	0.89	0.86	0.83	0.81	0.91	0.89	0.86	0.83	0.81	-	-	-	-	-
xii	Miscellaneous Assets	3.79	3.70	3.62	3.50	3.44	3.79	3.70	3.62	3.50	3.44	-	-	-	-	-
	<b>Total A</b>	<b>158.40</b>	<b>157.39</b>	<b>141.12</b>	<b>140.47</b>	<b>132.39</b>	<b>87.02</b>	<b>83.18</b>	<b>72.23</b>	<b>68.51</b>	<b>64.73</b>	<b>71.38</b>	<b>74.21</b>	<b>68.89</b>	<b>71.96</b>	<b>67.66</b>
<b>B</b>	<b>INTANGIBLE</b>															
i	Software	1.63	1.63	1.63	1.63	1.63	1.62	1.62	1.62	1.61	1.61	0.01	0.01	0.01	0.02	0.02
	<b>Total A + B</b>	<b>160.03</b>	<b>159.02</b>	<b>142.75</b>	<b>142.10</b>	<b>134.02</b>	<b>88.64</b>	<b>84.80</b>	<b>73.85</b>	<b>70.12</b>	<b>66.34</b>	<b>71.39</b>	<b>74.22</b>	<b>68.90</b>	<b>71.98</b>	<b>67.68</b>
<b>C</b>	<b>Less : Grants</b>															
i	Air Conditioner	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	-	-	-	-	-
ii	Office Equipment	0.20	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.19	0.18	0.01	0.01	0.01	0.01	0.02
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	-	-	-	-	-
	<b>Total C</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>	<b>0.24</b>	<b>0.23</b>	<b>0.23</b>	<b>0.23</b>	<b>0.23</b>	<b>0.22</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>
	<b>Total (A + B) - C</b>	<b>159.79</b>	<b>158.78</b>	<b>142.51</b>	<b>141.86</b>	<b>133.78</b>	<b>88.41</b>	<b>84.57</b>	<b>73.62</b>	<b>69.89</b>	<b>66.12</b>	<b>71.38</b>	<b>74.21</b>	<b>68.89</b>	<b>71.97</b>	<b>67.66</b>
<b>D</b>	<b>Capital Work-In-Progress</b>	<b>13.87</b>	<b>11.81</b>	<b>9.58</b>	<b>9.07</b>	<b>8.72</b>	-	-	-	-	-	<b>13.87</b>	<b>11.81</b>	<b>9.58</b>	<b>9.07</b>	<b>8.72</b>
	<b>(For 2011-12)</b>															
*	Includes land of ₹ 0.09 crore on perpetual lease (Previous year ₹ 0.09 crore) hence no depreciation has been provided.															
#	The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of ₹ 39.65 crore (previous year ₹ 42.33 crore) are yet to be executed.															

**NOTE 13: NON CURRENT INVESTMENTS**

(₹ in crore)

S. No	PARTICULARS			As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Equity Shares (Long Term) (Trade Investment)</b>			4.97	4.97	4.97	4.97	4.97
	Less : Provision			3.00	3.00	3.00	3.00	3.00
				1.97	1.97	1.97	1.97	1.97
<b>B</b>	<b>Equity Shares (Long Term) - Joint Venture</b>			2.40	2.40	2.40	2.40	2.40
	Less : Provision			0.39	0.39	0.39	0.39	0.22
				2.01	2.01	2.01	2.01	2.18
<b>C</b>	<b>Bonds</b>			810.00	1,220.00	1,295.00	1,520.00	2,039.21
	<b>Total (A+B+C)</b>			<b>813.98</b>	<b>1,223.98</b>	<b>1,298.98</b>	<b>1,523.98</b>	<b>2,043.36</b>
<b>Additional disclosures required in respect of the investments</b>								
<b>I</b>	<b>Aggregate of quoted investments:</b>							
(i)	Cost			2.60	2.60	2.60	2.60	2.60
(ii)	Market Value			2.99	4.78	3.71	1.90	4.53
<b>II</b>	<b>Aggregate of unquoted investments:</b>							
(i)	Cost			814.77	1,224.77	1,299.77	1,524.77	2,043.98
<b>(1)</b>	<b>Equity Shares (Long Term) (Trade Investment)</b>							
<b>S.No</b>	<b>PARTICULARS</b>	<b>Number</b>	<b>Face Value</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
			(₹)	(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)
<b>(A)</b>	<b>Quoted Investments</b>							
<b>i</b>	Indbank Housing Limited	2,500,000	10	2.50	2.50	2.50	2.50	2.50
<b>ii</b>	Sri KPR Industries Limited	100,000	10	0.10	0.10	0.10	0.10	0.10
	<b>Total Quoted (i+ii)</b>			<b>2.60</b>	<b>2.60</b>	<b>2.60</b>	<b>2.60</b>	<b>2.60</b>
<b>(B)</b>	<b>Unquoted Investments</b>							
<b>i</b>	TN Urban Finance Infrastructure Dev. Corporation. Ltd.	20,000	100	0.20	0.20	0.20	0.20	0.20
<b>ii</b>	Cent Bank Home Finance Ltd.	170,000	100	1.70	1.70	1.70	1.70	1.70
<b>iii</b>	Intra Consolid(India) Limited	100,000	10	0.10	0.10	0.10	0.10	0.10
<b>iv</b>	Nagarjuna Ceramics Ltd. *	100,000	10	0.10	0.10	0.10	0.10	0.10
<b>v</b>	MarnitePolycast Ltd.	100,000	10	0.10	0.10	0.10	0.10	0.10
<b>vi</b>	Periwal Bricks Ltd.	100,000	10	0.10	0.10	0.10	0.10	0.10
<b>vii</b>	Trans Fibre Pipes (I) Ltd.	71,900	10	0.07	0.07	0.07	0.07	0.07
	<b>Total Unquoted (i+ii+iii+iv+v+vi+vii)</b>			<b>2.37</b>	<b>2.37</b>	<b>2.37</b>	<b>2.37</b>	<b>2.37</b>
<b>(C)</b>	<b>Equity Share - Joint Venture</b>							
<b>i</b>	Pragati Social Infrastructure Development Ltd.	130,000	10	0.13	0.13	0.13	0.13	0.13
<b>ii</b>	MCM Infrastructure Pvt. Ltd.	260,000	10	0.26	0.26	0.26	0.26	0.26
<b>iii</b>	Shristi Urban Infrastructure Development Ltd.	2,000,000	10	2.00	2.00	2.00	2.00	2.00
<b>iv</b>	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							

S. No	PARTICULARS			As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
	No 26 - Explanatory Notes							
	<b>Total Equity Share (i+ii+iii+iv)</b>			2.40	2.40	2.40	2.40	2.40
<b>(2)</b>	<b>Bonds</b>							
	14.00% Karnataka Renewable Energy Development Ltd.	-	-	-	-	-	-	19.21
<b>i</b>	11.50% Gujarat Electricity Board	-	-	-	100.00	175.00	250.00	250.00
	8.00% West Bengal Inf. Dev. Finance Corp. Ltd.			-	-	-	-	500.00
<b>ii</b>	11.85% West Bengal Inf. Dev. Finance Corp. Ltd.	-	-	-	250.00	250.00	250.00	250.00
<b>iii</b>	8.00% West Bengal Inf. Dev. Finance Corp. Ltd. **	2,000	1,000,000	200.00	200.00	200.00	200.00	200.00
<b>iv</b>	11.30% HP Infrastructure Dev. Board **	14,000	100,000	140.00	200.00	200.00	200.00	200.00
	11.10% J & K Power Development Corporation Ltd.					-	150.00	150.00
<b>v</b>	8.15% A P Power Finance Corporation Ltd. **	2,700	1,000,000	270.00	270.00	270.00	270.00	270.00
<b>vi</b>	8.00% Maharashtra JeewanPradhikaran **	2,000	1,000,000	200.00	200.00	200.00	200.00	200.00
	<b>Total Bonds (i+ii+iii+iv+v+vi)</b>			810.00	1,220.00	1,295.00	1,520.00	2,039.21
	<b>Total Unquoted</b>			814.77	1,224.77	1,299.77	1,524.77	2,043.98
	<b>For 2011-12</b>							

\* 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 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Loans</b>					
i	Opening Balance	16,537.05	15,000.90	16,880.99	17,364.14	17,819.90
ii	Add : Advanced during the year	6,341.17	4,842.49	2,737.81	3,665.35	3,310.55
iii	Less : Repayment received during the year	3,548.63	3,306.34	4,613.09	4,148.50	3,766.31
	<b>Sub Total A (i+ii-iii)</b>	<b>19,329.59</b>	<b>16,537.05</b>	<b>15,005.71</b>	<b>16,880.99</b>	<b>17,364.14</b>
iv	Less : KFW Release			2.03	7.08	24.21
		19,329.59	16,537.05	15,003.68	16,873.91	17,339.93
v	Less : Provision On Loans (Refer S.No 3 & 17 of Note No 26 - Explanatory Notes)	270.13	209.89	238.41	429.10	354.86
	<b>Sub Total (A-iv)</b>	<b>19,059.46</b>	<b>16,327.16</b>	<b>14,765.27</b>	<b>16,444.81</b>	<b>16,985.07</b>
<b>B</b>	<b>Staff Loans *</b>	35.56	27.50	26.51	25.75	27.24
<b>C</b>	<b>Add : Interest accrued on above *</b>	11.50	10.62	10.61	10.27	10.24
	<b>Sub Total (B+C)</b>	<b>47.06</b>	<b>38.12</b>	<b>37.12</b>	<b>36.02</b>	<b>37.48</b>
	* Includes secured by way of mortgage of ₹ 39.93 crore (Previous year ₹ 28.60 crore).					
<b>D</b>	<b>Loan (Secured against Hudco Public Deposit)</b>	0.03	0.03	0.07	0.05	8.41
	Add : Interest accrued on above	0.00	0.00	0.00	0.00	0.67
		0.03	0.03	0.07	0.05	9.08
<b>E</b>	<b>Advances</b>					
i	Advance against capital purchases	4.90	1.21	1.21	1.21	3.64
ii	Deposit for Services	0.19	0.19	0.19	0.16	0.18
	<b>Sub Total (B+C+D+E i+E ii)</b>	<b>52.18</b>	<b>39.55</b>	<b>38.59</b>	<b>37.44</b>	<b>50.38</b>
<b>F</b>	<b>Miscellaneous expenditure (to the extent not written off or adjusted)</b>	-	-	0.00	0.00	18.45
	<b>Sub Total F</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>	<b>18.45</b>
	<b>Total</b>	<b>19,111.64</b>	<b>16,366.71</b>	<b>14,803.86</b>	<b>16,482.25</b>	<b>17,053.90</b>

**NOTE 15: OTHER NON CURRENT ASSETS**

		(₹ in crore)				
S. No	PARTICULARS	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
A	Work-in-Progress - BSUP Project	-	6.40	1.85	-	-
	<b>Total</b>	-	<b>6.40</b>	<b>1.85</b>	-	-



**NOTE 16: CURRENT INVESTMENTS**

				(₹ in crore)				
S. No	PARTICULARS			As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Bonds</b>			410.00	75.00	225.00	519.21	19.20
				<b>410.00</b>	<b>75.00</b>	<b>225.00</b>	<b>519.21</b>	<b>19.20</b>
<b>Additional disclosures required in respect of the investments</b>								
<b>I</b>	<b>Aggregate of quoted investments:</b>							
<b>i</b>	Cost			-	-	-	-	-
<b>ii</b>	Market Value			-	-	-	-	-
<b>II</b>	<b>Aggregate of unquoted investments:</b>							
<b>i</b>	Cost			410.00	75.00	225.00	519.21	19.20
S. No	PARTICULARS	Number	Face Value	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009	As at 31.03.2008
			(₹)	(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)
<b>Bonds</b>								
<b>i</b>	14.00% Karnataka Renewable Energy Development Ltd. *	1,940	100,000	-	-	-	19.21	19.20
<b>ii</b>	11.50% Gujarat Electricity Board *	10,000	100,000	100.00	75.00	75.00	-	-
<b>iii</b>	8.00% West Bengal Inf. Dev. Finance Corp. Ltd.	50,000	100,000	-	-	-	500.00	-
<b>iv</b>	11.85% West Bengal Inf. Dev. Finance Corp. Ltd.	25,000	100,000	250.00	-	-	-	-
<b>v</b>	11.30% HP Infrastructure Dev. Board **	6,000	100,000	60.00	-	-	-	-
<b>vi</b>	11.10% J & K Power Development Corporation Ltd.	15,000	100,000	-	-	150.00	-	-
				410.00	75.00	225.00	519.21	19.20
<b>(For 2011-12)</b>								

\*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 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Unsecured</b>					
<b>I</b>	<b>Outstanding for a period exceeding six months from the due date</b>					
(i)	Considered good	3.74	13.13	10.48	18.95	7.44
(ii)	Considered doubtful	8.50	1.85	0.43	0.32	1.03
	<b>Sub Total (i+ii)</b>	12.24	14.98	10.91	19.27	8.47
(iii)	Less: Provision for doubtful debts (Refer S.No 12 of Note No 26 - Explanatory Notes)	8.50	1.85	0.43	0.32	1.03
	<b>Sub Total (i+ii-iii)</b>	3.74	13.13	10.48	18.95	7.44
<b>II</b>	<b>Other</b>					
(i)	Considered good	8.78	3.44	1.67	2.87	1.32
	<b>Total (I+II)</b>	<b>12.52</b>	<b>16.57</b>	<b>12.15</b>	<b>21.82</b>	<b>8.76</b>
	<b>Footnote:</b>					
S.No	PARTICULARS	As at 31.03.20 12	As at 31.03.20 11	As at 31.03.20 10	As at 31.03.20 09	As at 31.03.20 08
		(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)	(₹in crore)
14.1	Secured, considered good	-	-	-	-	-
	Unsecured, considered good	12.52	16.57	12.15	21.82	8.76
	Doubtful	-	-	-	-	-
14.2	<b>Trade Receivable stated above include debts due by</b>					
	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 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Cash and Cash Equivalents</b>					
(i)	Bank Deposits (Less than 3 months)	2,504.82	369.64	340.63	276.62	185.43
(ii)	Cash and Revenue Stamps in hand	-	0.03	0.04	0.02	0.06
(iii)	Demand draft in hand	5.94	-	-	0.41	-
(iv)	Remittance in transit(Inter Office)	4.54	0.11	1.39	-	0.16
<b>B</b>	<b>Others Bank Balances</b>					
(i)	Bank Deposits (More than 12 months)	-	-	-	-	-
(ii)	Bank Deposits *	171.91	159.91	171.05	203.02	166.61
(iii)	Balance with Banks **	91.63	186.51	242.75	572.31	394.44
	<b>Total (A+B)</b>	<b>2,778.84</b>	<b>716.20</b>	<b>755.86</b>	<b>1,052.38</b>	<b>746.70</b>
	<b>For 2011-12</b>					
*	Under lien with Bank of India, Cayman Islands branch, USA					
**	<b>Balances with Banks includes: Earmarked balances with Bank</b>					
	Human Settlement Management Institute (HSMI) Bank Account ₹ 3.77 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 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Loans</b>					
<b>i</b>	Opening Balance	4,668.70	5,288.62	5,553.77	4,784.51	4,120.35
<b>ii</b>	Add : Advanced during the year	564.57	262.06	360.26	354.73	443.48
<b>iii</b>	Less : Repayment received during the year	775.17	881.98	630.21	-414.52	-220.68
	<b>Sub Total (i+ii-iii)</b>	<b>4,458.10</b>	4,668.70	5,283.82	5,553.76	4,784.51
<b>iv</b>	Less : KFW Release	4.64	7.92	10.98	12.90	18.97
	<b>Sub Total (i+ii-iii-iv)</b>	<b>4,453.46</b>	4,660.78	5,272.84	5,540.86	4,765.54
<b>v</b>	Less : Excess amount (Pending adjustment)	0.30	0.19	34.27	0.50	0.10
	<b>Sub Total (i+ii-iii-iv-v)</b>	<b>4,453.16</b>	4,660.59	5,238.57	5,540.36	4,765.44
<b>vi</b>	Less : Provision On Loans (Refer S.No 3 & 17 of Note No 26 - Explanatory Notes)	901.81	977.80	936.56	529.18	672.57
	<b>Sub Total (i+ii-iii-iv-v-vi)</b>	<b>3,551.35</b>	3,682.79	4,302.01	5,011.18	4,092.87
<b>viii</b>	Add : Interest accrued and due on above	5.85	46.92	12.47	30.02	50.23
	<b>Sub Total A (i+ii-iii-iv-v-vi+viii)</b>	<b>3,557.20</b>	<b>3,729.71</b>	<b>4,314.48</b>	<b>5,041.20</b>	<b>4,143.10</b>
<b>B(i)</b>	<b>Staff Loans *</b>	7.47	8.82	5.37	5.58	5.50
<b>B(ii)</b>	Add : Interest accrued on Staff Loan *	0.84	1.24	0.78	0.80	0.49
	<b>Sub Total [ B(i)+B(ii) ]</b>	<b>8.31</b>	<b>10.06</b>	<b>6.15</b>	<b>6.38</b>	<b>5.99</b>
<b>B(iii)</b>	Less : Provision on Staff Loans (Refer S.No 12 of Note No 26 - Explanatory Notes)	0.09	0.09	0.09	0.09	0.09
		8.22	9.97	6.06	6.29	5.90
	<b>Sub Total B [ B(i)+B(ii)-B(iii) ]</b>	<b>8.22</b>	<b>9.97</b>	<b>6.06</b>	<b>6.29</b>	<b>5.90</b>
	* Includes secured by way of mortgage of ₹ 5.85 crore (Previous year ₹ 3.85 crore).					
<b>C(i)</b>	<b>Loan (Secured against Hudco Public Deposit)</b>	0.02	0.58	0.08	9.12	0.25
<b>C(ii)</b>	Add : Interest accrued on above	-	0.01	0.01	1.55	0.01
	<b>Sub Total C [ C(i)+C(ii) ]</b>	<b>0.02</b>	<b>0.59</b>	<b>0.09</b>	<b>10.67</b>	<b>0.26</b>
<b>D</b>	<b>Advances</b>					
<b>i</b>	Deposit for Services	3.01	0.03	0.03	0.03	0.03
<b>ii</b>	Prepaid Expenses	0.48	0.46	0.52	0.48	0.44
<b>iii</b>	Loans and Advances to related party	-	-	-	-	-
<b>iv</b>	Other loans and Advances					
<b>v</b>	Advances for works **	14.61	14.85	28.32	28.11	28.28
<b>vi</b>	Amount Recoverable from Ministry (Andrews Ganj Project) (Refer S.No 2 of Note No 26 - Explanatory Notes)	138.36	-	-	-	-
<b>vii</b>	Advances to Employees	0.25	0.18	0.19	0.39	0.17
<b>viii</b>	Advance Income Tax ( Including	-	226.88	273.76	191.37	-

