



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 63.

Registered and Corporate Office: HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India.

Telephone: +91 11 2464 9610; **Facsimile:** +91 11 2464 8179

Company Secretary and Compliance Officer: Mr. H. Verma; **Telephone:** +91 11 2464 9610; **Facsimile:** +91 11 2464 8179

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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, REDEMABLE, NON-CONVERTIBLE DEBENTURES, HAVING BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INDIAN INCOME TAX ACT, 1961, AS AMENDED (“BONDS”) AGGREGATING UP TO ₹ 4,684.72 CRORES (“ISSUE”). THE BONDS WILL BE ISSUED AT PAR IN ONE OR MORE TRANCHE UP TO ₹ [●] CRORES, ON TERMS AND CONDITIONS AS SET OUT IN SEPARATE TRANCHE PROSPECTUSES FOR EACH TRANCHE

The Issue is 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. 52/2011. F. No. 178/56/2011 - (ITA.1) dated September 23, 2011 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 8. This document has not been and will not be approved by any regulatory authority in India, including the National Housing Bank (“NHB”), 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 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 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 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 December 30, 2011. 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 has assigned a rating of ‘Fitch AA+ (ind)’ to the Bonds vide letter dated December 29, 2011. For details, see the section titled “Terms and Conditions in Connection with the Bonds” on page 96. 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

The Draft Shelf Prospectus has been filed with NSE, the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations. This Draft Shelf Prospectus is open for public comments and all comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer within seven Working Days (i.e., until 5 p.m) of the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange.

LISTING

The Bonds are proposed to be listed on the National Stock Exchange of India Limited (“NSE”). The NSE has given their in-principle listing approval vide letter dated [●]. The Designated Stock Exchange for the Issue is NSE.

LEAD MANAGERS TO THE ISSUE


Enam Securities Private Limited
801/802, Dalalim Towers
Nariman Point
Mumbai 400 021, India
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Facsimile: +91 22 2284 6824
Email ID: hudcotaxfree@enam.com
Website: www.enam.com
Investor Grievance ID: complaints@enam.com
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000006856*


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: hudcobonds@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact Person : Mr. Gitesh Vargantwar/
Mr. Puneet Deshpande
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration Number: INM00003531*

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

TRUSTEE FOR THE BONDHOLDERS


SBICAP Trustee Company Ltd.
SBICAP Trustee Company Limited
8, Khetan Bhavan
5th Floor, 198, J. Tata 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

ISSUE PROGRAMME**

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

* The SEBI registration certificate of Enam Securities Private Limited and SBI Capital Markets Limited expired on October 15, 2011 and July 31, 2011 respectively. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 and April 29, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 and April 29, 2011 to SEBI by Enam Securities Private Limited and SBI Capital Markets Limited respectively, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.

** The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) 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. 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. Further, Allotment shall be made on [●] with our Company having the discretion to close the Issue early irrespective of whether any of the portions are fully subscribed.

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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, 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
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 issue and allotment of the Bonds to the successful Applicants, pursuant to the Issue.
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 Amount	The aggregate value of the Bonds applied for, as indicated in the Application Form.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for Allotment of Bonds in terms of respective Tranche Prospectus(es)
Application Interest	Interest payable on application money in a manner as more particularly detailed in “Terms of the Issue –Interest” on page 100.
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 [●].
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).
Bonds	Tax free secured redeemable non-convertible bonds in the nature of debentures of face value of ₹ 1000 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.
CARE	Credit Analysis and Research Limited.
Category I	Public Financial Institutions, Statutory Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds; Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; Insurance companies registered with the IRDA; National Investment Fund; Mutual Funds; Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; Public/private charitable/religious trusts which are authorised to invest in the Bonds; Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; Partnership firms in the name of the partners; and Limited

Term	Description
	liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008.
Category II	The following investors applying for an amount aggregating to above ₹ 5 lakhs across all Series in each tranche <ul style="list-style-type: none"> i. Resident Indian individuals; ii. Hindu Undivided Families through the Karta.
Category III	The following investors applying for an amount aggregating to up to and including ₹ 5 lakhs across all Series in each tranche <ul style="list-style-type: none"> i. Resident Indian individuals; ii. Hindu Undivided Families through the Karta.
Consolidated Bond Certificate	The certificate issued by the Issuer to the Bondholder for the aggregate amount of the Bonds that are applied in physical form or rematerialized and held by such Bondholder under each Tranche Issue(s).
Consortium Member	Axis Bank Limited.
Credit Rating Agencies	For the present Issue, Credit Rating Agencies are CARE and Fitch.
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.
Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any committee thereof 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.
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 Directors 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 filed by the Company with the Designated Stock Exchange in accordance with the provisions of SEBI Debt Regulations.
DSE	Delhi Stock Exchange Limited
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Applicants will issue cheques or drafts, in respect of the Application Amount when submitting an Application.
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 on the terms and conditions thereof.
Fitch	Fitch Ratings India Private Limited.
Issue	Public Issue by our Company of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures having benefits under section 10(15)(iv)(h) of the Income Tax Act, 1961, aggregating up to ₹ 4,684.72 crores
Issue Period	The period between the Tranche Issue Opening Date and the Tranche Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms (minimum 3 days).
Lead Managers/LMs	Enam Securities Private Limited and SBI Capital Markets Limited.
Lead Brokers	[●].
Limited Review Review Financial Statements	The unaudited financial results of our Company for the six months ended September 30, 2011 on which the Auditor's have prepared a limited review report. For details, see the section titled "Annexure A- Financial Statements" on page 133.
Market Lot	One Bond.
Notification/CBDT Notification	Notification No. 52/2011. F. No. 178/56/2011 - (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
NSE	National Stock Exchange of India Limited.
Public Issue Account	An account opened with the Banker(s) to the Issue to receive monies from the Escrow Accounts for the Issue on the Designated Date.
Record Date	15 (fifteen) days prior to the relevant Interest Payment Date, relevant Redemption Date for Bonds issued under the relevant Tranche Prospectus

Term	Description
Reformatted Audited Financial Statements	The reformatted audited financial statements of our Company on which the Auditor's have submitted a report. For details, see the section titled "Annexure A- Financial Statements" on page 133.
Refund Account	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Application Amount shall be made.
Refund Bank	As mentioned in the respective Tranche Prospectus.
Refund Interest	Interest paid on Application Amount in a manner as more particularly detailed in "Terms of the Issue –Interest" on page 100.
Register of Bondholders	The register of Bondholders maintained by the Issuer in accordance with the provisions of the Companies Act, 1956 and as more particularly detailed in "Terms of the Issue – Register of Bondholders" on page 99.
Registrar to the Issue or Registrar	Karvy Computershare Private Limited.
Registrar MoU	Memorandum of understanding dated January 10, 2011 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 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.
Series 1 Bonds	Tranche [●] Series [●].
Series 2 Bonds	Tranche [●] Series [●].
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 and as further stated to be an individual Series in the relevant Tranche Prospectus.
Shelf Limit	The aggregate limit of the issue being ₹ 4,684.72 crores to be issued under this Draft Shelf Prospectus, through one or more tranches.
Tranche Issue	Issue of the Bonds pursuant to the respective Tranche Prospectus.
Tranche Issue Closing Date	Issue closing date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue or such other date as may be decided.
Tranche Issue Opening Date	Issue opening date as specified in the relevant Tranche Prospectus for the relevant Tranche Issue.
Tranche Prospectus	The tranche prospectus 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.
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 Saturdays, 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
Companies Act	The Companies Act, 1956.
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.
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 Stock Exchanges.