S. No	PARTICULARS		As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
	TDS)						
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	223.09	220.62	214.83	197.34
xi	Interest Tax Payments subject to litigation		6.59	6.59	7.02	7.02	8.75
xii	Service Tax Payments subject to litigation		2.49	0.25	-	-	-
xiii	Others		35.43	34.03	36.67	30.07	28.46
		<b>Sub Total (v+vi+vii+vi ii+ix+x+xi+xii+xiii)</b>	440.01	282.36	298.13	285.35	263.47
xiv	Less : Provision (Refer S.No 12 of Note No 26 - Explanatory Notes)		0.46	0.46	0.46	0.46	0.46
		<b>Sub Total D (v+vi+vii+vi ii+ix+x+xi+xii+xiii-xiv)</b>	439.55	281.90	297.67	284.89	263.01
		<b>Sub Total (B+C+D)</b>	<b>447.79</b>	<b>292.46</b>	<b>303.82</b>	<b>301.85</b>	<b>269.17</b>
	** Includes ₹ 14.21 crore (Previous year ₹ 14.37 crore) on account of Andrews Ganj Project.						
<b>E</b>	<b>Interest accrued but not due on :</b>						
i	Bonds		46.57	49.60	34.29	72.62	91.11
ii	Fixed Deposit with Scheduled Bank -- Indian Branches		26.08	3.67	2.11	0.40	1.86
iii	Deposit with Scheduled Bank -- Foreign Branches		0.64	0.44	0.47	1.68	2.60
iv	Loans		174.70	143.26	110.76	153.11	106.20
		<b>Sub Total E (i+ii+iii+iv)</b>	<b>247.99</b>	<b>196.97</b>	<b>147.63</b>	<b>227.81</b>	<b>201.77</b>
<b>F</b>	<b>Work-in-Progress</b>						
i	Andrews Ganj Project (Refer S.No 2 of Note No 26 - Explanatory Notes)		26.91	26.91	26.91	74.52	130.38
ii	BSUP Project		8.93	-	-	-	-
		<b>Sub Total (i+ii)</b>	35.84	26.91	26.91	74.52	130.38
iii	Less : Work Completed (AGP)		7.57	-	-	47.61	59.33
		<b>Sub Total (i+ii-iii)</b>	28.27	26.91	26.91	26.91	71.05
iv	Closing work in progress	<b>Sub Total F</b>	<b>28.27</b>	<b>26.91</b>	<b>26.91</b>	<b>26.91</b>	<b>71.05</b>
<b>G</b>	<b>Work Completed</b>		-	14.41	14.41	14.41	14.41
<b>H</b>	Less : Adjustment during the year		-	14.41	-	-	-
			-	-	<b>14.41</b>	<b>14.41</b>	<b>14.41</b>
<b>I</b>	<b>Others</b>						
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 12 of Note No 26 - Explanatory Notes)		5.00	5.00	5.00	5.00	5.00
		<b>Sub Total I (i-ii)</b>	-	-	-	-	-
		<b>Sub Total (E+F+G+H+I)</b>	<b>276.26</b>	<b>223.88</b>	<b>188.95</b>	<b>269.13</b>	<b>287.23</b>

<b>S. No</b>	<b>PARTICULARS</b>		<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>	<b>As at 31<sup>st</sup> March, 2010</b>	<b>As at 31<sup>st</sup> March, 2009</b>	<b>As at 31<sup>st</sup> March, 2008</b>
		<b>Total</b>	<b>4,281.25</b>	<b>4,246.05</b>	<b>4,807.25</b>	<b>5,612.18</b>	<b>4,699.50</b>
<b>J</b>	<b>Miscellaneous expenditure (to the extent not written off or adjusted)</b>		-	-	-	20.40	9.56
		<b>Sub Total J</b>	-	-	-	<b>20.40</b>	<b>9.56</b>
		<b>Total</b>	<b>4,281.25</b>	<b>4,246.05</b>	<b>4,807.25</b>	<b>5,632.58</b>	<b>4,709.06</b>

**NOTE 20: REVENUE FROM OPERATIONS**

(₹ in crore)

S. No	PARTICULARS	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Interest Income</b>					
<b>i</b>	Interest on Loans	2,562.17	2,114.07	2,236.09	2,497.64	2,317.78
<b>ii</b>	Less: Penal Interest waived off	87.41	79.86	55.96	57.01	119.05
	<b>Sub Total (i-ii)</b>	<b>2,474.76</b>	<b>2,034.21</b>	<b>2,180.13</b>	<b>2,440.63</b>	<b>2,198.73</b>
<b>iii</b>	Interest on Bonds	123.33	137.01	160.41	196.38	227.57
<b>iv</b>	Interest on Staff Advances	1.59	1.30	1.10	1.13	1.15
<b>v</b>	Interest on Loan against Public Deposits	0.01	0.06	0.40	0.90	0.74
<b>vi</b>	Interest on Fixed Deposits					
<b>vii</b>	Scheduled Bank - Indian Branches	99.85	39.26	27.21	15.14	62.23
<b>viii</b>	Scheduled Bank - Foreign Branches	1.78	1.81	3.14	7.25	9.82
	<b>Sub Total (vii+viii)</b>	<b>101.63</b>	<b>41.07</b>	<b>30.35</b>	<b>22.39</b>	<b>72.05</b>
<b>B</b>	<b>Other Operations Income</b>					
<b>i</b>	Other Income on Loans	21.77	38.58	42.24	13.46	43.83
<b>ii</b>	Other Income on Bonds	-	-	0.19	0.19	0.19
	<b>Sub Total (i+ii)</b>	<b>21.77</b>	<b>38.58</b>	<b>42.43</b>	<b>13.65</b>	<b>44.02</b>
<b>C</b>	<b>Other Financial Service</b>					
<b>i</b>	Consultancy, Trusteeship and Consortium	15.27	11.23	6.98	22.85	14.24
	<b>Total (A+B+C)</b>	<b>2,738.36</b>	<b>2,263.46</b>	<b>2,421.80</b>	<b>2,697.93</b>	<b>2,558.50</b>

**NOTE 21: OTHER INCOME**

(₹ in crore)

S. No	PARTICULARS	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011	Year Ended 31 <sup>st</sup> March, 2010	Year Ended 31 <sup>st</sup> March, 2009	Year Ended 31 <sup>st</sup> March, 2008
<b>A</b>	<b>Dividend Income</b>					
(i)	Dividend on long term equity shares	0.27	0.21	0.02	0.01	0.02
<b>B</b>	<b>Net gain / loss on sale of investments</b>					
(i)	Profit on sale of fixed assets (Net)	0.03	0.01	0.03	0.04	0.03
<b>C</b>	<b>Other</b>					
(i)	Rental Income	13.46	11.41	9.59	9.30	7.92
(ii)	Interest on Income tax Refund	3.92	-	-	-	-
(iii)	Overhead Charges on Construction Project	2.23	0.23	0.79	0.75	0.03
(iv)	Interest on Construction Project (Refer S.No 2 (b) of Note No 26 - Explanatory Notes, includes ₹ 8.49 crore of prior years)	15.02	-	-	-	-
(v)	Management Development Programme	1.59	0.88	0.37	0.22	0.53
(vi)	Translation/Exchange gain on Foreign Currency Loan			75.16	-	38.59
(vii)	Miscellaneous Income	3.75	2.39	20.59	4.93	4.57
	<b>Total (A+B+C)</b>	<b>40.27</b>	<b>15.13</b>	<b>106.55</b>	<b>15.25</b>	<b>51.69</b>



**NOTE 22: FINANCE COST**

(₹ in crore)

S. No	PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>(A)</b>	<b>INTEREST EXPENDITURE</b>					
(i)	Interest on secured loans	31.75	20.10	16.20	23.39	23.60
(ii)	<b>Interest on unsecured loans</b>					
	(a) Indian Currency	1,484.68	1,191.61	1,309.37	1,547.75	1,610.55
	(b) Foreign Currency					
	- Unswapped	6.63	4.64	4.08	4.70	3.45
	- Swapped	30.33	39.08	49.08	60.86	70.29
(iii)	Other Interest	0.03	-	-	-	-
(iv)	Interest on Income tax	3.00	0.21	1.29	1.69	4.73
	<b>Sub-Total (A)</b>	<b>1,556.42</b>	<b>1,255.64</b>	<b>1,380.02</b>	<b>1,638.39</b>	<b>1,712.62</b>
<b>(B)</b>	<b>OTHER BORROWING COST</b>					
(i)	Government Guarantee Fee	4.24	4.36	5.14	4.32	4.72
(ii)	Premium on Forward Sale Contract	-	0.16	3.04	0.97	0.87
(iii)	Miscellaneous expenditure Written Off			22.87	9.56	8.94
(iv)	Other Expenses on loans	28.14	3.50	2.69	4.61	3.19
	<b>Sub-Total (B)</b>	<b>32.38</b>	<b>8.02</b>	<b>33.74</b>	<b>19.46</b>	<b>17.72</b>
<b>(C)</b>	<b>Net loss in Foreign currency Translation and Transaction</b>	40.28	9.61	-	246.29	-
	<b>Sub-Total (C)</b>	<b>40.28</b>	<b>9.61</b>	<b>-</b>	<b>246.29</b>	<b>-</b>
	<b>Total (A) + (B) + (C)</b>	<b>1,629.08</b>	<b>1,273.27</b>	<b>1,413.76</b>	<b>1,904.14</b>	<b>1,730.34</b>

**NOTE 23: EMPLOYEE BENEFIT EXPENSES**

(₹ in crore)

S. No	PARTICULARS	Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009		Year Ended 31st March, 2008	
		Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total
<b>A</b>	Salaries, Allowances & Other Amenities **	0.33	106.55	0.39	89.80	0.68	77.04	0.28	69.36	0.25	76.06
<b>B</b>	Group Saving Linked Insurance Premium	-	0.02	-	0.02	-	0.02	-	0.02	-	0.02
<b>C</b>	Gratuity **	-	2.16	-	4.46	-	8.53	-	2.73	-	5.47
<b>D</b>	Insurance **	-	0.08	-	0.05	-	0.05	-	0.04	-	0.05
<b>E</b>	Welfare	-	0.96	-	0.70	-	0.62	-	0.45	-	0.82
<b>F</b>	Staff Development/Training	-	0.21	-	0.12	-	0.14	0.01	0.24	-	0.14
<b>G</b>	Provident Fund / Pension Fund	0.01	0.41	0.02	19.11	0.04	5.92	0.02	2.81	0.02	3.01
<b>H</b>	Administrative Charges-Provident Fund	-	0.09	-	0.08	-	0.09	-	0.05	-	0.05
<b>I</b>	Contribution to Benevolent Fund	-	0.04	-	0.11	-	0.07	-	0.05	-	0.05
	<b>Total(A+B+C+D+E+F+G+H+I)</b>	<b>0.34</b>	<b>110.52</b>	<b>0.41</b>	<b>114.45</b>	<b>0.72</b>	<b>92.48</b>	<b>0.31</b>	<b>75.75</b>	<b>0.27</b>	<b>85.67</b>
*	Included in total.										
**	Includes provision / payment for directors.										

**NOTE 24: OTHER EXPENSES**

(₹ in crore)

S.No	PARTICULARS	Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009		Year Ended 31st March, 2008	
		Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total
<b>A</b>	<b>ADMINISTRATIVE</b>										
i	Office Rent \$	-	0.53	-	0.70	-	0.66	-	0.68	-	0.86
III	Repairs & Maintenance to Building	-	4.37	-	3.82	-	3.58	-	3.79	-	2.44
iii	Repairs & Maintenance to Other Assets	-	1.81	-	1.63	-	1.55	-	1.23	-	1.11
iv	Repairs & Maintenance to Vehicle	-	0.37	-	0.31	-	0.31	-	0.38	-	0.38
v	Insurance	-	0.16	-	0.07	-	0.11	-	0.09	-	0.10
vi	Rates & Taxes	-	1.86	-	1.84	-	2.20	-	0.81	-	1.36
vii	Travelling	0.40	4.43	0.26	2.62	0.26	2.61	0.60	3.43	0.26	2.78
viii	Legal & Professional Fees	-	2.65	-	2.14	-	1.24	-	1.71	-	0.94
ix	Auditors Remuneration :										
	a) Audit Fees										
	(i) Current Year	-	0.07	-	0.07	-	0.05	-	0.05	-	0.05
	(ii) Previous Year	-	-	-	0.02	-	-	-	-	-	0.01
	b) Tax Audit Fees										
	(i) Current Year	-	0.03	-	0.03	-	0.02	-	0.02	-	0.02
	(ii) Previous Year	-	-	-	0.01	-	-	-	-	-	0.01
	c) Other Services	-	0.18	-	0.10	-	0.06	-	0.06	-	0.07
	d) Reimbursement of expenses	-	0.01	-	0.01	-	0.01	-	0.03	-	0.03
x	Electricity	-	1.59	-	1.59	-	1.56	-	1.20	-	1.11
xi	Printing, Stationery & Photocopying	-	0.56	-	0.45	-	0.67	-	0.56	-	0.50
xii	Postage, Telegram, Telephone & Telex	-	1.07	-	1.07	-	1.25	-	1.11	-	1.32
xiii	Advertisement, Publicity & Sponsorship	-	1.49	-	0.36	-	0.73	-	1.63	-	0.94
xiv	Exhibition & Conference (Net)	-	0.36	-	0.03	-	0.04	-	0.12	-	0.05
xv	Subscription & Membership	-	0.18	-	0.19	-	0.21	-	0.19	-	0.19
xvi	Donation	-	0.01	-	-	-	-	-	-	-	-
xvii	Miscellaneous #	0.12	5.26	0.05	5.86	0.05	4.19	0.07	5.30	0.02	4.23
	<b>Total A</b>	<b>0.52</b>	<b>26.99</b>	<b>0.31</b>	<b>22.92</b>	<b>0.31</b>	<b>21.05</b>	<b>0.67</b>	<b>22.39</b>	<b>0.28</b>	<b>18.50</b>
<b>B</b>	<b>OTHERS</b>										
i	Grant in Aid/ R & D expenditure	-	0.96	-	0.20	-	1.70	-	0.56	-	0.84
III	Expenses on Consultancy	-	0.53	-	0.47	-	0.27	-	0.68	-	0.77
iii	Expenses on Management Development Programme	-	1.24	-	0.81	-	0.25	-	0.45	-	0.30
iv	Expenses on Research Studies	-	0.05	-	0.01	-	-	-	0.20	-	-
v	Expenses on	-	-	-	-	-	-	-	-	-	0.73

S.No	PARTICULARS	Year Ended 31st March, 2012		Year Ended 31st March, 2011		Year Ended 31st March, 2010		Year Ended 31st March, 2009		Year Ended 31st March, 2008	
		Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total	Directors *	Total
	Completed Project										
vi	Early Redemption Expenses	-	-	-	-	-	-	-	-	-	0.01
vii	Corporate Social Responsibilities	-	20.87	-	4.99	-	-	-	-	-	-
	<b>Total B</b>	-	<b>23.65</b>	-	6.48	-	2.22	-	1.89	-	2.65
	<b>Total (A+B)</b>	<b>0.52</b>	<b>50.64</b>	<b>0.31</b>	<b>29.40</b>	<b>0.31</b>	<b>23.27</b>	<b>0.67</b>	<b>24.28</b>	<b>0.28</b>	<b>21.15</b>
	<b>For 2011-12</b>										
\$	Refer S.No 14 of Note No 25 - Explanatory Notes										
*	Included in total.										
#	Includes ₹ 0.03 crore (Previous year ₹ 0.05 crore ) on account of Sitting fee paid to Directors.										

**NOTE 25: PRIOR PERIOD ADJUSTMENTS**

(₹ in crore)

S. No	PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009	Year Ended 31st March, 2008
<b>A</b>	<b>INCOME</b>					
i	Salary Allowances & Other benefits	0.01	-	-	5.47	-
ii	Insurance	-	-	-	-	0.06
iii	Publicity	-	-	-	-	0.01
iv	Legal Charges	-	-	-	0.04	-
v	Consultancy fee	-	-	0.39	0.16	0.50
vi	Trusteeship & Consortium fee	-	-	-	0.04	-
vii	Grant in aid	0.07	-	-	-	-
viii	Advertisement	0.01	-	-	-	-
ix	Printing	-	0.03	-	-	-
x	Interest on loan	-	-	0.06	0.11	-
xi	Interest on borrowings	-	-	0.39	0.28	-
xii	Interest on Bonds & Other Borrowings	0.01	0.26	0.06	-	-
xiii	Depreciation	-	-	-	0.57	-
xiv	Miscellaneous receipts	0.02	-	-	0.07	0.02
	<b>Total A</b>	<b>0.12</b>	<b>0.29</b>	<b>0.90</b>	<b>6.74</b>	<b>0.59</b>
<b>B</b>	<b>EXPENDITURE</b>					
i	Salary Allowances & Other benefits	-	-	-	-	0.01
ii	Office Rent	-	-	0.02	0.01	-
iii	Repairs and Manintenance	-	-	-	0.29	0.44
iv	Rates & Taxes	-	-	-	-	0.01
v	Insurance	0.01	-	-	-	-
vi	Legal Charges	-	-	-	-	0.25
vii	Membership	0.01	-	-	-	-
viii	Publicity	0.02	-	-	-	-
ix	Water & Electricity	-	-	-	0.12	-
x	Grant in aid	-	-	-	0.01	-
xi	Interest on loan	-	-	-	-	0.01
xii	Interest on borrowings	-	-	-	-	0.06
xiii	Interest on Bonds & Other Borrowings	-	-	-	-	0.01
xiv	Interest on Investment	-	-	0.01	-	-
xv	Other Expenses	0.01	-	-	0.06	0.09
	<b>Total B</b>	<b>0.05</b>	<b>-</b>	<b>0.03</b>	<b>0.49</b>	<b>0.88</b>
	<b>Excess of Income over Expenditure / (Expenditure over Income)</b>	<b>0.07</b>	<b>0.29</b>	<b>0.87</b>	<b>6.25</b>	<b>(0.29)</b>

## CASH FLOW STATEMENT

(₹ in crore)

S.No	Particulars	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
(i)	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	939.90	820.82	783.51	769.38	553.54
	Add/ (Less): Adjustments for:					
(ii)	Depreciation	4.60	11.42	4.52	4.67	5.29
(iii)	Financial Charges written off			22.87	9.56	8.94
(iv)	Provision on loans & advances	34.86	29.23	210.78	(66.05)	213.67
(v)	Provision on Investment			-	0.17	0.22
(vi)	Provision for leave encashment	1.68	5.47	7.75	1.31	3.66
(vii)	Provision for post retirement medical benefit	8.67	8.72	(2.11)	4.28	25.66
(viii)	Provision for Gratuity	-	-	(4.72)	(3.97)	8.69
(ix)	Provision for welfare expenditure	0.02	-	(0.15)	0.01	0.37
(x)	Provision for LTC	2.28	(3.20)	3.79	0.98	9.86
(xi)	Provision for pay revision			(24.00)	15.79	6.61
(xii)	Provision for Provident Fund	(5.21)	13.94	-	-	-
(xiii)	Provision for Corporate Social Responsibilities (CSR)	5.99	-	-	-	-
(xiv)	Prior Period Adjustments (Net)	0.07	0.29	0.87	6.25	(0.29)
(xv)	Deferred Tax Liability for prior years Adjustments				(120.96)	-
(xvi)	Profit on sale of investments	-	-	(0.19)	(0.19)	(0.19)
(xvii)	Loss/ (Profit) on sale of Fixed Assets (Net)	(0.03)	(0.01)	(0.03)	(0.04)	(0.03)
(xviii)	Translation/exchange (Gain)/Loss on Foreign Currency Loan	40.28	9.61	(75.16)	246.29	(38.59)
(xix)	Miscellaneous expenditure	0.00	0.00	(2.47)	(1.95)	(1.68)
	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1033.11</b>	<b>896.29</b>	<b>925.26</b>	<b>865.53</b>	<b>795.73</b>
	Adjustment for					
(i)	Decrease/(Increase) in Loans	(2544.04)	(989.84)	2189.57	(288.69)	(221.50)
(ii)	(Increase)/Decrease in Current Assets, other Loans & Advances	(457.89)	(235.02)	(133.88)	(259.13)	(186.40)
(iii)	Increase/(Decrease) in Current Liabilities and Provisions	1788.83	(1012.86)	(311.23)	(418.60)	(286.56)
(iv)	<b>CASH GENERATED FROM OPERATIONS</b>	<b>(179.99)</b>	<b>(1341.43)</b>	<b>2669.72</b>	<b>(100.89)</b>	<b>101.27</b>
(v)	Direct taxes paid(Net of refunds)	250.34	211.58	252.06	210.57	168.68
(vi)	KFW Reserve	0.31	1.72	2.81	8.15	0.70
(vii)	General Reserve	-	-	-	120.96	(17.56)
(viii)	Deferred Tax Assets adjustments	-	-	-	-	(9.04)
	<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>70.66</b>	<b>(1128.13)</b>	<b>2924.59</b>	<b>238.79</b>	<b>244.05</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
(i)	Sale / (Purchase) of Investment	78.39	225.00	519.40	19.39	387.91
(ii)	Purchase of fixed assets	(3.88)	(19.00)	(2.01)	(9.38)	(4.76)
(iii)	Sale of Fixed assets	0.08	0.04	0.09	0.09	0.10

<b>S.No</b>	<b>Particulars</b>	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>	<b>31<sup>st</sup> March, 2010</b>	<b>31<sup>st</sup> March, 2009</b>	<b>31<sup>st</sup> March, 2008</b>
	<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>74.59</b>	<b>206.04</b>	<b>517.48</b>	<b>10.10</b>	<b>383.25</b>

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012 (Contd.)</b>						<b>(₹ in crore)</b>
<b>S.No</b>	<b>Particulars</b>	<b>31<sup>st</sup> March, 2012</b>	<b>31<sup>st</sup> March, 2011</b>	<b>31<sup>st</sup> March, 2010</b>	<b>31<sup>st</sup> March, 2009</b>	<b>31<sup>st</sup> March, 2008</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
<b>(i)</b>	Proceed from borrowings (Net)	18682.19	(15430.09)	(3653.69)	100.06	(1441.03)
<b>(ii)</b>	Corporate Dividend Tax Paid	(17.85)	(9.81)	(7.69)	(11.57)	(3.51)
<b>(iii)</b>	Dividend Paid	(110.02)	(59.08)	(45.24)	(68.11)	(20.68)
	<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>18554.32</b>	<b>(15498.98)</b>	<b>(3706.62)</b>	<b>20.38</b>	<b>(1465.22)</b>
	<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>18699.57</b>	<b>(16421.07)</b>	<b>(264.55)</b>	<b>269.27</b>	<b>(837.92)</b>
	* CASH & CASH EQUIVALENTS - OPENING BALANCE	556.29	584.82	849.36	580.09	1418.01
	* CASH & CASH EQUIVALENTS - CLOSING BALANCE	2606.93	556.29	584.81	849.36	580.09
	<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>2050.64</b>	<b>(28.53)</b>	<b>(264.55)</b>	<b>269.27</b>	<b>(837.92)</b>

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 Rs. 171.91 crore (previous year Rs. 159.91 crore).
2. Previous year figures have been regrouped wherever necessary.



**Significant Accounting Policies****For Fiscal 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.

## **For Fiscal 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.
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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.

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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.

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- (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:
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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.

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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.

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- (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.
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  - (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.

**Significant Accounting Policies**

**1. Basis of Preparation of Financial Statements**

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**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.

## **For Fiscal 2008-09**

### **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.

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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.

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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.
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**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.
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#### **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
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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.

## **For Fiscal 2007-08**

### **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 accounting standards issued by the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 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/Building 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.
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- (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.

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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) 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 and Loss Account. The Corporation's obligation towards gratuity to employees and post retirement medical benefits are actuarially determined and provided as per AS-15(Revised).

- (b) The Corporation's obligation towards sick leave, earned leave, leave travel concession, Gift on completion of 20 years of Service and retirement gift are actuarially determined and provided as per AS-15 (Revised).

**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 / interest / 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 the past event, 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.

## SIGNIFICANT NOTES TO ACCOUNTS

## For Fiscal 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
ii.	Counter claims of the Company	0.63	0.88
iii.	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	31.61
iv.	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
v.	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
vi.	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 12<sup>th</sup>



April, 2005 and as Attorney General of India vide his opinion dated 19<sup>th</sup> 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 459<sup>th</sup> 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 Andrews ganj 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 3<sup>rd</sup> 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
<b>1. Component of Employer Expenses</b>								
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

	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
g. Recognised in the Statement of Profit & Loss.	(0.09)	3.43	2.80	4.67	1.36	2.58	10.17	10.28
<b>2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2012</b>								
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
<b>3. Change in present value of obligation as on 31.3.2012</b>								
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
<b>4. Change in the Fair Value of Plan Assets</b>								
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.
<b>5. Actuarial Assumptions</b>								
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
<b>6. Details of the Plan Assets at cost as on 31.3.2012</b>								
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 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 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 :**

Particulars	(₹ in crore)	
	2011-2012	2010-2011
<b>Expenditure</b>		
a) Traveling & Entertainment	0.08	0.04
b) Others	0.00	0.00
c) Interest on foreign loan	8.03	6.82
<b>Total Expenditure</b>	<b>8.11</b>	<b>6.86</b>
<b>Earnings</b>		
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 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	2011- 2012	2010- 2011
<b>Standard (considered good)</b>	5,863.30	5,403.79	41.52	9.84	50.00	245.00
<b>Sub-standard Assets</b>	43.77	80.90	6.57	8.09		
<b>Doubtful Assets</b>	362.63	380.76	326.86	173.13		
<b>Loss Assets</b>	30.14	67.48	30.14	67.48		
<b>Total</b>	6,299.84	5,932.93	405.09	258.54	50.00	245.00

(2) **NON HOUSING FINANCE BUSINESS:**

**Loans:**

(₹ in crore)

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	2011- 2012	2010- 2011
<b>Standard (considered good)</b>	16,401.50	14,566.44	77.48	58.26	265.00	385.00
<b>Sub-standard Assets</b>	503.08	160.88	75.46	16.08		
<b>Doubtful Assets</b>	574.86	440.70	416.17	196.02		
<b>Loss Assets</b>	3.77	96.88	3.77	96.88		
<b>Total</b>	17,483.21	15,264.90	572.88	367.24	265.00	385.00
<b>Grand Total (1) + (2)</b>	23,783.05	21,197.83	977.97	625.78	315.00	630.00

(3) **Investments:**

(₹ in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Equity Shares</b>	4.97	4.97	3.00	3.00
<b>Equity Shares - Joint Venture</b>	2.40	2.40	0.39	0.39
<b>Bonds</b>	1,220.00	1,295.00	0.00	0.00
<b>Total</b>	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
<b>Investments</b>					
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 (in crore) (Previous Year ₹ 0.007 crore of Ex-CMD Sh. K. L. Dhingra) to the Company .

**(e) Managerial Remuneration :**

Particulars	(₹ in crore)							
	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
<b>Total</b>	<b>0.169</b>	<b>0.000</b>	<b>0.116</b>	<b>0.467</b>	<b>0.054</b>	<b>0.099</b>	<b>0.000</b>	<b>0.005</b>

**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
<b>Total</b>	<b>2.403</b>			

**(b) Proportionate Assets & Liabilities:**

(₹ in crore)

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	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	0.01	0.01	0.07	0.07	0.00	0.00	0.00	0.00
Investments	1.20	1.20	0.64	0.64	0.00	0.00	0.00	0.00
Deferred Tax Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans and Advances	1.66	1.33	0.00	0.00	0.12	0.11	0.24	0.23
Statement of Profit & Loss (Debit Balance)	0.00	0.00	0.20	0.17	0.00	0.00	0.00	0.00
Share of Total Assets	2.87	2.54	0.90	0.88	0.12	0.11	0.25	0.23
Reserves & Surplus	0.13	0.13	0.00	0.00	-0.15	-0.16	0.09	0.06
Current Liabilities and Provisions	0.74	0.41	0.08	0.06	0.00	0.00	0.14	0.15
Loans Funds	0.00	0.00	0.69	0.69	0.00	0.00	0.00	0.00
Deferred Tax Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Share of Total Liabilities (excluding Reserves & Surplus)	0.74	0.41	0.77	0.75	0.00	0.00	0.14	0.15
Operations Income	0.66	0.93	0.00	0.00	0.00	0.00	0.24	0.19
Other Income	0.00	0.00	0.00	0.03	0.01	0.01	0.00	0.00
Total Income	0.67	0.93	0.00	0.03	0.01	0.01	0.24	0.19
Share of Expenses	0.66	0.90	0.03	0.03	0.00	0.00	0.21	0.17
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

Category		(₹ in crore)	
		2011-2012	2010-2011
a)	<b>Direct exposure</b>		
(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)	30.80	32.20
	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	5723.29	5947.38

Category		2011-2012	2010-2011
	and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
(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)	<b>Indirect Exposure</b>		
	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 :**

	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
	(₹ in crore)										
<b>Liabilities</b>											
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
<b>Assets</b>											
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 31 March 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.