Term/Abbreviation	Description/ Full Form
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
DSE	Delhi Stock Exchange.
DTC	Direct Tax Code.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999.
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995), registered with the SEBI under applicable laws in India.
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.
India	Republic of India.
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.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
NR or "Non-resident"	A person resident outside India, as defined under FEMA.
NRI	A Person resident outside India, as defined under FEMA, and who is a citizen of India or a Person of Indian Origin and such term as defined under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
p.a.	<i>Per annum.</i>
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	The lawful currency of India.
RTGS	Real Time Gross Settlement.
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Business / Industry Related Terms

Term/Abbreviation	Description/ Full Form
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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
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.

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 audited financial statements, prepared in accordance with Indian GAAP and the Companies Act for the Fiscal 2011, 2010, 2009, 2008 and 2007 and from our limited review financial information prepared in accordance with the debt listing agreement for the half year ended on September 30, 2011. 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 one decimal point.

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” 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 6 months ended September 30, 2011 are provided below:

Currency	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
USD	43.59	39.97	50.95	45.14	44.65	48.92
JPY	0.3700	0.4008	0.5187	0.4844	0.5402	0.639

(Source: RBI reference rates)

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft 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 under “Risk Factors” on page 8 of this Draft Shelf Prospectus.

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 48. 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 48 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 Financial Information as of and for the years ended March 31, 2007, 2008 2009, 2010 and 2011 and from our Limited Review Financial Information for the six months ended September 30, 2011 under Indian GAAP.

RISKS IN RELATION TO OUR BUSINESS

- 1. 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" on page 88. We cannot provide any assurance that these matters will be decided in our favour. 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. Further, there is no assurance that similar proceedings will not be initiated against us in the future.

- 2. 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, 2011 our gross NPAs were ₹ 1,227.60 crores or 5.46% of our outstanding portfolio which includes loans extended by us and investments in bonds, compared to ₹ 1,282.45 crores or 5.88% as at March 31, 2010. There is no assurance that the NPA level will continue to stay at its current level or continue to decline. 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, 2011 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 ₹ 1,174.97 crores in the year ended March 31, 2010 and ₹ 1,187.68 crores in the year ended March 31, 2011, which represented 91.62% and 96.75% 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.

- 3. *Our financial results for the six months ended September 30, 2011 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 NSE 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 November 4, 2011, 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.

- 4. *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.

- 5. *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 8.12% for the year ended March 31, 2010 to 8.13% for the year ended March 31, 2011. 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 31.12% of our loan assets (excluding investments in bonds) had a fixed rate of interest as of March 31, 2011, 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 31.12% 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.

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

Our business has rapidly grown since our inception in 1970 and we have expanded our operations over the years. We have experienced growth in terms of our operating income, our loan portfolio and the number of our offices and employees. Our net profits increased at a CAGR of 12.27% from the year ended March 31, 2007 to the year ended March 31, 2011. 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.

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

As of December 31, 2011, we had outstanding indebtedness of ₹ 15,930.57 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 December 31, 2011, ₹ 7,233.59 crores or 45.40% 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.

8. 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.

9. 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.

10. 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 76.

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 Fitch and/ or CARE. For details, see the section titled “Our Business- Our credit ratings” on page 56. 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 Fitch and/or CARE and any such revision may result in an increase in the cost of our funding.

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 60. 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 64.

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 30.12% of our total loans outstanding as on March 31, 2011 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, 2011, aggregate loans to our ten largest borrowers amounted to ₹ 6,384.66 crores, representing approximately 30.12% of our total loans outstanding as of such date. Our single largest borrower on such date had an outstanding balance of ₹ 1,781.48 crores, representing 8.40% 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 Fitch 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 the government agencies (under individual borrower exposure, only for housing and housing related infrastructure and 25% for other projects) and upto 100% of its net owned funds to the individual state governments (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 76.

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; Ms. Aruna Sundararajan, our government-nominee Director, is also on the board of directors on Hindustan Prefab Limited; Dr. Radha Binod Barman, one of our independent Directors, is also on the board of directors of North-East Development Financial Corporation 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 67.

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 88. 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, 2011, 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 September 30, 2011, we have a CRAR of 39.86%, 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, 2011, were ₹ 340.53 crores. The details are as follows:

		(In ₹ crores)
		2010-2011
A	Claims of Contractors not acknowledged as debts	9.16
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 ₹ 229.67 crore (previous year ₹ 223.88 crore) under protest	276.29
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	4.95
E	Counter claims of various parties for damages against Company’s claim in Civil Courts	0.39
F	Estimated amount of commitments remaining to be executed on capital account	18.13

For further details on contingent liabilities, see the section titled “Annexure A- Financial Statements- Significant Notes to Accounts” on page 182.

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 December 31, 2011, ₹ 452.97 crores, or approximately 2.84% of our total indebtedness of ₹ 15,930.57 crores was denominated in U.S. dollars and ₹ 319.33 crores, or approximately 2.00% of our total indebtedness of ₹ 15,930.57 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 ₹ 26.63 crores denominated in U.S. dollars and ₹ 302.04 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 76. 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, reconstruction 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 2007, 2008, 2009, 2010, 2011 in relation to our Company. For details, please see the section titled "Annexure A- Financial Statements" on pages 133.

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:

(In ₹ crore)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net cash used in operating activities	414.25	NA	NA	NA	NA
Net cash used in investing activities	NA	NA	NA	NA	NA
Net cash used in financing activities	NA	3706.61	NA	1,465.23	1,071.09

For further details, see the section titled "Annexure A- Financial Statements" on page 133.

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 2007, 2008, 2009, 2010 and 2011 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, 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 and to be entered into 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.

33. The adoption of the new Schedule VI to the Companies Act may result in our financial information appearing materially different from that of the previous Fiscals

Pursuant to a notification dated February 28, 2011, the MCA has notified a new Schedule VI to the Companies Act on general instructions for preparation of balance sheet and statement of profit and loss of a company (“New Schedule VI”). The New Schedule VI has come into effect from April 1, 2011 and introduces many new concepts and disclosure requirements. Adoption of the New Schedule VI may impact the presentation of our financial statements for all subsequent Fiscals.

RISKS IN RELATION TO THE BONDS

34. There has been no prior public market for the Bonds and it may not develop in the future, and the price of the Bonds may be volatile.

The Bonds have no established trading market and there can be no assurance that a public market for the Bonds would develop or be sustained. Further, the proposed changes to the Indian income tax regime by introduction of the draft Direct Tax Code (“DTC”) may result in extinguishment of benefits available under section 10(15)(iv)(h) of the Income Tax Act. This may result in no further issuance of the Bonds after DTC is approved by the GoI. Although an application has been made to list the Bonds on the NSE, there can be no assurance that an active public market for the Bonds will develop, and if such a market were to develop, there is no obligation on us to maintain such a market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that

generally influence market price of Bonds. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which you purchase the Bonds.

35. *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 September 23, 2011 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 41.

36. *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.

37. *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.

38. *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 Fitch. CARE has assigned a rating of ‘CARE AA+’ to the Bonds vide letter dated December 30, 2011. 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 has assigned a rating of ‘Fitch AA+ (ind)’ to the Bonds vide letter dated December 29, 2011. We cannot guarantee that this rating will not be downgraded. The ratings provided by CARE and Fitch 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.

39. *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.

40. *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.

41. 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

42. 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% in Fiscal 2010 and 8.6% during the Fiscal 2011. 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.

43. 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. Inflation measured by the Wholesale Price Index decreased from 10.4% at March 31, 2010 to 9.7% at March 31, 2011. 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.

44. 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.

45. 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.

46. 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.

47. 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, 2011 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. 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.

48. 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.

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

Indian stock exchanges (including the BSE and the NSE) 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 Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. For details, see the section titled “Financial Indebtedness” on page 76. Our Company proposed to raise the balance ₹ 4,684.72 crores through a public issue of the Bonds in one or more tranches prior to March 31, 2012.

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 97.

COMMON TERMS FOR ALL SERIES OF THE BONDS

Issuer	Housing and Urban Development Corporation Limited.
Issue of Bonds	Public issue of tax free bonds of face value of ₹ 1,000 each, in the nature of secured, redeemable, non-convertible debentures, having benefits under section 10(15)(iv)(h) of the Income Tax Act, to be issued at par in one or more tranches on the terms and conditions as set out in separate Tranche Prospectus(es) for each such Tranche.
Face value (in ₹)	1,000.
Objects of the Issue	See the section titled “Objects of the Issue” on page 39.
Issue Price (in ₹)	1,000.
Minimum application size	As specified in the Tranche Prospectus for a particular Series.
Market Lot/ Trading Lot	One Bond.
Pay-in date	Application Date.
Credit ratings	‘CARE AA+’ from CARE and ‘Fitch AA+ (ind)’ from Fitch. The ratings for the particular Tranche of Bonds will be further set out in the respective Tranche Prospectus(es).
Listing	NSE.
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.
Security cover	At least 100% of the outstanding Bonds at any point of time.
Debenture Trustee	SBICAP Trustee Company Limited.
Depositaries	NSDL and CDSL.
Registrar	Karvy Computershare Private Limited.
Modes of payment	(i) At-par cheques; (ii) Demand drafts.
Issuance	Dematerialised form or physical form* as specified by an Applicant in the Application Form.
Trading	In dematerialised form only.
Issue opening date	[●].
Issue closing date**	[●]. The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) 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 or a duly constituted committee thereof. 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.
Deemed date of Allotment	The date on which the Board or a duly constituted committee thereof 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.
Lead Manager	Enam Securities Private Limited and SBI Capital Markets Limited.

* 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.

** The Issue shall remain open for subscription during banking hours for the period indicated above.

SPECIFIC TERMS FOR EACH SERIES OF BONDS

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

Options	Series of Bonds*	
	Tranche [●] Series [●]	Tranche [●] Series [●]
Tenor	10 years.	15 years.
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.
Redemption Amount (₹/ Bond)	Repayment of the Face Value and any interest that may have accrued on the Redemption Date.	Repayment of the Face Value and any interest that may have accrued on the Redemption Date.
Frequency of interest payment	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Minimum Application size	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
In multiples of	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Face Value (₹/ Bond)	₹ 1,000	₹ 1,000
Issue Price (₹/ Bond)	₹ 1,000	₹ 1,000
Modes of interest payment	Through various available modes.**	Through various available modes.**
Coupon Rate (%) p.a.	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.
Annualised Yield	As specified in the Tranche Prospectus for a particular series of Bonds.	As specified in the Tranche Prospectus for a particular series of Bonds.

* 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 Tranche [●] Series [●] 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 102.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our financial information for the years ended March 31, 2011, 2010, 2009, 2008 and 2007. The summary financial information presented below should be read in conjunction with the section titled "Annexure A- Financial Statements" on page 133.

Statement of Assets & Liabilities

(Rs. in crore)

		As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
I. SOURCES OF FUNDS						
(1) Shareholders' Funds						
(a) Share Capital	A	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
(b) Reserves and Surplus	B	3,519.07	3,095.19	2,665.96	2,188.79	1,911.60
		5,520.97	5,097.09	4,667.86	4,190.69	3,913.50
(2) Loan Funds						
Secured Loans	C	179.09	189.53	199.19	208.35	217.04
Unsecured Loans	D	15,599.57	15,330.95	19,050.13	18,694.63	20,165.56
		15,778.66	15,520.48	19,249.32	18,902.98	20,382.60
(3) Deferred Tax Liabilities (Net)		281.85	237.36	234.40	163.33	205.91
		21,581.48	20,854.93	24,151.58	23,257.00	24,502.01
II. APPLICATIONS OF FUNDS						
(1) Fixed Assets						
Gross Block		158.78	142.51	141.86	133.78	132.22
Less: Depreciation		84.57	73.62	69.89	66.12	62.18
Net Block		74.21	68.89	71.97	67.66	70.04
Capital Work in Progress		11.81	9.58	9.07	8.72	6.95
	E	86.02	78.47	81.04	76.38	76.99
(2) Investments	F	1,298.98	1,523.99	2,043.19	2,062.56	2,450.50
(3) Loans	G	19,988.77	19,026.73	21,426.97	21,072.94	21,065.30
(4) Net Current Assets						
Current Assets, Other Loans & Advances - (A)						
(a) Sundry Debtors	H	16.57	12.15	21.82	8.76	1.01
(b) Cash and Bank Balances	I	716.20	755.87	1,052.39	746.70	1,607.25
(c) Other Current Assets	J	230.28	190.80	269.13	287.24	333.81
(d) Other Loans and Advances	K	332.00	342.39	340.14	274.38	271.09
		1,295.05	1,301.21	1,683.48	1,317.08	2,213.16
Less: Current Liabilities & Provisions - (B)						
Current Liabilities and Provisions						
(a) Current Liabilities	L	844.30	916.34	940.03	1,128.19	1,277.53
(b) Provisions	M	243.04	159.13	163.46	171.78	61.67
		1,087.34	1,075.47	1,103.49	1,299.97	1,339.20
Net Current Assets (A) - (B)		207.71	225.74	579.99	17.11	873.96
		21,581.48	20,854.93	24,131.19	23,228.99	24,466.75
(5) Miscellaneous Expenditure (to the extent not written off or adjusted)						