## For Fiscal 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 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 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<sup>rd</sup> 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 inter alia, 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 (in 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 a 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 intrenquum 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
<b>1. Component of Employer Expenses</b>								
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)
<b>2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2011</b>								
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
<b>3. Change in present value of obligation as on 31.3.2011</b>								
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
<b>4. Change in the Fair Value of Plan Assets</b>								
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.
<b>5. Actuarial Assumptions</b>								
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
<b>6. Details of the Plan Assets at cost as on 31.3.2011</b>								
Government of India Securities, Corporate Bonds etc.	-	-						

				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
Gratuity Insurer	Fund	Managed	by	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 :**

Particulars	(Rs. in crore)	
	2010-2011	2009-2010
<b>Expenditure</b>		
a) Traveling & Entertainment	0.04	0.04
b) Others	-	-
c) Interest on foreign loan	6.82	8.30
<b>Earnings</b>		
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:-

Particulars	(Rs. in crore)		
	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
<b>Total Assets (A)</b>	<b>449.98</b>	<b>7.13</b>	<b>457.11</b>
Depreciation	5.73	(2.02)	3.71
Special Reserve u/s 36(1)(viii) of Income Tax Act	681.61	53.64	735.25
<b>Total Liabilities (B)</b>	<b>687.34</b>	<b>51.62</b>	<b>738.96</b>
<b>Net deferred tax assets / (liabilities) (A) - (B)</b>	<b>(237.36)</b>	<b>(44.49)</b>	<b>(281.85)</b>

- 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 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> 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		
<b>Total</b>	<b>5,932.93</b>	<b>6,335.56</b>	<b>258.54</b>	<b>270.56</b>	<b>245.00</b>	<b>450.00</b>

(2) **NON HOUSING FINANCE BUSINESS:**

**Loans:**

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> 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		
<b>Total</b>	<b>15,264.90</b>	<b>13,940.96</b>	<b>367.24</b>	<b>357.43</b>	<b>385.00</b>	<b>150.00</b>
<b>Grand Total (1) + (2)</b>	<b>21,197.83</b>	<b>20,276.52</b>	<b>625.78</b>	<b>627.99</b>	<b>630.00</b>	<b>600.00</b>

(3) **Investments:**

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> 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	-	-
<b>Total</b>	<b>1,302.38</b>	<b>1,527.38</b>	<b>3.39</b>	<b>3.39</b>

\* 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. Prbakaran	Director (Finance) (Whole time Director) (from 29.12.2004)

(c) **Transactions with Joint Ventures:**

(Rs. in crore)

Proportion of ownership	40%		26%		Total
Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.	
<b>Investments</b>					
Balance as at 31.3.2010	2.00	0.13	0.26	0.013	<b>2.403</b>
Additions during the year	-	-	-	-	-
Balance as at 31.3.2011	2.00	0.13	0.26	0.013	<b>2.403</b>

(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
<b>Total</b>	<b>2.403</b>			

(b) **Proportionate Assets & Liabilities:**

(Rs. in crore)

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	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
<b>Fixed Assets</b>	0.01	0.01	0.07	0.07	-	-	-	-
<b>Investments</b>	1.20	1.20	0.63	5.87	0.10	0.09	-	-
<b>Deferred Tax Assets</b>	-	-	-	-	-	-	-	-
<b>Current Assets, Loans and Advances</b>	1.33	1.43	-	-	-	0.02	0.23	0.18
<b>Profit &amp; Loss Account (Debit Balance)</b>	-	-	0.40	0.17	0.16	0.16	-	-
<b>Share of Total Assets</b>	2.54	2.64	1.10	6.11	0.26	0.26	0.23	0.18
<b>Reserves &amp; Surplus</b>	0.13	0.10	-	-	-	-	0.06	0.04
<b>Current Liabilities and</b>	0.28	0.56	0.28	0.04	-	-	0.15	0.13

	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
<b>Year ending</b>	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
<b>Provisions</b>								
<b>Loans Funds</b>	0.13	-	0.69	5.95	-	-	-	-
<b>Deferred Tax Liabilities</b>	-	-	-	-	-	-	-	-
<b>Share of Total Liabilities (excluding Reserves &amp; Surplus)</b>	0.41	0.56	0.97	5.98	-	-	0.15	0.13
<b>Operations Income</b>	0.93	0.87	-	-	-	-	0.19	0.15
<b>Other Income</b>	-	-	2.16	-	0.01	0.01	-	-
<b>Total Income</b>	0.93	0.87	2.16	-	0.01	0.01	0.19	0.15
<b>Share of Expenses</b>	0.90	0.84	2.39	0.03	-	-	0.17	0.13
<b>HUDCO's share in contingent liability of JV Co.</b>	<b>Not available</b>	<b>NA</b>	<b>Not available</b>	<b>NA</b>	<b>Not available</b>	<b>NA</b>	<b>Not available</b>	<b>NA</b>
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)**

<b>Particulars</b>		<b>31.3.2011</b>	<b>31.3.2010</b>
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**

<b>Category</b>		<b>(Rs. in crore)</b>	
		<b>Current Year</b>	<b>Previous Year</b>
a)	<b>Direct exposure</b>		
(i)	<b>Residential Mortgages –</b>		
	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
	<b>Total</b>	<b>858.78</b>	<b>991.84</b>
(ii)	<b>Commercial Real Estate –</b>		
	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	0.46	0.08

Category		Current Year	Previous Year
	and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
b)	<b>Indirect Exposure</b>	-	-
	Fund based and non-fund based exposures on National Housing Bank (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)

	1 day 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
<b>Liabilities</b>											
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
<b>Assets</b>											
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.

**For Fiscal 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 3<sup>rd</sup> 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 inter alia, 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 (in 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 (in crore) / USD NIL (in 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:

Particulars	(Rs. in crore)		
	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
<b>Total</b>	<b>1,017.32</b>	<b>210.67</b>	<b>1,227.99</b>

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 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			
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>1. Component of Employer Expenses</b>								
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
<b>2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2010</b>								
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
<b>3. Change in present value of obligation as on 31.3.2010</b>								
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
<b>4. Change in the Fair Value of Plan Assets</b>								
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	-	-	-	-	-	-
<b>5. Actuarial Assumptions</b>								
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
<b>6. Details of the Plan Assets at cost as on 31.3.2010</b>								
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 :**

Particulars	(Rs. in crore)	
	2009-2010	2008-2009
<b>Expenditure</b>		
a) Traveling & Entertainment	0.04	0.19
b) Others	-	0.01
c) Interest on foreign loan	8.30	12.64
<b>Earnings</b>		
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:-

Particulars	(Rs. in crore)		
	As at 31.3.2009	During the year	As at 31.3.2010
<b>Assets</b>			
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
<b>Total Assets (A)</b>	<b>385.56</b>	<b>64.41</b>	<b>449.97</b>
<b>Liabilities</b>			
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
<b>Total liabilities (B)</b>	<b>619.95</b>	<b>67.38</b>	<b>687.33</b>
<b>Net deferred tax assets / (liabilities) (A) - (B)</b>	<b>(234.39)</b>	<b>(2.97)</b>	<b>(237.36)</b>

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:**

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	2009-2010	2008-2009
<b>Standard (considered good)</b>	5,739.21	5,551.99	-	-	450.00	135.00
<b>Sub-standard Assets</b>	96.29	143.57	9.63	14.35		
<b>Doubtful Assets</b>	422.07	1,104.17	182.97	389.53		
<b>Loss Assets</b>	77.99	62.16	77.96	62.13		
<b>Total</b>	6,335.56	6,861.89	270.56	466.01	450.00	135.00

(2) **NON HOUSING FINANCE**

**BUSINESS:**

**Loans:**

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	2009-2010	2008-2009
<b>Standard (considered good)</b>	13,254.86	14,759.09	53.02	59.04	150.00	45.00
<b>Sub-standard Assets</b>	118.60	212.20	11.86	21.22		
<b>Doubtful Assets</b>	507.06	561.44	232.11	270.90		
<b>Loss Assets</b>	60.44	20.15	60.44	20.15		

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	2009-2010	2008-2009
<b>Total</b>	13,940.96	15,552.88	357.43	371.31	150.00	45.00
<b>Grand Total (1) + (2)</b>	20,276.52	22,414.77	627.99	837.32	600.00	180.00

(3) **Investments:**

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2010	As at 31 <sup>st</sup> March 2009
<b>Equity Shares</b>	4.97	4.97	3.00	3.00
<b>Equity Shares - Joint Venture</b>	2.41	2.41	0.39	0.39
<b>Bonds</b>	1520.00	2039.20	-	-
<b>Total</b>	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%		Total	
	Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.
<b>Investments</b>						
Balance as at 31.3.2009		2.00	0.13	0.26	0.013	<b>2.403</b>
Additions during the year		-	-	-	-	-
Balance as at		2.00	0.13	0.26	0.013	<b>2.403</b>



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
31.3.2010					

(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
<b>Total</b>	<b>2.403</b>			

(b) **Proportionate Assets & Liabilities:**

Year ending	(Rs. in crore)							
	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	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
<b>Share of Assets</b>	2.66	2.54	6.11	6.09	0.26	0.27	0.19	0.15
<b>Share of Liabilities</b>	0.66	0.54	5.98	5.96	-	0.01	0.18	0.14
<b>Share of Income</b>	0.87	0.66	-	-	0.01	0.01	0.15	0.14
<b>Share of Expenses</b>	0.84	0.62	0.03	0.06	-	0.05	0.13	0.12
<b>HUDCO's share in contingent liability of JV Co.</b>	NA	NA	NA	NA	NA	NA	NA	NA
<b>Contingent liability for jointly controlled Company incurred by HUDCO</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Capital Commitment</b>	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.

**For Fiscal 2008-2009**

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 4<sup>th</sup> 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 4<sup>th</sup> July, 1997. In case of any demand from MCD after 4<sup>th</sup> 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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 31<sup>st</sup> 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:

Particulars	(Rs. in crore)		
	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

<b>Particulars</b>	<b>Opening balance as on 1.4.2008</b>	<b>Provided (adjusted) during the year</b>	<b>Closing balance as on 31.3.2009</b>
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
<b>Total</b>	<b>1,082.67</b>	<b>-65.35</b>	<b>1,017.32</b>

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 15<sup>th</sup> 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 intreqnum 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:
- Equitable Mortgage of the property and / or
  - 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	
	2008-2009	2007-2008	EL		HPL		2008-2009	2007-2008
<b>1. Component of Employer Expenses</b>								
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
<b>2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2009</b>								
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
<b>3. Change in present value of obligation as on 31.3.2009</b>								
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
<b>4. Change in the Fair Value of Plan Assets</b>								
Present value of plan assets as on	10.03	8.36	-	-	-	-	-	-

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2008-2009	2007-2008	EL		HPL		2008-2009	2007-2008
			2008-2009	2007-2008	2008-2009	2007-2008		
31.3.2008								
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	-	-	-	-	-	-
<b>5. Actuarial Assumptions</b>								
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
<b>6. Details of the Plan Assets at cost as on 31.3.2009</b>								
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 :**

Particulars	(Rs. in crore)	
	2008-2009	2007-2008
<b>Expenditure</b>		
a) Traveling & Entertainment	0.19	0.07
b) Others	0.01	0.02
c) Interest on foreign loan	12.64	13.56
<b>Earnings</b>		
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:-

Particulars	(Rs. in crore)		
	As at 31.3.2008	During the year	As at 31.3.2009
<b>Assets</b>			
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
<b>Total Assets (A)</b>	<b>411.09</b>	<b>-25.54</b>	<b>385.55</b>
<b>Liabilities</b>			
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
<b>Total liabilities (B)</b>	<b>574.42</b>	<b>45.52</b>	<b>619.94</b>
<b>Net deferred tax assets / (liabilities) (A) - (B)</b>	<b>-163.33</b>	<b>-71.06</b>	<b>-234.39</b>

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 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008	2008-2009	2007-2008
	Standard (considered good)	5,551.99	5,946.10	-	-	135.00
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		
<b>Total</b>	<b>6,861.89</b>	<b>7,347.45</b>	<b>466.01</b>	<b>413.85</b>	<b>135.00</b>	<b>235.00</b>

(2) **NON HOUSING FINANCE BUSINESS:**

**Loans:**

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008	2008-2009	2007-2008
	Standard (considered good)	14,759.09	13,807.38	59.04	55.24	45.00
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		
<b>Total</b>	<b>15,552.88</b>	<b>14,758.02</b>	<b>371.31</b>	<b>353.82</b>	<b>45.00</b>	<b>80.00</b>
<b>Grand Total (1) + (2)</b>	<b>22,414.77</b>	<b>22,105.47</b>	<b>837.32</b>	<b>767.67</b>	<b>180.00</b>	<b>315.00</b>

(3) **Investments:**

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2009	As at 31 <sup>st</sup> March 2008
	Equity Shares	4.97	4.97	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.23
Bonds	2,039.20	2,058.41	-	-
<b>Total</b>	<b>2,046.58</b>	<b>2,065.79</b>	<b>3.39</b>	<b>3.23</b>

\* 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)

Sl. No.	Director(s)	Status
		(Whole time Director) (from 29.12.2004)
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%		Total	
	Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.
<b>Investments</b>						
Balance as at 31.3.2008		2.0	0.13	0.26	0.013	<b>2.403</b>
Additions during the year		-	-	-	-	-
Balance as at 31.3.2009		2.0	0.13	0.26	0.013	<b>2.403</b>

(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
<b>Total</b>	<b>2.403</b>			

(b) **Proportionate Assets & Liabilities:**

(Rs. in crore)

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	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	-	0.04	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 Co.	NA	NA	NA	NA	NA	NA	NA	NA
Contingent liability for jointly controlled Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	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
incurred by HUDCO								
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.