Ancillary cost on raising of Bonds, Public Deposits and Term Loans		-	-	20.39	28.01	35.26
		-	-	20.39	28.01	35.26
		21,581.48	20,854.93	24,151.58	23,257.00	24,502.01
Significant Accounting Policies	S					
Notes to Accounts	T					

Statement of Profits

(Rs. in crore)

SCHEDULE		Year ended	Year ended	Year ended	Year ended	Year ended
		31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
INCOME						
Operating Income	N	2,276.20	2,509.94	2,708.40	2,606.30	2,445.40
Other Income		2.39	18.41	4.78	3.60	2.05
Total		2,278.59	2,528.35	2,713.18	2,609.90	2,447.45
EXPENDITURE						
Interest and other charges	O	1,273.06	1,412.47	1,902.45	1,725.61	1,793.78
Personnel expenses	P	114.45	92.48	75.75	85.67	51.68
Administrative and other expenses	Q	29.25	23.12	24.13	21.03	22.74
Depreciation		11.41	4.52	4.67	5.29	4.74
Provision on loans (Refer Note No. 4(b))		27.80	210.67	(65.35)	213.58	104.67
Provision on debtors/recoverables and other loans & advances		1.43	0.14	0.15	0.11	0.39
Provision on Investment		-	-	0.16	0.22	2.51
Total		1,457.40	1,743.40	1,941.96	2,051.51	1,980.51
Profit before tax		821.19	784.95	771.22	558.39	466.94
Prior period adjustments (net)	R	0.29	0.87	6.25	(0.29)	(1.67)
Deferred Tax Liability for prior years transferred to General Reserve		-	-	(120.96)	-	-
Provision for taxation						
- Current Tax / Wealth Tax		(224.15)	(269.15)	(186.25)	(217.30)	(120.00)
- Deferred Tax - Current year		(44.49)	(2.97)	(71.07)	33.54	(34.28)
- Fringe Benefit Tax		-	-	(0.85)	(0.85)	(0.90)
Adjustment of tax for earlier years (Net)		(2.81)	(18.39)	2.65	0.24	(1.71)
Profit after tax		550.03	495.31	400.99	373.73	308.38
Add: Transferred from Special Reserve		-	-	-	-	21.87
Add: Transferred from Bonds Redemption Reserve		-	-	-	122.12	0.38
Add: Transferred from Welfare Reserve		-	2.36	-	2.35	4.24
Less: Transferred to Welfare Reserve		3.59	-	0.28	-	-
		546.44	497.67	400.71	498.20	334.87
Add: Balance brought forward from previous year		130.00	125.47	125.47	125.47	92.12
Profit available for appropriation		676.44	623.14	526.18	623.67	426.99
Significant Accounting Policies	S					
Notes to Accounts	T					

Cash Flow Statement

(Rs. in crore)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
A CASH FLOW FROM OPERATING ACTIVITIES					
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	821.19	784.95	771.21	558.39	468.54
Add/ (Less): Adjustments for:					
Depreciation	11.41	4.52	4.67	5.29	4.74
Miscellaneous expenditure written off	-	22.87	9.56	8.94	11.67
Provision on loans & advances	29.21	210.77	(66.06)	213.68	105.05
Provision on investment	-	-	0.16	0.22	2.51
Provision for leave encashment	5.47	7.75	1.31	3.66	0.85
Provision for post retirement medical benefit	8.72	(2.11)	4.28	25.66	3.78
Provision for Gratuity	-	(4.72)	(3.97)	8.69	-
Provision for welfare expenditure		(0.15)	0.01	0.37	-
Provision for L TC	(3.20)	3.79	0.98	9.86	-
Provision for Provident Fund	13.94	-	-	-	-
Provision for pay revision	-	(24.00)	15.79	6.61	1.60
Prior Period Adjustments (Net)	0.29	0.87	6.25	(0.29)	(1.67)
Deferred Tax Liability for Prior years Adjustments	-	-	(120.96)	-	-
Profit on sale of investments	-	(0.19)	(0.19)	(0.19)	(0.19)
Loss/ (Profit) on sale of Fixed Assets (Net)	0.01	(0.03)	(0.04)	(0.03)	-
Translation/exchange (Gain)/Loss on Foreign Currency Loan	9.61	(75.16)	246.29	(38.59)	(7.73)
Miscellaneous expenditure paid	-	(2.48)	(1.94)	(1.69)	(9.23)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	896.65	926.68	867.35	800.58	579.92
Adjustment for					
Decrease/(Increase) in Loans	(989.83)	2,189.57	(288.68)	(221.51)	21.70
(Increase)/Decrease in Current Assets, other Loans & Advances	(235.37)	(134.44)	(306.98)	(93.76)	(34.67)
Increase/(Decrease) in Current Liabilities and Provisions	(299.00)	(312.08)	(372.59)	(384.04)	68.75
CASH GENERATED FROM OPERATIONS	(627.55)	2,669.73	(100.90)	101.27	635.70
Direct taxes paid(Net of refunds)	211.58	252.06	210.57	168.68	81.63
KFW Reserve	1.72	2.80	8.16	0.70	1.79
General Reserve	-	-	120.96	(17.56)	-
Deferred Tax Asset adjustments	-	-	-	(9.04)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(414.25)	2,924.59	238.79	244.05	719.12
B CASH FLOW FROM INVESTING ACTIVITIES					
Sale / (Purchase) of Investment	225.00	519.39	19.40	387.91	32.91
Purchase of fixed assets	(19.00)	(2.01)	(9.38)	(4.75)	(19.74)
Sale of Fixed assets	0.04	0.09	0.09	0.10	0.06
NET CASH FLOW FROM INVESTING ACTIVITIES	206.04	517.47	10.11	383.26	13.23
C CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital					
Proceed from borrowings (Net)	248.57	(3,653.68)	100.05	(1,441.03)	(1,071.09)
Corporate Dividend Tax Paid	(9.81)	(7.69)	(11.57)	(3.52)	-
Dividend Paid	(59.08)	(45.24)	(68.10)	(20.68)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	179.68	(3,706.61)	20.38	(1,465.23)	(1,071.09)
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	(28.53)	(264.55)	269.28	(837.92)	(338.74)
* CASH & CASH EQUIVALENTS - OPENING BALANCE	584.82	849.37	580.09	1418.01	1756.75
* CASH & CASH EQUIVALENTS - CLOSING BALANCE	556.29	584.82	849.37	580.09	1418.01

Note: (For 2011-12)

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. 1,599,115 thousand (previous year Rs. 1,710,465 thousand).
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 December 31, 2011, we have provided finance for over 15 million dwelling units and over 1,600 urban infrastructure projects in India. Further, up to December 31, 2011, we have sanctioned loans of ₹ 37,464 crores for housing and ₹ 84,906 crores for urban infrastructure on a cumulative basis, of which ₹ 29,835 crores and ₹ 46,692 crores has been disbursed respectively.