**For Fiscal 2007-2008**

1) Contingent Liabilities not provided for #:

		(Rs. in crore)	
		2007-2008	2006-2007
A	Claims of Contractors not acknowledged as debts	20.64	18.55
	Counter claims of the Company	0.75	0.92
B	Brokerage claim for PDS	-	0.95
C	Demands from MCD towards property tax being contested by the Company	2.21	2.21
D	Demand of maintenance charges & reserve fund in respect of office premises.	0.22	0.21
E	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India.	30.87	30.09
F	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs. 202.24 crore (previous year Rs. 172.00 crore).	216.51	179.89
G	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	309.16	293.10
H	Estimated amount of commitments remaining to be executed on capital account	7.97	8.55
I	Liability in respect on un-reconciled balances of Banking Sector Loans {Refer Note 4 (b)}	0.18	0.60
J	The Company is also liable in respect of some pending legal cases and other matters	Amount unascertainable	Amount unascertainable

# 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. keeping in view that, amounts whenever ascertained / finalised shall be met out of AGP project surplus funds and as such there is no liability of the Company. {Refer Note 7}

- 2) Debentures / Bonds aggregating to Rs. 36.66 crore towards interest and principal (Previous Year Rs. 10.69 crore) were due and unclaimed as on 31<sup>st</sup> March 2008. An amount of Rs. 0.22 crore (excluding sub-judice amount of 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".
- 3) (a) As against the total FCNR (B) / FCTL loan of Rs. 1,003.77 crore (USD 249.88 million) outstanding as on 31.3.2008 (Previous Year Rs. 387.29 crore / USD 88.84 million), forward contracts have been taken for Rs. 59.90 crore (USD 13.74 million) and (Previous Year Rs. 59.90 crore / USD 13.74 million).
- (b) In respect of banking sector loans (Schedule- C & D – Secured & Unsecured loans) amounting to Rs. 7,419.87 crore (Previous Year Rs. 6,902.33 crore), confirmation of balances has been obtained from all the 38 banks (Previous Year 38 banks). Out of this, outstanding balance of Rs. 866.47 crore (Previous Year Rs. 424.27 crore) of 5 Banks (Previous Year 6 banks) have difference (due to debit by banks) of Rs. 0.18 crore (Previous Year Rs. 0.60 crore) and the amount is under reconciliation. Outstanding balance of Rs. 2,348.52 crore (Previous Year Rs. 2,530.56 crore) of 9 banks (Previous Year 10 banks) have difference (due to credit by banks) of Rs. 0.03 crore (Previous Year Rs. 0.43 crore) and the amount is under reconciliation. Till the matter is resolved the amount of Rs. 0.18 crore has been shown as Contingent Liability.
- 4) The secured and unsecured loans in Schedule-C and D include a sum of Rs. 3,750.34 crore (previous year Rs. 4,391.73 crore) towards repayments due within next 12 months (April 2008 to March 2009).
- 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. However, revised confirmation letters of outstanding balances at the year end have been issued to the borrowers after implementing the revised method of interest calculation on number of day's basis as on 31.3.2008. The revised confirmation is awaited / underway.

- (b) In some Loan Accounts, the appropriation of receipts till the financial year 2002-2003 was done based on the details provided by the agencies as against the then accounting practices. Necessary adjustments have been made on reconciliation except in respect of City Industrial Development Corporation and Tamil Nadu Housing Board where reconciliation is underway.
- (c) The Company has been following the practice of determining the Non Performing Assets (NPAs) taking the number of instalments due at the end of each year. This practice is consistently being followed over the last many years. The National Housing Bank (NHB), in their recent inspection report has stated about the requirement of maintaining the original date of default for purpose of determining the age of NPAs and consequential provisioning. To get the clarification in this regard, a reference has been made to National Housing Bank (NHB) vide letter No. HUDCO/LA/ Prudential Norms/PFC/2006-07/322/2007 dated 14.8.2008 and NHB has replied vide their letter No. NHB (ND)/DRS/Reg/4477/2008 dated 18.8.2008 that the matter is being examined and Company would be advised in this regard in due course. Pending receipt of clarification, the Company has continued to follow its existing practice of determining the age of default in line with the practice of earlier years.
- (d) During the year the Company has made an additional provision of Rs. 315 crore (previous year Rs. 175 crore) on loans which is over and above NHB Norms.
- (e) The Company has undertaken valuation of mortgaged properties in respect of doubtful assets (loans) once in every three years from the year 2004-2005, through independent Valuers. Valuation Reports of properties covering 100% (previous year 99.26%) of the value have been received. In 4 cases, (previous year 4 cases), an additional provision of Rs. 2.76 crore (previous year Rs. 2.38 crore) has been made to cover the shortfall.
- (f) 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<sup>th</sup> 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 as OA No.10 of 2006. 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.

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). The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2008 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 intreqnum period. The loan has been classified as NPA and

necessary provision has been made as per NHB norms. The cases are adjourned for filing of relevant documents and replies by the concerned parties.

- 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) (a) 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.
- (b) 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<sup>th</sup> 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 alongwith interest amounting to Rs. 17.99 crore is recoverable from MCD upto 31.3.2008, 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 4<sup>th</sup> 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 land owned by the Government of India.
- (c) 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 instalments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first instalment 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<sup>rd</sup> and final instalment by LHL. On 12.7.99, 50 percent of the amount deposited, by M/s. 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 alongwith 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.

Leela Hotels Ltd. pursuant to the Supreme Court above orders moved an application, I.A No.83 of 2008 before High Court of Delhi for Execution of Award as modified by Supreme Court of India and claimed a total balance amount of Rs. 163.76 crore from HUDCO. HUDCO has also filed application No. 178 / 2008 and paid a sum of Rs. 48.09 crore as per its calculation vide Cheque dated 9.5.2008 directly to Leela Hotels Ltd. as permitted by Hon'ble Court.

LHL has filed reply to HUDCO's application on 22.5.2008 and HUDCO would be filing reply to LHL's application shortly. The matter is now listed for final arguments on 10.9.2008.

- (d) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first instalment 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.
- (e) 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.
- (f) 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 instalments starting from September, 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L & D O 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. APIL has filed the reply. At present the case is pending before the Hon'ble High Court of Delhi for arguments and for filing of reply to the additional reply of APIL by HUDCO.

- 8) The pay revision of Public Sector executives and non executives was due w.e.f. 1.1.2007 and 1.8.2007 respectively. An adhoc cumulative provision of Rs. 8.21 crore (previous year Rs. 1.60 crore) has been made for pay revision on an estimated basis.
- 9) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:
- 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 31.3.2008 is greater than the obligation under the defined contribution plan.
  - 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.
  - On adoption of Accounting Standard -15 - Employees Benefits, the Productivity Linked Incentive is accounted for on accrual basis, consequently the profit for the year is lower by Rs. 2.31 crore.
  - On adoption of Accounting Standard -15 - The Company's obligation towards leave travel concession are actuarially determined and provided for as per AS-15. Consequently the profit for the year is lower by Rs. 9.86 crore.
  - 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	
<b>1. Component of Employer Expenses</b>				
a. Current Service Cost	0.88	0.60	0.25	2.92
b. Interest Cost	0.99	0.56	0.23	3.80
c. Expected return on plan assets	-0.78	-	-	-
d. Actuarial (Gain) / Loss	-0.03	0.17	0.27	-1.43
e. Total Expenditure/(Gain)	-	-	-	-
f. Recognised in the P&L A/c.	1.06	1.33	0.75	5.29
<b>2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2008</b>				
a. Present value of Obligation as at 31.3.2008	13.74	8.21	3.51	52.28
b. Fair Value of plan assets as at 31.3.2008	10.03	-	-	-
c. Assets / (Liability) recognised in Balance Sheet	-3.71	-8.21	-3.51	-52.28
<b>3. Change in present value of obligation as on 31.3.2008</b>				
Present Value of obligation as at 31.3.2007	12.28	7.02	2.81	47.53
Current service cost	0.88	0.60	0.25	2.92
Interest Cost	0.99	0.56	0.23	3.80
Actuarial (Gain) / Loss	-0.01	0.17	0.27	-1.43
Benefits Paid	-0.40	-0.14	-0.05	-0.54
Present Value of obligation as at 31.3.2008	13.74	8.21	3.51	52.28
<b>4. Change in the Fair Value of Plan Assets</b>				
Present value of plan assets as on 31.3.2007	8.36	-	-	-
Actual return on Plan Assets	0.80	-	-	-



	Gratuity	Leave Encashment		Post Retirement Medical Benefits
		EL	HPL	
Actual Company Contribution	1.27	-	-	-
Benefits Paid	-0.40	-	-	-
Fair Value of Plan Assets as at 31.3.2008	10.03	-	-	-
<b>5. Actuarial Assumptions</b>				
Discount Rate (per annum)	8.00	8.00	8.00	8.00
Expected rate of returns on assets (p.a.)	9.30	-	-	-
Future cost increase	5.50	5.50	5.50	5.50
<b>6. Details of the Plan Assets at cost as on 31.3.2008</b>				
Government of India Securities, Corporate Bonds etc.	-			
Gratuity Fund Managed by Insurer	100%			

- ❖ The estimates of future salary increase, pay revision increase, account inflation, seniority, promotion and other relevant factors considered in actuarial valuation.
- ❖ The previous year's figures have not been given because of adoption of AS-15 for the first time.

- 10) (a) 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.
- (b) NHB during the year has issued a direction on creation of a floating charge on the statutory liquid assets maintained in terms of Sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987, by a mechanism of a "Trust Deed" in terms of Paragraph 14A of the Housing Finance Companies (NHB) Directions, 2001. The trustees have since been appointed and the trust deed is being executed shortly.
- 11) Income Tax as applicable in respect of Interest accrued on bonds / debentures 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) In compliance to the opinion of the expert advisory committee of the Institute of Chartered Accountants of India (ICAI) in terms of Accounting Standard AS-22 the Company created Deferred Tax Liability (DTL) on Special Reserve under section 36(1)(viii) of Income Tax Act during the year 2004-2005 for the first time. Accordingly in terms of the Transitional Provisions of this AS, out of accumulated DTL of Rs. 315.21 crore for the period up to financial year 2003-2004, Rs. 267.53 crore were charged to General Reserve and Rs. 47.68 crore were charged to Profit and Loss Account in the accounts for 2004-2005. The net deferred tax provision from financial year 2004-2005 onwards is being charged to the Profit & Loss Account of that year. Further as per subsequent opinion of ICAI, out of aforesaid Rs. 267.53 crore, Rs. 136.76 crore only were to be charged to General Reserve and balance Rs. 130.77 crore were to be accounted for by crediting General Reserve and debiting Profit & Loss Account with a disclosure as a prior period item during the year of implementation i.e. 2004-2005. Out of aforesaid Rs. 130.77 crore, the net shortfall now is Rs. 120.97 crore after adjusting Rs. 9.80 crore towards excess DTL created in previous year on excess Special Reserve where Income Tax assessments are complete. One of the PSUs has represented to the expert advisory committee of ICAI against above opinion covering HUDCO's case as well.

The Institute in its letter dated 4.4.2007 issued to on of the PSUs has stated that the Accounting Standard Board examined AS 22, Accounting for Taxes on Income, in the light of the opinion of the Expert Advisory Committee. It is further stated that "the Board decided to take up the revision of the standard on the lines of the corresponding IAS, namely, IAS 12, Income taxes, as a part of its convergence with IFRS project. It was argued that since IAS 12 is based on the 'balance sheet approach' as against 'income statement approach' on which the existing AS 22 is based, the problem being encountered by the Company may not arise". 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 & Loss Account and crediting the reserves by Rs. 120.97 crore has not been carried out.

- 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-cancellable 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) The Company has constituted Audit Committee in compliance of section 292A of the Companies Act, 1956 and DPE guidelines on Corporate Governance. During the financial year 2007-2008, the constitution of the audit Committee was not in accordance with the provisions of law, on account of non-availability of sufficient number of part-time non-official directors. But after the appointment of the part-time non-official directors by the President of India in December, 2007, the Audit Committee has been reconstituted and the same is in accordance with the provisions of law.

18) **Details of Expenditure / Earnings in foreign currency :**

Particulars	(Rs. in crore)	
	2007-2008	2006-2007
<b>Expenditure</b>		
a) Traveling & Entertainment	0.07	0.17
b) Others	0.02	0.02
c) Interest on foreign loan	13.56	12.15
<b>Earnings</b>		
a) Interest on foreign deposit	10.30	11.29

19) **Earnings Per Share:**

Particulars	Year ended	Year ended
	31.3.2008	31.3.2007
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	373.73	308.38
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)	186.69	154.04

20) **Deferred Tax**

The deferred tax Assets / Liabilities as on 31.3.2008 comprise of the following:-

Particulars	(Rs. in crore)			
	As at 31.3.2007	Charge / Credit during the year	Adjustments during the year due to AS-15	As at 31.3.2008
<b>Assets</b>				
Provision for investment	1.02	0.07	-	1.09
Provision for debtors	0.35	-	-	0.35
Provision on loans	295.30	72.69	-	367.99
Provision on Jabalpur Earthquake	1.70	-	-	1.70
Provision on Staff Loans	-	0.03	-	0.03
Provision on advances	0.25	-0.10	-	0.15
Provision for leave encashment	2.74	0.64	0.60	3.98
Provision for retirement benefit	9.05	1.61	7.11	17.77

Particulars	As at 31.3.2007	Charge / Credit during the year	Adjustments during the year due to AS-15	As at 31.3.2008
Provision for Welfare expenses	-	0.13	-	0.13
Provision for LTC	-	3.35	-	3.35
Provision for gratuity	-	1.62	1.33	2.95
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	7.38	0.63	-	8.01
Provision for Productivity Linked Incentive	-	0.79	-	0.79
Provision for Revision in Pay	0.55	2.25	-	2.80
<b>Total Assets (A)</b>	<b>318.34</b>	<b>83.71</b>	<b>9.04</b>	<b>411.09</b>
<b>Liabilities</b>				
Miscellaneous exp. yet to be written off	11.99	-2.47	-	9.52
Depreciation	4.85	0.33	-	5.18
Special Reserve u/s.36(1)(viii) of Income Tax Act	507.41	52.31	-	559.72
<b>Total liabilities (B)</b>	<b>524.25</b>	<b>50.17</b>	<b>-</b>	<b>574.42</b>
<b>Net deferred tax assets / (liabilities) (A) - (B)</b>	<b>-205.91</b>	<b>33.54</b>	<b>9.04</b>	<b>-163.33</b>

- 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:**

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007	2007-2008	2006-2007
Standard (considered good)	5,946.09	5,927.36	-	-	235.00	100.00
Sub-standard Assets	46.10	1,126.08	4.61	114.30		
Doubtful Assets	1,320.60	545.54	374.59	231.91		
Loss Assets	34.65	35.37	34.65	35.37		
<b>Total</b>	<b>7,347.44</b>	<b>7,634.35</b>	<b>413.85</b>	<b>381.58</b>	<b>235.00</b>	<b>100.00</b>

**(2) NON HOUSING FINANCE BUSINESS:**

**Loans:**

Assets Classification	(Rs. in crore)					
	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007	2007-2008	2006-2007
Standard (considered good)	13,807.38	13,272.53	55.24	13.27	80.00	
Sub-standard Assets	312.10	283.35	31.21	28.34		75.00
Doubtful Assets	632.00	699.69	260.83	264.31		
Loss Assets	6.54	6.30	6.54	6.30		
<b>Total</b>	<b>14,758.02</b>	<b>14,261.87</b>	<b>353.82</b>	<b>312.22</b>	<b>80.00</b>	<b>75.00</b>

**(3) Investments:**

Particulars	(Rs. in crore)			
	Principal outstanding		Provision As per Norms	
	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Equity Shares	4.97	4.97	3.00	3.01
Equity Shares - Joint Venture	2.41	2.39	0.23	-
Bonds	2,058.41	2,446.15	-	-
<b>Total</b>	<b>2,065.79</b>	<b>2,453.51</b>	<b>3.23</b>	<b>3.01</b>

\* The cumulative provision as on 31.3.2007 is inclusive of provision on KFW Loan and the cumulative provision as on 31.3.2008 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**

Sl. No.	Directors	Status
1.	Shri Ranjit Issar (from 30.09.2006 to 14.05.2007)*	Chairman & Managing Director
2.	Dr. HS Anand, (from 14.05.2007 to 06.06.2007)	Part Time Official Director and Additional Charge of the post of Chairman & Managing Director
3.	Shri Raghubir Singh (from 5.12.2006 to 18.05.2007)	Part Time Official Director
4.	Shri KL Dhingra (from 24.09.2007)	Chairman & Managing Director
5.	Shri SK Singh (from 06.06.2007)	Part Time Official Director
6.	Dr. RK Vats (from 18.05.2007)	Part Time Official Director
7.	Shri Rajpal Singh Solanki (from 08.12.2005)	Part Time Non Official Director
8.	Shri Dinesh Mahajan (from 26.12.2007)	Part Time Non Official Director
9.	Shri Ishwar Singh (from 26.12.2007 to 14.03.2008)	Part Time Non Official Director
10.	Shri T Prabakaran (from 29.12.2004)	Whole Time Director (Director Finance)
11.	Shri SK Tripathi (from 14.11.2006)	Whole Time Director (Corporate Planning)

\* Joined as Part Time Official Director on 29.09.2006

(c) **Transactions with Joint Ventures:**

(Rs. in crore)

Nature of Transactions	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.	Total
<b>Investments</b>					
Balance as at 31.3.2007	2.00	0.13	0.26	-	<b>2.39</b>
Additions during the year				<b>0.013</b>	<b>0.013</b>
Balance as at 31.3.2008	2.00	0.13	0.26	<b>0.013</b>	<b>2.403</b>

(c) **Transactions with Key Management Personnel:**

(Rs. In crore)								
Nature of Transactions	Sh. Dinesh Mahajan	Sh. Ishwar Singh	Sh. R. S. Solanki	Sh. K. L. Dhingra	Total	Dr. P.S. Rana	Sh. R. S. Solanki	Total
2007-2008					2006-2007			
Repayment of Staff loans and Inerrest	-	-	-	-	-	0.07	-	0.07
Sitting fees	-	-	-	-	0.01	-	-	-

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.	2.00	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.13	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.26	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	<b>0.01</b>	India	26%	Jointly controlled entity
<b>Total</b>	<b>2.40</b>			

(b) **Proportionate Assets & Liabilities:**

(Rs. in crore)								
Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.		Signa Infrastructure India Ltd.	
	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007	Un audited as at 31.3.2008	Audited as at 31.3.2007
Share of Assets	2.34	2.41	5.97	0.17	0.30	0.26	0.11	NA
Share of Liabilities	0.34	0.41	5.84	0.04	0.04	-	0.09	
Share of Income	0.75	0.65	-	-	0.01	0.01	0.13	
Share of Expenses	0.71	0.65	0.04	0.05	0.08	0.06	0.12	
HUDCO's share in contingent liability of JV Co.	NA	NA	NA	NA	NA	NA	NA	
Contingent liability for jointly controlled Company incurred by HUDCO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Capital Commitment	Nil	Nil	Nil	Nil	Nil	Nil	0.25	

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.

**RELATED PARTIES DISCLOSURES :****(a) Name of Joint Ventures**

S. No.	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
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**

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Name of Directors	Status				
Shri V P Baligar	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 upto 07.04.2010)	Chairman & Managing Director (Whole time Director) (from 24.09.2007)	Chairman & Managing 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)	Director (Finance) (Whole time Director) (from 29.12.2004)	Director (Finance) (Whole time Director) (from 29.12.2004)	Whole time (Director Finance) (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)	Whole Time Director (Corporate Planning) (from 14.11.2006)
Shri Ranjit Issar	-	-	-	-	Chairman & Managing Director (from 30.09.2006 to 14.05.2007)
Dr. HS Anand	-	-	-	-	Part Time Official Director and Additional Charge of the post of Chairman & Managing Director (from 14.05.2007 to 06.06.2007)
Shri Raghubir Singh	-	-	-	-	Part Time Official

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Name of Directors	Status				
					Director (from 5.12.2006 to 18.05.2007)
Shri SK Singh	-	-	-	-	Part Time Official Director (from 06.06.2007)
Dr. RK Vats	-	-	-	-	Part Time Official Director (from 18.05.2007)
Shri Rajpal Singh Solanki	-	-	-	-	Part Time Non Official Director (from 08.12.2005)
Shri Dinesh Mahajan	-	-	-	-	Part Time Non Official Director (from 26.12.2007)
Shri Ishwar Singh	-	-	-	-	Part Time Non Official Director (from 26.12.2007 to 14.03.2008)
Dr. P S Rana	-	-	-	-	-
Shri Pankaj Jain	-	-	-	-	-
Smt. Neena Garg	-	-	-	-	-

(c) **Transactions with Joint Ventures :**

(Rs. in crore)									
S. No.	Name of Joint Venture	Nature of Transactions	(Proportion of ownership)	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	
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%	0.01	0.01	0.01	0.01	0.01	

(d) **Transactions with Key Management Personnel:**

(Rs. in crore)						
		2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<b>Sh. K. L. Dhingra</b>						
Repayment of Staff loans and Interest		-	0.01	-	-	-

## Annexure VII

## Statement of Accounting Ratios

PARTICULARS	2012	2011	2010	2009	2008
Earning per share (Basic/Diluted) (Rs.) (in crores)	314.87	274.75	247.42	200.30	186.69
Return on net worth (%)	10.53	9.96	9.72	8.63	8.98
Net asset value per equity share (Rs.) (in crores)	2,991.60	2,757.87	2,546.13	2,321.52	2,079.36
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	3.33	2.87	3.04	4.14	4.54
Notes:					
<b>The ratios have been computed as below:</b>					
Earning per Share (Rs.)	=	Profit after tax / Number of equity shares at the end of the year. (All the shares are held by Government of India 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.			
Net Worth	=	Paid up Share Capital + Reserves & Surplus – Miscellaneous expenditure to the extent not written off			
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.			
Debt	=	Long term borrowings + Short term borrowings + Current Maturities of Long term debt + Cash Credit			



**Annexure VIII****Statement of Dividend****(₹ in crore)**

<b>PARTICULARS</b>	<b>As at March 31,</b>				
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Equity Share Capital (Issued, Subscribed & Paid up) face value (₹/Share)	1000	1000	1000	1000	1000
Interim Dividend	-	-	-	-	26.35
Final Dividend	140.01	110.02	59.08	45.24	41.76
Total Dividend	140.01	110.02	59.08	45.24	68.11
Dividend Rate (%)	6.99	5.50	2.95	2.26	3.40

## STATEMENT OF TAX SHELTER

Description	(Rs. In Crores)				
	Year ended 31.03.2012	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008
<b>Profit before Tax as per books of accounts (A)</b> (before prior period adjustments)	<b>939.90</b>	<b>820.82</b>	<b>783.51</b>	<b>769.38</b>	<b>553.54</b>
Income Tax Rate	32.45%	33.22%	33.99%	33.99%	33.99%
Tax at above rate	<b>304.95</b>	<b>272.66</b>	<b>266.32</b>	<b>261.51</b>	<b>188.15</b>
<b>Adjustments:</b>					
<b>Permanent Differences :</b>					
Profit / Loss on sale of Fixed Assets	(0.03)	(0.01)	(0.03)	(0.04)	(0.03)
Donations as per books of accounts	0.01	-	-	-	0.00
Wealth Tax	0.15	0.15	0.15	0.15	0.12
Prior Period Adjustments	0.07	0.29	0.87	6.25	(0.29)
u/s10(23G)	-	-	-	-	0.00
Exempted Income u/s 10(34) Dividend Income	-	-	-	-	0.00
Reserve for bad & doubtful debts u/s 36(1)(vii)	(39.99)	(35.38)	(41.53)	(28.79)	(32.47)
Special Reserves u/s 36(1)(viii)	-	-	-	-	0.00
Items to be considered under head House Property	(13.46)	(11.41)	(9.40)	(9.24)	(7.59)
Profit on sale of investment	-	-	-	-	0.00
Disallowance u/s 40A	0.04	0.11	0.07	0.05	0.05
Other Income (Special Reserve claimed & written back due to Prepayment of loans)	-	-	-	-	0.00
Interest u/s 234 B & C	3.00	0.21	1.29	1.69	4.73
Perquisite Tax paid by HUDCO	0.21	-	-	-	0.00
HUDCO Recreation Club Expenditure	0.00	-	-	-	0.00
Provision of CSR	19.87	-	-	-	0.00
<b>Total Permanent Difference (B)</b>	<b>(30.13)</b>	<b>(46.05)</b>	<b>(48.58)</b>	<b>(29.94)</b>	<b>(35.48)</b>
<b>Timing Difference:</b>					
Difference between depreciation as per Companies Act & depreciation as per Income Tax Act, 1961	(0.92)	5.80	(0.01)	(0.37)	(0.98)
Special Reserves u/s 36(1)(viii)	(186.98)	(170.29)	(192.94)	(139.84)	(152.11)
Provision for PF Contribution	(5.21)	13.94	-	-	0.00

<b>Description</b>	<b>Year ended 31.03.2012</b>	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>	<b>Year ended 31.03.2008</b>
Provision for Debtors	6.71	1.42	0.11	(0.72)	0.00
Provision for pay revision	-	-	-	-	0.00
Provision on Loans	37.18	27.80	210.67	(65.35)	213.68
Provision for retirement benefits	8.67	8.72	(2.11)	4.28	4.75
Provision for Staff Loan	-	-	(0.00)	(0.00)	0.00
Provision for gratuity	-	-	(4.72)	(3.98)	4.77
Provision for welfare expenses	0.02	0.00	(0.15)	0.01	0.37
Provision for Investments	-	-	-	0.16	0.22
Disallowance under section 43 B	(11.77)	5.46	12.56	0.15	5.83
Provision for LTC	2.28	(3.20)	3.79	-	9.86
Financial Charges written off	-	-	20.40	7.61	7.26
<b>Total Timing Differences (C)</b>	<b>(150.02)</b>	<b>(110.35)</b>	<b>47.58</b>	<b>(198.03)</b>	<b>93.64</b>
<b>Taxable Rental Income(D)</b>	<b>9.42</b>	<b>7.84</b>	<b>6.58</b>	<b>6.47</b>	<b>5.31</b>
Long Term Capital Gain	-	-	-	-	-
Short Term Capital Gain u/s 111A	-	-	-	-	-
Short Term Capital Gain other than u/s 111A	-	-	-	-	-
<b>Total Capital gain (E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Donations u/s 80G (F)</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Taxable Profit (A)+(B)+( C) + (D) +(E) - (F)</b>	<b>769.17</b>	<b>672.27</b>	<b>789.10</b>	<b>547.88</b>	<b>617.01</b>
Tax on Income Other than Capital Gain	249.56	223.31	268.21	186.23	209.72
Tax on Capital Gain	-	-	-	-	-
<b>Total Tax Liability</b>	<b>249.56</b>	<b>223.31</b>	<b>268.21</b>	<b>186.23</b>	<b>209.72</b>
Interest u/s 234B/ 234C	3.00	0.21	1.29	1.69	4.73
<b>Total Tax Liability</b>	<b>252.56</b>	<b>223.52</b>	<b>269.50</b>	<b>187.92</b>	<b>214.45</b>

## Capitalization Statement

PARTICULARS	(₹ in crore)	
	Pre-issue (As on March 31, 2012)	Post issue*
<b>Debts</b>		
Short term debt	6243.50	6243.50
Long term debt	13722.99	<b>18722.99</b>
<b>Total Debt</b>	<b>19966.49</b>	<b>24966.49</b>
<b>Shareholders Funds</b>		
Share Capital	2001.90	2001.90
Reserves & Surplus	3986.99	3986.99
<b>Total Shareholder's Fund</b>	<b>5988.89</b>	<b>5988.89</b>
<b>Long Term Debt / Equity</b>	<b>2.29</b>	<b>3.13</b>
<b>Total Debt / Equity</b>	<b>3.33</b>	<b>4.17</b>
<i>*Assuming that entire amount allocated via. notification No. 46/2012 F. No. 178/60/2012-(ITA.1) dated November 6, 2012 issued by the Central Board of Direct Taxes being Rs. 5,000 crore is fully subscribed and there is no change in our shareholders' funds and short term debt.</i>		
<b>Notes:</b>		
<b>1. Short term debts represents debts which are due within twelve months from March 31, 2012, ie, Short term borrowings, Current Maturities of Long Term Debt and Cash Credit</b>		
<b>2. Long term debts represents debt other than short term debt, as defined above.</b>		
<b>3. Long term debt/Equity</b>	<b>Long Term Debt</b>	
	<b>Shareholders' Funds</b>	
<b>4. Total debt/Equity</b>	<b>Total Debt</b>	
	<b>Shareholders' Funds</b>	

## STATEMENT OF CONTINGENT LIABILITIES

		(Rs. in crore)				
		2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
A	Claims of Contractors not acknowledged as debts	5.69	9.16	10.32	8.93	20.64
	Counter claims of the Company	0.63	0.88	1.06	0.75	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	28.99	31.50	30.87
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs. 245.37 crore in 2011-2012, Rs.229.67 crore in 2010-2011, Rs. 223.88 crore in year 2009-2010, Rs. 217.99 in year 2008-2009 and Rs. 202.24 crore in year 2007-2008 under protest.	272.96	276.29	256.31	233.31	216.51
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 2.49 crore in 2011-2012, Rs. 0.25 crore in 2010-2011, Rs. 0.04 crore in 2009-2010 and Rs. 0.003 crore in 2008-2009 under protest	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	0.39	142.51	309.22	309.16
F	Estimated amount of commitments remaining to be executed on capital account	31.51	18.13	15.89	2.08	7.97
G	Demand of maintenance charges & reserve fund in respect of office premises.	1.66	-	-	-	0.22
H	Demands from MCD towards property tax being contested by the Company	-	-	-	-	2.21
I	Brokerage claim for PDS	-	-	-	-	-
J	Liability in respect on un-reconciled balances of Banking Sector Loans	-	-	-	-	0.18
K	The Company is also liable in respect of some pending legal cases and other matters	-	-	-	-	Amount unascertainable

Note: 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. keeping in view that, amounts whenever ascertained / finalised shall be met out of AGP project surplus funds and as such there is no liability of the Company.

## ANNEXURE B: CREDIT RATING AND RATIONALE



## CREDIT ANALYSIS & RESEARCH LTD.

B-47, 3rd Floor, Inner Circle, Connaught Place  
New Delhi-110001, Ph.: 45333200, 23318701  
23716199, Fax: 45333238  
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

November 23, 2012

Dear Sir,

### Credit rating for the proposed bond issue

Please refer to your request for the revalidation of long term rating of proposed Secured, redeemable, non-convertible, non-cumulative Tax-free bond issue having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act, 1961, as amended, in the nature of debentures for a tenure of 10 years and 15 years aggregating to Rs. 5,000 crore. This borrowing is within the overall bond programme of Rs. 8000.0 crore for the financial year 2012-13.

It has been decided to reaffirm the 'CARE AA+' [Double A Plus] rating to the proposed Secured, redeemable, non-convertible, non-cumulative Tax-free bond issue having tax benefits under section 10 (15) (iv) (h) of the Income Tax Act, 1961, as amended, in the nature of debentures for a tenure of 10 years and 15 years aggregating to Rs. 5,000 crore. 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 are given in **Annexure I**.

2. Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
3. Please inform us the details of the issue [date/s of issue, name of investor/s, amounts issued, interest rate/s, date of maturity, etc] as soon as it is placed.



4. 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.
5. 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 or clarifications as may be required by CARE. CARE shall also be entitled to publicise/disseminate such suspension/withdrawal/revision in the assigned ratings in any manner considered appropriate by it, without reference to you.
6. Users of this rating may kindly refer our website [www.careratings.com](http://www.careratings.com) for latest update on the outstanding rating.
7. CARE ratings are not recommendations to buy, sell or hold any security.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

**Jasmeen Kaur**  
**[Senior Manager]**

Yours faithfully,

**Preeti Agarwal**  
**[Dy. Manager]**

**Disclaimer**

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**Annexure I**

**A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments –**

Symbols	Rating Definition
<b>CARE AAA</b>	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.
<b>CARE AA</b>	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.
<b>CARE A</b>	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
<b>CARE BBB</b>	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
<b>CARE BB</b>	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
<b>CARE B</b>	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
<b>CARE C</b>	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
<b>CARE D</b>	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.*



Annexure I

Rationale

**Housing & Urban Development Corporation Limited (HUDCO)**

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	9500 (enhanced from Rs. 8000 crore)	CARE AA+ (Double A Plus)	Reaffirmed
Short-term Bank Facilities	500	CARE A1+ (A One Plus)	Reaffirmed
<b>Total Facilities</b>	<b>10000</b>		
<b>Instruments</b>			
Long term bonds	8001.3	CARE AA+ (Double A Plus)	Reaffirmed
Long term bonds	1036.4	CARE AAA (SO)* [Triple A (Structured Obligation)]	Reaffirmed
Fixed deposit programme	3000.0	CARE AA+ (Double A Plus)	Reaffirmed
Short term debt programme	500.0	CARE A1+ (A One Plus)	Reaffirmed
Long term bond programme (FY2001-2002)	1208.25	-	Withdrawn <sup>^</sup>
Long term bond programme (FY2004-2005)	160.7	-	Withdrawn <sup>^</sup>

\* based on credit enhancement in the form of 'Letter of Comfort' from Ministry of Urban Employment and Poverty Alleviation (MOUE&PA), Government of India.