As part of consultancy services, up to December 31, 2011, we had appraised 1,236 projects with a project cost of ₹ 27,515.34 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 2011	Fiscal 2010	Fiscal 2009
Loan book (loan outstanding including investment in bonds) (₹ in crores)	22,492.82	21,796.52	24,453.98
Long term debt to equity ratio	2.84	3.00	4.14
CRAR (%)	39.81	42.33	36.93
Net NPA (%)	0.19	0.52	4.87
Net interest margin (₹ in crores)	936.73	970.50	748.21

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

	(₹ in crores)		
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Total income	2,278.59	2,528.35	2,713.18
Profit after tax	550.03	495.31	400.99

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.

We have operated our financing business profitably since inception, including a profit after tax of ₹ 550.03 crores for Fiscal 2011 and ₹ 262.58 crores for the six months ended September 30, 2011. As on March 31, 2011, our Company had a net worth of ₹ 5,520.97 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 41 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 December 31, 2011, 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 December 31, 2011, we have sanctioned loans of ₹ 37,464 crores for housing and ₹ 84,906 crores for urban infrastructure on a cumulative basis, of which ₹ 29,835 crores and ₹ 46,692 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 IHS DP 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 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.

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 63. 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 number classifying Company as housing finance company	01.0016.01

Address of the Registrar of Companies

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

Company Secretary and Compliance Officer

Mr. H. Verma
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 may 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 letters of allotment, credit of allotted Bonds in the respective beneficiary account or refund orders, Bond certificates (for those who opt for allotment in physical form) etc.

Lead Managers to the Issue

Enam Securities Private Limited
801/802, Dalamal Towers
Nariman Point
Mumbai 400 021, India

Telephone: +91 22 6638 1800
Facsimile: +91 22 2284 6824
Email ID: hudcotaxfree@enam.com
Website: www.enam.com
Investor Grievance ID: complaints@enam.com
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration Number: INM000006856*

SBI Capital Markets Limited

Mumbai 400 005, India
Telephone: +91 22 2217 8300
Facsimile +91 22 2218 8332
Email ID: hudcobonds@sbicaps.com
Website: www.sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact Person : Mr. Gitesh Vargantwar/ Mr. Puneet Deshpande
Compliance Officer: Mr. Bhaskar Chakraborty
SEBI Registration Number: INM 000003531*

** The SEBI registration certificate of Enam Securities Private Limited and SBI Capital Markets Limited expired on October 15, 2011 and July 31, 2011 respectively. As required under Regulation 9(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 and in compliance with SEBI Circular No. SEBI/MIRSD/DR-2/SRP/Cir-2/2005 dated January 4, 2005, an application dated June 21, 2011 and April 29, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on June 24, 2011 and April 29, 2011, 2011 to SEBI by Enam Securities Private Limited and SBI Capital Markets Limited respectively, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.*

Consortium Member

Axis Bank Limited

Axis House, E Wing
Level 5, Bombay Dyeing Mills Compound
P.B. Marg, Mumbai 400 025
Maharashtra, India
Telephone: +91 22 2425 3122
Facsimile: +91 22 4325 7100
Email: axbmbd@axisbank.com
Website: www.axisbank.com
Contact person: Mr. Kartik Shah/ Mr. Neelabh Dubey
SEBI registration number: INM000006104

Lead Brokers

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Debenture Trustee

SBICAP Trustee Company Limited

8, Khetan Bhavan
5th Floor, 198, J. Tata 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

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: einward.ris@karvy.com
Website: <http://karisma.karvy.com>
Investor Grievance ID: hudco.bonds@karvy.com
Contact Person : M. Murali Krishnan
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

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

3rd Floor, Indian Red Cross Society Building
Red Cross Road
New Delhi 110001
Telephone: +91 11 2375 2723
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.hauzkhas6015@vijayabank.co.in
Contact person: Mr. Ashok Kumar Shetty
Website: www.vijayabank.com

IndusInd Bank Limited

Cash Management Services
Solitaire Corporate Park
No. 1001, Building no. 10

Axis Bank Limited

148, Statesman House
Barakhamba Road
New Delhi 110001
Telephone: +91 11 2331 1043/ +91 11 4742 5120
Facsimile: +91 11 2331 1054/ +91 11 4350 6565
Email: newdelhi.branchhead@axisbank.com
Contact person: Mr. Sandeep Kumar/ Mr. Ashish
Dhall/ Mr. Rajeev Taneja
Website: www.axisbank.com

ICICI Bank Limited

9A, Phelps Building
A-Block, Connaught Place
New Delhi 110001
Telephone: +91 11 6631 0445
Facsimile: +91 11 6631 0340
Email: vineet.tyagi@icicibank.com
Contact person: Mr. Vineet Tyagi
Website: www.icicibank.com

Punjab National Bank

28A, K.G. Marg,
New Delhi
Telephone: +91 11 2332 3357/ +91 11 2373 9131

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

Facsimile: +91 11 2331 8570/ +91 11 2332 4788
Email: bo1120@pnb.co.in
Contact person: Mr. Mukesh Dave
Website: www.pnbindia.com

Escrow Collection Banks / Bankers to the Issue

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Credit Rating Agencies

Credit Analysis & Research Limited

4th Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai – 400022, India.
Telephone: +91 22 67543456; Facsimile: +91 22 67543457
Email: care@careratings.com
Website: <http://www.careratings.com>
SEBI Registration No.: IN/CRA/004/1999

Fitch Ratings India Private Limited

Apeejay House, 6th Floor,
3 – Dinshaw Vaccha Road,
Churchgate, Mumbai 400020, India.
Telephone: +91 22 40001700; Facsimile: +91 22 4001701
Email: rajesh.patel@fitchratings.com
Website: <http://www.fitchindia.com>
SEBI Registration No.: IN/CRA/002/1999*

* *The SEBI registration certificate of Fitch Ratings India Private Limited expired on November 4, 2011. As required under Regulation 10(2) of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999, an application dated July 27, 2011 for renewal of the said certificate of registration, in the prescribed manner, was made on July 28, 2011 to SEBI by Fitch Ratings India Private Limited, three months before the expiry of the said certificate of registration. The approval of SEBI in this regard is awaited.*

Credit Rating and Rationale

CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011. 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 has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011. For details in relation to the rationale for the credit rating, please refer to the Annexure B to this Shelf Prospectus.

Expert Opinion

Except the letters dated December 30, 2011 and December 29, 2011 issued by CARE and Fitch, respectively, in respect of the credit rating for the Bonds, and the report on our financial statements and statement of tax benefits issued by the Auditor, our Company has not obtained any expert opinions.

Minimum Subscription

Under the SEBI Debt Regulations, our Company is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the Issue.