<sup>^</sup> CARE has withdrawn the rating(s) assigned to the long term bond programme for FY2001-02 and FY2004-05 of HUDCO, as the company has redeemed the said bonds in full and there is no amount outstanding against the same.

**Rating Rationale**

The ratings continue to factor in HUDCO's parentage (100% ownership by Government of India (GoI)), the implicit GoI support given its Mini-Ratna status and recent notification allowing it to raise low cost funds via tax free bonds. The ratings also factor in HUDCO's healthy capitalization levels, comfortable liquidity profile and diversified resource profile.

The ratings are, however, constrained by dilution of the strategic role played by HUDCO due to multiplicity of schemes having similar mandate as well as limited subsidized funding avenues, significant exposure in vulnerable sectors like energy and real estate and moderate asset quality.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

*HUDCO's ability to achieve and sustain 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 & core urban infrastructure (UI) development in the country. The company 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 fully secured by mortgages. Presently, HUDCO operates through a corporate office along with twenty regional offices and ten development offices.

In FY12, the GoI allocated Rs. 5000 crore to HUDCO to be raised as low cost tax free bonds and made a further allocation of Rs. 5000 crore to be raised in FY13.

### **Credit Risk Assessment**

#### ***Ownership and Support by Government of India***

HUDCO is a wholly owned Government of India (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. 5000 crore to HUDCO to raise as low cost tax free bonds and made a further allocation of Rs. 5000 crore to be raised in FY13.

#### ***Healthy Capitalization Levels & Comfortable Liquidity Profile***

HUDCO's capital adequacy level continues to remain well above the NHB norms of 12%, at 31.37% at the end of FY12 (FY11: 39.81%). However, it had declined over FY11 mainly on account of growth in the business which was funded from debt.

As per the ALM statement of March 31, 2012, HUDCO's liquidity profile is comfortable with positive cumulative mismatches in all the time buckets. Besides, HUDCO has a seven year refinance facility from NHB, line of credit to the extent of Rs. 1660 crore from various nationalized banks and liquid investments of Rs. 2915 cr as on March 31, 2012 to plug temporary mismatches if any. The same adds strength to the ALM profile of HUDCO.



### ***Diversified Resource Profile***

Since, the last few years following the withdrawal of funding concessions from government, bank borrowings had emerged as an important funding source for HUDCO. The company has access to funds from a variety of sources like Public Deposits, Bonds (Tax free & Taxable), foreign currency borrowings and refinance lines from NHB. As on March 31, 2012, out of total borrowing of Rs. 19964 cr, tax free bonds constituted 25%, taxable bonds: 27%, bank loans: 40%, public deposits: 6%, NHB refinance: 1% and others: 2%.

During FY12, HUDCO raised additional resources amounting to Rs.9372 crore at an incremental cost of 9.12% (Rs. 4807 crore were raised in FY11 at an incremental cost of 9.03%). The funds were raised mainly through low cost tax free bonds (Rs. 5000 cr which is 53% of the total funds raised). This would help the company in bringing down the average cost of borrowing which had gone up owing the rising funding cost on bank loans.

### ***Dilution of Strategic Role played by HUDCO***

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 decline in disbursements by HUDCO towards such sectors in the last two years.

Over the past 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 has been declining over the years (from 48% as on March 31, 2009 to 36% as on March 31, 2012) whereas exposure in energy and real estate sector has registered an increasing trend (from 51% as on March 31, 2010 to 53% as on March 31, 2012).

However, with increasing Government focus on infrastructure development, the demand has substantially increased in core urban infrastructure and social housing sector. Further, 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.

### ***Improved financial position in FY12***

Over the years, HUDCO's business volumes have witnessed a volatile trend. After registering a decline of 23% in disbursements in FY10 owing to lower demand from State Government in housing and urban infrastructure segment, company had reported growth of 65% in FY11 and 35% in FY12. Further, the total outstanding loans portfolio registered a decline of 11% at the end of FY10 and muted growth of 5.1% at the end of FY11. However, at the end of FY12, company had registered a growth of 13% in its loan portfolio. As on March 31, 2012, the loan portfolio (net of provisions) stood at Rs.22,516 crore [P.Y.: Rs.19,989 crore].

The total income after reporting a decline of 7% in FY10 and 10% in FY11 grew by 21% to Rs. 2767 crore in FY12. The growth in the total income in FY12 was mainly on account of growth in business marked by increased disbursements (35% increase over FY11). Net Interest Income (NII) had grown by 13% in FY12 (declined by 4.5% in FY11). It is expected to further improve with reduction in incremental cost of funds backed by increased use of low cost tax free bonds for fund raising purpose.

### ***Moderate Asset Quality***

The asset quality of HUDCO continues to remain moderate. The Gross NPA had increased from Rs. 1228 cr as on March 31, 2011 to Rs. 1517 cr as on March 31, 2012. The increase was mainly due to large exposure (of Rs. 362 cr) on two vulnerable projects which slipped into NPA category during FY12. HUDCO's Non Government portfolio, which accounted for 23% of total book, continues to have high level of Gross NPAs to Total Non Government portfolio ratio of 20% as on March 31, 2012 (13% as on March 31, 2011). This is on account of poor asset quality in the real estate and power sector. In case of the Government portfolio which accounted for 77% of total loan book, Gross NPAs to Government portfolio ratio stood at 2% as on March 31, 2012 (3% as on March 31, 2011). Considering high risk involved in lending to private players in power and real estate sector, the company has plans to reduce exposure in such segments while concentrating more on social housing and core urban infrastructure sectors. Further, the prime focus would be on Government backed credit exposures only.

The proportion of assets in standard category stood at 93.62% as on March 31, 2012 [P.Y.: 94.21%]. The company has been making adhoc provisions (excess provisions over and above NHB provisions) over last few years as a prudent measure due to which there had been a substantial improvement in the Net NPA ratio (0.19% as on March 31, 2011). However, it had



deteriorated to 1.44% as on March 31, 2012 owing to significant addition in NPA in FY12. Also, company had appropriated the adhoc provisioning made during the earlier years towards additional provisional requirements (as per revised NHB norms) thereby reducing adhoc provision from Rs. 630 cr as on March 31, 2011 to Rs. 315 crore as on March 31, 2012. As a result, the company also reported lower overall provision cover of 77% as on March 31, 2012 (97% as on March 31, 2011).

### **Prospects**

*HUDCO has demonstrated good growth in FY12 in the credit asset leading to growth in revenue and profits, however, asset quality continues to remain a concern. Therefore, its ability to improve its asset quality amidst uncertain economic environment and improve its net interest margins considering availability of low cost funds and sustain its liquidity and adequacy position will be the key rating sensitivities going forward.*

### **Financial Performance**

Year ended March 31	(Rs. Crore)		
	2010	2011	2012
	A	A	A
<b>Total Income</b>	2,528	2,279	2,767
Operating Expenses	120	155	150
Interest and Financial Charges	1,390	1,273	1612
Net Interest Income	1,025	979	1,106
PBT	786	822	938
<b>PAT</b>	495	550	629
Fixed Assets (Net)	80	87	89
Investments	1,524	1,299	1,224
Loans Portfolio	19,027	19,989	22,516
<b>Total Assets</b>	21,930	22,669	27,200
Tangible Net worth	5,097	5,521	6,150
Total borrowings	15,520	15,779	19,964
<b>Key Ratios</b>			
PAT Margin (%)	19.59	24.14	22.74
Interest Income/Avg. Loans (%)	10.78	10.43	11.64
Interest/Avg. Borrowed Funds (%)	7.99	8.13	9.02
Interest Spread (%)	2.79	2.29	2.62
Total Gearing (times)	3.04	2.86	3.25
ROTA (%)	2.17	2.48	2.48

Year ended March 31	2010	2011	2012
	A	A	A
Interest Coverage (times)	1.75	1.69	1.58
CAR (%)	39.19	39.81	31.37
Return on Avg. Total Assets (ROTA)	2.17	2.48	2.48
Gross NPA (%)	5.88	5.45	6.07
Net NPA (%)	0.52	0.19	1.44

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.

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**Housing and Urban Development Corporation Limited (HUDCO)  
HUDCO Bhawan  
India Habitat Centre,  
Lodhi Road,  
New Delhi 110 003**

November 23, 2012

Dear Sir,

**Re: Rating of HUDCO's tax-free bonds**

India Ratings (see definition below) communicates the following ratings:-

- Long-term Issuer rating: 'IND AA+'; Outlook Stable
- INR50 bn tax-free bonds (to be raised in FY13): 'IND AA+'

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.

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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.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact me at +91 22 4000 1700.

Sincerely,

India Ratings



Ananda Bhoumik  
Senior Director



Ehsan Syed  
Director



# Housing and Urban Development Corporation Ltd (HUDCO)

Update

## Ratings

Foreign Currency Long-Term IDR	BBB-
Short-Term IDR	F3
Support Rating	2
Support Rating Floor	BBB-
<b>National</b>	
Long-Term Rating	Fitch AA+(ind)
Senior unsecured	Fitch AA+(ind)
Short-Term Rating	FitchA1+(ind)
<b>Sovereign Risk</b>	
Long-Term Foreign-Currency IDR	BBB-
Long-Term Local-Currency IDR	BBB-

## Outlooks

Foreign-Currency Long-Term IDR	Negative
National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Negative
Sovereign Long-Term Local-Currency IDR	Negative

## Financial Data

Housing and Urban Development Corporation Ltd (HUDCO)

	31 Mar 12	31 Mar 11
Total assets (USDm)	5,374.0	5,092.3
Total assets (INRm)	274,934.8	227,369.3
Total equity (INRm)	59,888.9	55,209.7
Net income (INRm)	6,303.3	5,500.3
RoAA (%)	2.51	2.46
RoAE (%)	10.95	10.36
Fitch Core Capital (%)	31.37	39.81

## Key Rating Drivers

**Government Support:** Housing and Urban Development Corporation Ltd's (HUDCO) ratings reflect Fitch Ratings' expectation of a high probability of continued timely support from the government of India. This is due to state-owned HUDCO's role in funding low-cost urban housing and non-commercial urban infrastructure – including water supply, sanitation, and drainage – coupled with its strong operational links with government. The Ministry of Housing and Urban Poverty Alleviation administers HUDCO and appoints its executive chairman.

**Support Through Union Budget:** The government announced approval for HUDCO to raise INR50bn in tax-free bonds in both the FY12 and FY13 Union budgets. The tax-free issuance could amount to around 40% of HUDCO's total borrowings at financial year-end 2013 (FYE13, March 2013), and will be an important subsidised source of funding near-term growth.

**Policy Role Less Visible:** HUDCO's National Long-Term Rating is a notch lower than the highest on the National Rating scale. This is because its policy role, although increasing over the previous year, remains less visible than that of the 'Fitch AAA(ind)' rated policy institutions in India. This is evident from HUDCO's low or stagnant loan growth in its socially mandated sectors of low-cost housing and non-commercial urban infrastructure over the last few years.

Nevertheless, HUDCO's reported loan disbursements to the low-cost housing and non-commercial urban infrastructure sectors doubled in FY12. HUDCO plans to achieve significant loan portfolio growth in these sectors in the near- to medium term, aided by further subsidised funding that it should receive during FY13. HUDCO's role as a policy institution could therefore become more prominent.

**Comfortable Capitalisation and Liquidity:** HUDCO's capitalisation (Fitch Core Capital ratio at end-March 2012: 31.4%) is comfortable for its current scale of business. The asset/liability maturity profile is matched, and liquidity is supported by cash and cash equivalents of INR25bn (equivalent to 36% of its one-year obligations) as of FYE12.

**Weak Asset Quality:** HUDCO's loan portfolio has concentrations; loans to the top 20 borrowers were equivalent to 47% of HUDCO's total loans at FYE12. This factor, coupled with the weak financial profiles of some of HUDCO's borrowers, results in a high reported gross NPL ratio (FYE12: 6.2%). However, the company's close operational links with government has helped prevent any loss in its state government portfolio.

## What Could Trigger a Rating Action

**Increased Explicit Government Support:** HUDCO's Long-Term Foreign Currency IDR (LT FC IDR) reflects the 100% state shareholding and strong operational links. An increase in explicit funding support from government, due to greater visibility in HUDCO's role as a policy institution, could lead to the National Long-Term Rating being upgraded to 'Fitch AAA(ind)'.

A downgrade in HUDCO's LT FC IDR and National Long-Term rating could arise from any dilution in HUDCO's social mandate leading to reduced expectation of government support. A downgrade of the sovereign IDR would also lead to a downgrade of HUDCO's LT FC IDR.

## Analysts

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Housing and Urban Development Corporation Ltd (HUDCO)  
Income Statement