Issue Programme

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

* The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) 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. 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. Further, Allotment shall be on [●] with our Company having the discretion to close the Issue early irrespective of whether any of the portions are fully subscribed.

CAPITAL STRUCTURE

Details of equity share capital

	<i>Aggregate value (₹ in crores)</i>
Authorised share capital	
25,000,000 equity shares of ₹1000 each (“Equity Shares”)	25,00.00
Issued, subscribed and paid up Equity Share capital	
20,019,000 Equity Shares	2,001.90
Securities premium account	NIL

Details of change in authorized share capital

The following table lays down changes in our authorized Equity Share capital since our incorporation:

Date*	Details
August 6, 1976	Our authorised Equity Share capital was increased from ₹ 10 crores to ₹ 20 crores.
December 30, 1978	Our authorised Equity Share capital was increased from ₹ 20 crores to ₹ 30 crores
May 29, 1980	Our authorised Equity Share capital was increased from ₹ 30 crores to ₹ 35 crores
July 18, 1981	Our authorised Equity Share capital was increased from ₹ 35 crores to ₹ 45 crores
June 29, 1982	Our authorised Equity Share capital was increased from ₹ 45 crores to ₹ 75 crores
September 4, 1985	Our authorised Equity Share capital was increased from ₹ 75 crores to ₹ 100 crores
September 6, 1988	Our authorised Equity Share capital was increased from ₹ 100 crores to ₹ 125 crores
September 28, 1989	Our authorised Equity Share capital was increased from ₹ 125 crores to ₹ 160 crores
June 24, 1991	Our authorised Equity Share capital was increased from ₹ 160 crores to ₹ 165 crores
June 4, 1992	Our authorised Equity Share capital was increased from ₹ 165 crores to ₹ 185 crores
June 30, 1993	Our authorised Equity Share capital was increased from ₹ 185 crores to ₹ 385 crores
September 30, 1998	Our authorised Equity Share capital was increased from ₹ 385 crores to ₹ 1250 crores
September 28, 2001	Our authorised Equity Share capital was increased from ₹ 1250 crores to ₹ 2500 crores

* Date of the general meeting at which resolution was passed to increase the authorized Equity Share capital.

Notes to capital structure

1. Equity Share capital history of our Company since incorporation

The following is the history of the paid up Equity Share capital of our Company since its inception:

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ Other than cash	Cumulative Equity Share Capital (₹)
May 18, 1971	20,000	1,000	1,000	Cash	2,00,00,000
October 4, 1971	20,000	1,000	1,000	Cash	4,00,00,000
July 31, 1972	20,000	1,000	1,000	Cash	6,00,00,000
December 19, 1974	10,000	1,000	1,000	Cash	7,00,00,000
June 16, 1975	20,000	1,000	1,000	Cash	9,00,00,000
August 4, 1976	10,000	1,000	1,000	Cash	10,00,00,000
September 10, 1976	10,000	1,000	1,000	Cash	11,00,00,000
June 2, 1977	30,000	1,000	1,000	Cash	14,00,00,000
September 21, 1977	20,000	1,000	1,000	Cash	16,00,00,000
June 14, 1978	40,000	1,000	1,000	Cash	20,00,00,000
June 27, 1979	50,000	1,000	1,000	Cash	25,00,00,000

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ Other than cash	Cumulative Equity Share Capital (₹)
September 30, 1980	50,000	1,000	1,000	Cash	30,00,00,000
February 9, 1981	30,000	1,000	1,000	Cash	33,00,00,000
September 29, 1981	90,000	1,000	1,000	Cash	42,00,00,000
June 29, 1982	1,00,000	1,000	1,000	Cash	52,00,00,000
June 30, 1983	1,10,000	1,000	1,000	Cash	63,00,00,000
December 21, 1984	1,10,000	1,000	1,000	Cash	74,00,00,000
September 4, 1985	10,000	1,000	1,000	Cash	75,00,00,000
December 17, 1985	60,000	1,000	1,000	Cash	81,00,00,000
June 27, 1986	20,000	1,000	1,000	Cash	83,00,00,000
September 4, 1986	20,000	1,000	1,000	Cash	85,00,00,000
November 6, 1986	40,000	1,000	1,000	Cash	89,00,00,000
July 22, 1987	22,500	1,000	1,000	Cash	91,25,00,000
November 30, 1987	22,500	1,000	1,000	Cash	93,50,00,000
December 30, 1987	22,500	1,000	1,000	Cash	95,75,00,000
May 4, 1988	22,500	1,000	1,000	Cash	98,00,00,000
June 29, 1988	20,000	1,000	1,000	Cash	1,00,00,00,000
October 17, 1988	50,000	1,000	1,000	Cash	1,05,00,00,000
December 5, 1988	70,000	1,000	1,000	Cash	1,12,00,00,000
February 7, 1989	10,000	1,000	1,000	Cash	1,13,00,00,000
June 29, 1989	1,20,000	1,000	1,000	Cash	1,25,00,00,000
December 5, 1989	1,12,700	1,000	1,000	Cash	1,36,27,00,000
June 6, 1990	10,000	1,000	1,000	Cash	1,37,27,00,000
June 28, 1990	50,000	1,000	1,000	Cash	1,42,27,00,000
September 25, 1990	70,000	1,000	1,000	Cash	1,49,27,00,000
November 30, 1990	1,00,000	1,000	1,000	Cash	1,59,27,00,000
February 12, 1991	7,300	1,000	1,000	Cash	1,60,00,00,000
July 9, 1991	12,700	1,000	1,000	Cash	1,61,27,00,000
November 28, 1991	37,300	1,000	1,000	Cash	1,65,00,00,000
June 19, 1992	2,00,000	1,000	1,000	Cash	1,85,00,00,000
July 9, 1993	5,70,000	1,000	1,000	Cash	2,42,00,00,000
August 27, 1993	1,00,000	1,000	1,000	Cash	2,52,00,00,000
December 30, 1993	1,00,000	1,000	1,000	Cash	2,62,00,00,000
April 29, 1994	1,20,000	1,000	1,000	Cash	2,74,00,00,000
September 5, 1994	60,000	1,000	1,000	Cash	2,80,00,00,000
December 8, 1994	60,000	1,000	1,000	Cash	2,86,00,00,000
March 29, 1995	70,000	1,000	1,000	Cash	2,93,00,00,000
April 27, 1995	50,000	1,000	1,000	Cash	2,98,00,00,000
September 5, 1995	70,000	1,000	1,000	Cash	3,05,00,00,000
May 2, 1996	1,90,000	1,000	1,000	Cash	3,24,00,00,000
March 14, 1997	2,60,000	1,000	1,000	Cash	3,50,00,00,000
August 22, 1997	1,20,000	1,000	1,000	Cash	3,62,00,00,000
February 11, 1998	2,30,000	1,000	1,000	Cash	3,85,00,00,000
March 30, 1999	1,10,000	1,000	1,000	Cash	3,96,00,00,000
April 23, 1999	18,10,000	1,000	1,000	Cash	5,77,00,00,000