	31 Mar 2012			31 Mar 2011		31 Mar 2010		31 Mar 2009	
	Year End USDm	Year End INRm	As % of Earning Assets	Year End INRm	As % of Earning Assets	Year End INRm	As % of Earning Assets	Year End INRm	As % of Earning Assets
1. Interest Income on Loans	483.7	24,747.6	9.06	20,342.1	9.15	21,801.3	10.33	24,415.2	10.19
2. Other Interest Income	52.2	2,672.7	0.98	2,180.2	0.98	2,346.9	1.11	2,335.5	0.98
3. Dividend Income	0.1	2.7	0.00	2.1	0.00	0.1	0.00	0.1	0.00
<b>4. Gross Interest and Dividend Income</b>	<b>536.0</b>	<b>27,423.0</b>	<b>10.04</b>	<b>22,524.4</b>	<b>10.13</b>	<b>24,148.3</b>	<b>11.44</b>	<b>26,750.8</b>	<b>11.17</b>
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Interest Expense	310.6	15,888.0	5.82	12,636.6	5.68	14,124.7	6.69	16,561.6	6.92
<b>7. Total Interest Expense</b>	<b>310.6</b>	<b>15,888.0</b>	<b>5.82</b>	<b>12,636.6</b>	<b>5.68</b>	<b>14,124.7</b>	<b>6.69</b>	<b>16,561.6</b>	<b>6.92</b>
<b>8. Net Interest Income</b>	<b>225.5</b>	<b>11,535.0</b>	<b>4.22</b>	<b>9,887.8</b>	<b>4.45</b>	<b>10,023.6</b>	<b>4.75</b>	<b>10,189.2</b>	<b>4.25</b>
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	-7.9	-402.8	-0.15	-96.1	-0.04	751.8	0.36	-2,462.9	-1.03
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	3.7	190.9	0.07	123.4	0.06	73.5	0.03	n.a.	-
14. Other Operating Income	3.4	172.4	0.06	138.1	0.06	318.5	0.15	380.9	0.16
<b>15. Total Non-Interest Operating Income</b>	<b>-0.8</b>	<b>-39.5</b>	<b>-0.01</b>	<b>165.4</b>	<b>0.07</b>	<b>1,143.8</b>	<b>0.54</b>	<b>-2,082.0</b>	<b>-0.87</b>
16. Personnel Expenses	21.6	1,105.2	0.40	1,144.5	0.51	924.8	0.44	757.5	0.32
17. Other Operating Expenses	10.8	552.4	0.20	408.2	0.18	276.4	0.13	287.9	0.12
<b>18. Total Non-Interest Expenses</b>	<b>32.4</b>	<b>1,657.6</b>	<b>0.61</b>	<b>1,552.7</b>	<b>0.70</b>	<b>1,201.2</b>	<b>0.57</b>	<b>1,045.4</b>	<b>0.44</b>
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>20. Pre-Impairment Operating Profit</b>	<b>192.3</b>	<b>9,837.9</b>	<b>3.60</b>	<b>8,500.5</b>	<b>3.82</b>	<b>9,966.2</b>	<b>4.72</b>	<b>7,061.8</b>	<b>2.95</b>
21. Loan Impairment Charge	8.6	438.9	0.16	292.3	0.13	2,108.0	1.00	-652.0	-0.27
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	0.0	0.00	1.6	0.00
<b>23. Operating Profit</b>	<b>183.7</b>	<b>9,399.0</b>	<b>3.44</b>	<b>8,208.2</b>	<b>3.69</b>	<b>7,858.2</b>	<b>3.72</b>	<b>7,712.2</b>	<b>3.22</b>
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	0.0	0.7	0.00	2.9	0.00	n.a.	-	-1,147.1	-0.48
<b>29. Pre-tax Profit</b>	<b>183.7</b>	<b>9,399.7</b>	<b>3.44</b>	<b>8,211.1</b>	<b>3.69</b>	<b>7,858.2</b>	<b>3.72</b>	<b>6,565.1</b>	<b>2.74</b>
30. Tax expense	60.5	3,096.4	1.13	2,710.8	1.22	2,905.1	1.38	2,555.2	1.07
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>32. Net Income</b>	<b>123.2</b>	<b>6,303.3</b>	<b>2.31</b>	<b>5,500.3</b>	<b>2.47</b>	<b>4,953.1</b>	<b>2.35</b>	<b>4,009.9</b>	<b>1.67</b>
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.	-
<b>37. Fitch Comprehensive Income</b>	<b>123.2</b>	<b>6,303.3</b>	<b>2.31</b>	<b>5,500.3</b>	<b>2.47</b>	<b>4,953.1</b>	<b>2.35</b>	<b>4,009.9</b>	<b>1.67</b>
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	123.2	6,303.3	2.31	5,500.3	2.47	4,953.1	2.35	4,009.9	1.67
40. Memo: Common Dividends Relating to the Period	29.3	1,500.0	0.55	1,278.7	0.58	688.9	0.33	529.3	0.22
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate USD1 = INR51.16000 USD1 = INR44.65000 USD1 = INR45.13500 USD1 = INR50.94500

Related Criteria

[Global Financial Institutions Rating Criteria \(August 2011\)](#)  
[National Ratings Criteria \(January 2011\)](#)

## Housing and Urban Development Corporation Ltd (HUDCO) Balance Sheet

	31 Mar 2012			31 Mar 2011			31 Mar 2010			31 Mar 2009		
	Year End USDm	Year End INRm	As % of Assets	Year End USDm	Year End INRm	As % of Assets	Year End USDm	Year End INRm	As % of Assets	Year End USDm	Year End INRm	As % of Assets
<b>Assets</b>												
<b>A. Loans</b>												
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.
2. Other Mortgage Loans	n.a.	n.a.	-	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.	-	n.a.	-	n.a.
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.
5. Other Loans	4,773.7	244,221.2	88.83	214,372.3	94.28	202,547.2	92.96	224,442.9	88.29			
6. Less: Reserves for Impaired Loans/ NPLs	252.7	12,929.7	4.70	12,557.8	5.52	12,279.9	5.60	10,173.2	4.00			
<b>7. Net Loans</b>	<b>4,520.9</b>	<b>231,291.5</b>	<b>84.13</b>	<b>201,814.5</b>	<b>88.76</b>	<b>190,267.3</b>	<b>86.76</b>	<b>214,269.7</b>	<b>84.29</b>			
<b>8. Gross Loans</b>	<b>4,773.7</b>	<b>244,221.2</b>	<b>88.83</b>	<b>214,372.3</b>	<b>94.28</b>	<b>202,547.2</b>	<b>92.96</b>	<b>224,442.9</b>	<b>88.29</b>			
9. Memo: Impaired Loans included above	296.8	15,182.5	5.52	12,276.0	5.40	12,339.2	5.63	21,036.9	8.29			
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
<b>B. Other Earning Assets</b>												
1. Loans and Advances to Banks	523.2	26,767.9	9.74	5,295.5	2.39	5,116.8	2.33	4,796.5	1.89			
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
3. Trading Securities and at Fair Value 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	239.2	12,239.8	4.45	12,989.8	5.71	15,239.8	6.95	20,431.9	8.04			
<b>9. Total Securities</b>	<b>239.2</b>	<b>12,239.8</b>	<b>4.45</b>	<b>12,989.8</b>	<b>5.71</b>	<b>15,239.8</b>	<b>6.95</b>	<b>20,431.9</b>	<b>8.04</b>			
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	54.0	2,762.6	1.00	2,238.8	0.98	433.3	0.20	n.a.	-			
<b>15. Total Earning Assets</b>	<b>5,337.4</b>	<b>273,061.2</b>	<b>99.32</b>	<b>222,338.6</b>	<b>97.79</b>	<b>211,057.2</b>	<b>96.24</b>	<b>239,498.1</b>	<b>94.21</b>			
<b>C. Non-Earning Assets</b>												
1. Cash and Due From Banks	20.0	1,021.1	0.37	1,866.5	0.82	2,441.8	1.11	5,727.4	2.25			
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	16.7	852.5	0.31	860.2	0.38	784.7	0.36	810.4	0.32			
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	2,240.0	0.99	2,886.2	1.22	4,132.2	1.63			
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	64.0	0.03	2,334.1	1.08	4,039.7	1.59			
<b>11. Total Assets</b>	<b>5,374.0</b>	<b>274,934.8</b>	<b>100.00</b>	<b>227,369.3</b>	<b>100.00</b>	<b>219,304.0</b>	<b>100.00</b>	<b>254,207.8</b>	<b>100.00</b>			
<b>Liabilities and Equity</b>												
<b>D. Interest-Bearing Liabilities</b>												
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	225.2	11,521.2	4.19	14,850.1	6.44	22,907.9	10.45	16,656.8	6.55			
<b>4. Total Customer Deposits</b>	<b>225.2</b>	<b>11,521.2</b>	<b>4.19</b>	<b>14,850.1</b>	<b>6.44</b>	<b>22,907.9</b>	<b>10.45</b>	<b>16,656.8</b>	<b>6.55</b>			
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	16.2	828.4	0.30	2,304.3	1.01	n.a.	-	n.a.	-			
<b>8. Total Deposits, Money Market and Short-term Funding</b>	<b>241.4</b>	<b>12,349.6</b>	<b>4.49</b>	<b>16,954.4</b>	<b>7.46</b>	<b>22,907.9</b>	<b>10.45</b>	<b>16,656.8</b>	<b>6.55</b>			
9. Senior Debt Maturing after 1 Year	2,551.8	130,551.1	47.48	98,919.2	39.23	127,296.9	58.05	170,836.4	67.20			
10. Subordinated Borrowing	0.0	0.0	0.00	5,000.0	2.20	5,000.0	2.28	5,000.0	1.97			
11. Other Funding	1,257.9	64,352.7	23.41	57,356.1	25.23	n.a.	-	n.a.	-			
<b>12. Total Long Term Funding</b>	<b>3,809.7</b>	<b>194,903.8</b>	<b>70.89</b>	<b>149,275.3</b>	<b>65.65</b>	<b>132,296.9</b>	<b>60.33</b>	<b>175,836.4</b>	<b>69.17</b>			
13. Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
<b>15. Total Funding</b>	<b>4,051.1</b>	<b>207,253.4</b>	<b>75.38</b>	<b>166,229.7</b>	<b>73.11</b>	<b>155,204.8</b>	<b>70.77</b>	<b>192,493.2</b>	<b>75.72</b>			
<b>E. Non-Interest-Bearing Liabilities</b>												
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	83.8	4,288.8	1.56	3,111.4	1.37	n.a.	-	n.a.	-			
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-			
5. Deferred Tax Liabilities	69.5	3,503.7	1.27	2,818.5	1.24	2,373.6	1.08	2,343.9	0.92			
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.	-	10,754.7	4.90	12,996.1	5.07			
<b>10. Total Liabilities</b>	<b>4,203.4</b>	<b>215,045.9</b>	<b>78.22</b>	<b>172,159.6</b>	<b>75.72</b>	<b>168,333.1</b>	<b>76.76</b>	<b>207,733.2</b>	<b>81.72</b>			
<b>F. Hybrid Capital</b>												
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.	-			
<b>G. Equity</b>												
1. Common Equity	1,170.6	59,888.9	21.78	55,209.7	24.28	50,970.9	23.24	46,474.6	18.28			
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.	-			
<b>6. Total Equity</b>	<b>1,170.6</b>	<b>59,888.9</b>	<b>21.78</b>	<b>55,209.7</b>	<b>24.28</b>	<b>50,970.9</b>	<b>23.24</b>	<b>46,474.6</b>	<b>18.28</b>			
<b>7. Total Liabilities and Equity</b>	<b>5,374.0</b>	<b>274,934.8</b>	<b>100.00</b>	<b>227,369.3</b>	<b>100.00</b>	<b>219,304.0</b>	<b>100.00</b>	<b>254,207.8</b>	<b>100.00</b>			
8. Memo: Fitch Core Capital	1,170.6	59,888.9	21.78	55,209.7	24.28	50,970.9	23.24	46,474.6	18.28			
9. Memo: Fitch Eligible Capital	1,170.6	59,888.9	21.78	55,209.7	24.28	50,970.9	23.24	46,474.6	18.28			

Exchange rate USD1 = INR51.16000 USD1 = INR44.65000 USD1 = INR45.13500 USD1 = INR50.94500

**Housing and Urban Development Corporation Ltd (HUDCO)**

**Summary Analytics**

	31 Mar 2012	31 Mar 2011	31 Mar 2010	31 Mar 2009
	Year End	Year End	Year End	Year End
<b>A. Interest Ratios</b>				
1. Interest Income on Loans/ Average Gross Loans	10.79	9.76	10.21	10.95
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	n.a.	n.a.	n.a.
3. Interest Income/ Average Earning Assets	11.07	10.39	10.72	11.28
4. Interest Expense/ Average Interest-bearing Liabilities	8.51	7.86	8.12	8.68
5. Net Interest Income/ Average Earning Assets	4.66	4.56	4.45	4.30
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	4.48	4.43	3.51	4.57
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	4.66	4.56	4.45	4.30
<b>B. Other Operating Profitability Ratios</b>				
1. Non-Interest Income/ Gross Revenues	-0.34	1.65	10.24	-25.68
2. Non-Interest Expense/ Gross Revenues	14.42	15.44	10.76	12.89
3. Non-Interest Expense/ Average Assets	0.66	0.70	0.51	0.42
4. Pre-impairment Op. Profit/ Average Equity	17.09	16.01	20.45	16.03
5. Pre-impairment Op. Profit/ Average Total Assets	3.92	3.81	4.21	2.82
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	4.46	3.44	21.15	-9.21
7. Operating Profit/ Average Equity	16.33	15.46	16.13	17.51
8. Operating Profit/ Average Total Assets	3.74	3.68	3.32	3.07
9. Taxes/ Pre-tax Profit	32.94	33.01	36.97	38.92
10. Pre-Impairment Operating Profit / Risk Weighted Assets	5.15	6.13	8.12	5.39
11. Operating Profit / Risk Weighted Assets	4.92	5.92	6.40	5.88
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	10.95	10.36	10.17	9.10
2. Net Income/ Average Total Assets	2.51	2.46	2.09	1.60
3. Fitch Comprehensive Income/ Average Total Equity	10.95	10.36	10.17	9.10
4. Fitch Comprehensive Income/ Average Total Assets	2.51	2.46	2.09	1.60
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	2.51	2.46	2.09	1.60
6. Net Income/ Risk Weighted Assets	3.30	3.97	4.03	3.06
7. Fitch Comprehensive Income/ Risk Weighted Assets	3.30	3.97	4.03	3.06
<b>D. Capitalization</b>				
1. Fitch Core Capital/Weighted Risks	31.37	39.81	41.51	35.44
2. Fitch Eligible Capital/ Weighted Risks	31.37	39.81	41.51	35.44
3. Tangible Common Equity/ Tangible Assets	21.78	24.28	23.24	18.28
4. Tier 1 Regulatory Capital Ratio	31.37	39.81	41.51	35.40
5. Total Regulatory Capital Ratio	31.37	39.81	42.33	36.93
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	21.78	24.28	23.24	18.28
8. Cash Dividends Paid & Declared/ Net Income	23.80	23.25	13.91	13.20
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	23.80	23.25	13.91	13.20
10. Cash Dividends & Share Repurchase/Net Income	23.80	23.25	13.91	13.20
11. Net Income - Cash Dividends/ Total Equity	8.02	7.65	8.37	7.49
<b>E. Loan Quality</b>				
1. Growth of Total Assets	20.92	3.68	-13.73	2.73
2. Growth of Gross Loans	13.92	5.84	-9.76	1.30
3. Impaired Loans(NPLs)/ Gross Loans	6.22	5.73	6.09	9.37
4. Reserves for Impaired Loans/ Gross loans	5.29	5.86	6.06	4.53
5. Reserves for Impaired Loans/ Impaired Loans	85.16	102.30	99.52	48.36
6. Impaired Loans less Reserves for Imp Loans/ Equity	3.76	-0.51	0.12	23.38
7. Loan Impairment Charges/ Average Gross Loans	0.19	0.14	0.99	-0.29
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	6.22	5.73	6.09	9.37
<b>F. Funding</b>				
1. Loans/ Customer Deposits	2,119.75	1,463.28	884.18	1,347.46
2. Interbank Assets/ Interbank Liabilities	n.a.	n.a.	n.a.	n.a.
3. Customer Deposits/ Total Funding excl Derivatives	5.56	8.81	14.76	8.65



The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

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ANNEXURE C: CONSENT LETTER FROM THE DEBENTURE TRUSTEE



SBICAP Trustee  
Company Ltd.

NO. 01476 /STCL/Legal/PSS/DT/2012-13

CONSENT FROM THE DEBENTURE TRUSTEE

Date: 30<sup>th</sup> August 2012

**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. The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited  
Address : 8, Khetan Bhavan, 5<sup>th</sup> Floor  
198, J.T. Road, Churchgate, Mumbai- 400 20.  
Telephone No. : 022-43025555  
Fax No. : 022- 43025550  
E-mail : [corporate@sbicaptrustee.com](mailto:corporate@sbicaptrustee.com)  
Website : [www.sbicaptrustee.com](http://www.sbicaptrustee.com)  
Investor Grievance e-mail: [investor.cell@sbicaptrustee.com](mailto:investor.cell@sbicaptrustee.com)

8, Khetan Bhavan, 5th Floor, 198, J. Tata Road, Churchgate, Mumbai - 400 020. Tel.: 91-22-4302 5555 Fax : 91-22-4302 5500

*A wholly owned Subsidiary of SBI Capital Markets Ltd.*

Contact Person : Mr. Vishwas Pathak (Vice President & COO)  
Tel No. 022- 430 25511

SEBI Registration No.: IND000000536

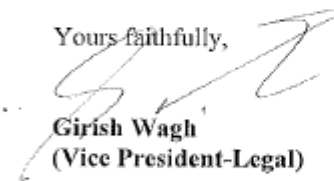
We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/investigation 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.

Yours faithfully,



**Girish Wagh**  
(Vice President-Legal)

**Encl: As above**