Date of allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ Other than cash	Cumulative Equity Share Capital (₹)
October 20, 1999	4,30,000	1,000	1,000	Cash	6,20,00,00,000
December 15, 1999	10,00,000	1,000	1,000	Cash	7,20,00,00,000
January 31, 2000	8,60,000	1,000	1,000	Cash	8,06,00,00,000
March 21, 2000	9,20,000	1,000	1,000	Cash	8,98,00,00,000
August 17, 2000	9,25,000	1,000	1,000	Cash	9,90,50,00,000
October 10, 2000	8,75,000	1,000	1,000	Cash	10,78,00,00,000
November 30, 2000	10,00,000	1,000	1,000	Cash	11,78,00,00,000
July 20, 2001	7,20,000	1,000	1,000	Cash	12,50,00,00,000
March 27, 2002	5,00,000	1,000	1,000	Cash	13,00,00,00,000
March 28, 2002	10,80,000	1,000	1,000	Cash	14,08,00,00,000
July 30, 2002	9,00,000	1,000	1,000	Cash	14,98,00,00,000
October 4, 2002	9,00,000	1,000	1,000	Cash	15,88,00,00,000
November 16, 2002	2,50,000	1,000	1,000	Cash	16,13,00,00,000
April 23, 2003	5,00,000	1,000	1,000	Cash	16,63,00,00,000
July 29, 2003	10,78,000	1,000	1,000	Cash	17,70,80,00,000
November 17, 2003	11,78,000	1,000	1,000	Cash	18,88,60,00,000
March 26, 2004	1,00,000	1,000	1,000	Cash	18,98,60,00,000
July 28, 2004	10,33,000	1,000	1,000	Cash	20,01,90,00,000
Total	2,00,19,000				20,01,90,00,000

2. *Shareholding pattern of our Company and details of the shareholders.*

The following is the shareholding pattern and list of the Equity Shareholders of our Company, as on date of this Draft Shelf Prospectus:

Sr. no.	Name of shareholder	No. of Equity Shares held
1.	The President of India	2,00,18,993
2.	Dr. P.K. Mohanty*	1
3.	Ms. Sudha Krishnan*	1
4.	Ms. Deepti Gaur Mukherjee*	1
5.	Mr. Premjit Lal*	1
6.	Mr. Vivek Nangia*	1
7.	Mr. Ramesh Kumar*	1
8.	Mr. K. Ramachandran*	1

* *Nominees of the President of India.*

3. For details of the top 10 debenture holders/ bond holders of our Company, please see the section titled “Annexure C- Top ten holders of the debt securities” on page 245.

4. *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 ₹ 15,678.66 crores, and shareholders’ funds amounting to ₹ 5,520.97 crores which was 2.84 times as on March 31, 2011. The long term debt to equity ratio post the Issue (assuming full subscription of ₹ 4,684.72 crores) is 3.69 times, based on a total long term outstanding debt of ₹ 20,363.68 crores and shareholders’ funds of ₹ 5,520.97 crores.

(In ₹ crores)

Particulars	Prior to the Issue (as on March 31, 2011)	Post-Issue
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Particulars	Prior to the Issue (as on March 31, 2011)	Post-Issue
Debt		
Short term debt	100.00	100.00
Long term debt	15,678.66	20,363.38*
Total debt	15,778.66	20463.38
Shareholders' fund		
Share capital	2,001.90	2,001.90
Reserves and surplus excluding revaluation reserve	3,519.07	3,519.07
Total shareholders' funds	5,520.97	5,520.97
Long term debt/ equity	2.84	3.69
Total debt/ equity	2.86	3.71

* This does not include ₹315.28 crores raised by way of private placements.

5. None of the Equity Shares are pledged or otherwise encumbered.
6. 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.
7. Our Company has not, since incorporation, issued any debt securities at a premium or at a discount, or in pursuance of an option.
8. For details of the outstanding borrowings of our Company, please see the section titled "Financial Indebtedness" on page 76.

OBJECTS OF THE ISSUE

Issue Proceeds

The Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. The funds proposed to be raised through the Issue shall be utilized towards lending purposes, augmenting the resource base of our Company and other operational requirements.

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

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

Issue expenses

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

Particulars	Amount (₹ in Crore)	Percentage of net proceeds (Issue proceeds less Issue expenses) of the Issue (in %)	Percentage of total expenses of the Issue (in %)
Fees payable to Intermediaries			
Lead Managers	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Debenture Trustee	[●]	[●]	[●]
Advertising and marketing	[●]	[●]	[●]
Selling and Brokerage commission	[●]	[●]	[●]
Other Miscellaneous Expenses	[●]	[●]	[●]
Total	[●]	[●]	[●]

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 2012, 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 stock exchange 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 97 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 52/2011.F.No.178/56/2011-(ITA-1) dated 23rd September 2011 authorizes our Company to issue during the Financial year 2011-12, tax free, secured, redeemable, non-convertible bonds of rupee 1,000 each in case of public issue for the aggregate amount of Rs. 5,000 crores subject to the other following conditions namely –

- (i) Tenure of Bonds:- The tenure of the bonds shall be ten or fifteen 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) Interest Rate:- The interest on the bonds shall be not less than hundred basis points lower than the yield on Government Securities of equivalent residual maturity as reported by the Fixed Income Money Market and Derivative Association of India, as on the last working day of the month immediately preceding the month of the issue of the bonds but in the case of a Public issue, the interest on the bonds shall be not less than 50 basis points lower than the yield on Government Securities of equivalent residual maturity.
- (iv) 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.

b) 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; However, for the purpose of computing the total income under the Income Tax Act, no deduction shall be allowed in respect of expenditure incurred by assessee in relation to income which do not form part of total income under the Income Tax Act, 1961.

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) Accordingly, pursuant to the aforesaid notification, interest from bond will be exempt from income tax.
- d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required. However, interest on application money would be liable to taxation as per present tax rules.

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 180,000 in case of all individuals, Rs.190,000 in case of 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 and 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 six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of section 54 EC of the 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.

- d) 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 I.T. 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 proposed to be effective from April 1, 2012. The DTC Bill is likely to be presented before the Indian Parliament thereafter. 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**

**Place: New Delhi
Date: January 10, 2012**

**P.C. Agiwal
Partner
Membership no. 80475**

INDUSTRY OVERVIEW

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

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

Overview of the Indian Economy

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 the first and second quarter of 2011-12, real GDP growth moderated to 7.7% and 6.9%, respectively, decelerating for the third successive quarter and recording the lowest rate in the previous five quarters. The deceleration was particularly marked for the industrial sector. The projected growth rate of the GDP for fiscal 2012 is estimated to be 7.6% downwards from 8.0%, largely on account of slowing global growth and the slackening of investment demand, reflecting slower clearance and execution of projects, concerns about inflation and rising interest rates. (Source: Reserve Bank of India *Macroeconomic and Monetary Developments Second Quarter Review 2011-2012; Mid Quarter Monetary Policy Review: December 2011*)

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 kutchha 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 27.8% of the total population living in the urban areas, 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 3rd 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:

- Improve infrastructural facilities and help create durable public assets and quality oriented services in cities & towns;
- Enhance public-private partnership in infrastructural development; and
- 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

Source of Funding	Amount (₹ In crore)
Central sector outlay	70,000

State sector outlay	35,000
Institutional financing	10,000
Assistance from external support agencies	10,000
FDI and private sector	4,237
TOTAL	1,29,237

(Source: Eleventh Five Year Plan, Planning commission)

The High Powered Expert Committee (HPEC), for estimating the investment requirement for urban infrastructure services, has estimated the fund requirement for the period from the Twelfth Five Year Plan to the Fifteenth Five Year Plan, i.e. 2012-31. The investment for urban infrastructure over the 20-year period is estimated at 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
TOTAL	3918670

(Source: RIUIS)

OUR BUSINESS

Overview

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

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

- Housing finance, wherein the beneficiaries of our financing include State government agencies and borrowers belonging to all sections of the society in urban and rural areas.
- Urban infrastructure finance, wherein the beneficiaries of our financing include projects relating to social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others.

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

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

As on December 31, 2011, we have provided finance for over 15 million dwelling units and over 1,600 urban infrastructure projects in India. Further, up to December 31, 2011, we have sanctioned loans of ₹ 37,464 crores for housing and ₹ 84,906 crores for urban infrastructure on a cumulative basis, of which ₹ 29,835 crores and ₹ 46,692 crores has been disbursed respectively.

As part of consultancy services, up to December 31, 2011, we had appraised 1,236 projects with a project cost of ₹ 27,515.34 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 2011	Fiscal 2010	Fiscal 2009
Loan book (loan outstanding including investment in bonds) (₹ in crores)	22,492.82	21,796.52	24,453.98
Long term debt to equity ratio	2.84	3.00	4.14
CRAR (%)	39.81	42.33	36.93
Net NPA (%)	0.19	0.52	4.87
Net interest margin (₹ in crores)	936.73	970.50	748.21

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

	(₹ in crores)		
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Total income	2,278.59	2,528.35	2,713.18
Profit after tax	550.03	495.31	400.99

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.

We have operated our financing business profitably since inception, including a profit after tax of ₹ 550.03 crores for Fiscal 2011 and ₹ 262.58 crores for the six months ended September 30, 2011. As on March 31, 2011, our Company had a net worth of ₹ 5,520.97 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 41 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 December 31, 2011, 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 December 31, 2011, we have sanctioned loans of ₹ 37,464 crores for housing and ₹ 84,906 crores for urban infrastructure on a cumulative basis, of which ₹ 29,835 crores and ₹ 46,692 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 IHS DP 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, 2011, we have sanctioned Housing Finance of ₹ 36,110 crores, which is 30.65 % of our total financing activities as on March 31, 2011. Income from Housing Finance consists of ₹ 575.28 crores for the Fiscal 2011, which is 26.49 % 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 plot 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. However, currently we provide finance under the Hudco Niwas only by way of bulk lending.

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 70% 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 10 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)

	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sanctioned amount			
<i>Social housing</i>	2,149.20 for 276,319 dwelling units	702.43 for 229,575 dwelling units	500.73 for 103,553 dwelling units
<i>Residential real estate</i>	3,102.84 for 18,941 dwelling units	1,976 for 67,753 dwelling units	1,089.16 for 9,754 dwelling units
<i>Hudco Niwas</i>	40.44 for 472 dwelling units	37.92 for 579 dwelling units	43 for 745 dwelling units
Total	5,292.48 for 295,732 dwelling units	2,716.35 for 297,907 dwelling units	1,632.89 for 114,052 dwelling units
Disbursed amount			
<i>Social housing</i>	328.46	143.16	69.58
<i>Residential real estate</i>	579.33	628.34	777.15
<i>Hudco Niwas</i>	46.94	30.87	41.94
Total	954.73	802.37	888.67

The outstanding amount for social housing, residential real estate and Hudco Niwas as on March 31, 2011 is ₹ 1,864.80 crores, ₹ 3,209.96 crores and ₹ 858.78 crores respectively.

Urban infrastructure finance

We finance infrastructure projects of varied nature (“**Urban Infrastructure Finance**”). As on March 31, 2011, we have sanctioned Urban Infrastructure Finance of ₹ 81,691 crores which is 69.33% of our total financing activities. Income from Urban Infrastructure Projects consists of ₹ 1,595.94 crores for the Fiscal 2011 which is 70.04% of our total income for that period. Urban Infrastructure Finance can be classified into social infrastructure and area development, water supply, sewerage and drainage, roads and transport, power, emerging sector, commercial infrastructure and others.

Under social infrastructure and area development, we finance health, education and cultural/recreational infrastructure projects such as hospital, health centres, schools and other educational institutions, community centres, gardens and parks; integrated area development schemes such as development of new towns, urban

extensions and growth centres; and basic sanitation projects. Under water supply, we finance water related projects to unserviced areas, rehabilitations projects and augmentation of existing supply and quality. Under sewerage and drainage, we finance new schemes, and augmentation and rehabilitation projects on sewerage and drainage. Under the roads and transport, we finance roads, bridges, ports, airports, railways and purchase of buses. Under power, we finance generation (hydel, thermal, wind, solar and bio mass based) transmission and distribution systems. Under the emerging sector category, we finance SEZs, industrial infrastructure, gas pipelines, oil terminals, communication and entertainment infrastructure and IT parks. Under the commercial infrastructure and others, we finance shopping centres, market complexes, malls-cum-multiplexes, hotels and office buildings.

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

The long-term loans are provided up to 90% of the eligible project cost by public borrowers and upto 70% of the eligible project cost for the other borrowers. The disbursement of these loans is typically made in instalments. The maturity period of the term loans is up to 10 to 15 years depending on the nature of the borrower. 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 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)

	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sanctioned amount			
<i>Social infrastructure and area development</i>	290.88 for 18 projects	738.44 for 26 projects	1,632.90 for 32 projects
<i>Water supply</i>	2,721.43 for 11 projects	2,652 for 6 projects	627.20 for 7 projects
<i>Sewerage and drainage</i>	1,456.83 for 4 projects	809.75 for 2 projects	1,704.45 for 5 projects
<i>Roads and transport</i>	3,263.27 for 15 projects	3,505.14 for 11 projects	721.84 for 9 projects
<i>Power</i>	4,280.26 for 11 projects	2,113.38 for 8 projects	4,582.84 for 15 projects
<i>Emerging sector</i>	2,090 for 3 projects	3,740 for 5 projects	2,295 for 3 projects
<i>Commercial infrastructure and others</i>	366.70 for 10 projects	348.70 for 12 projects	1,557.19 for 33 projects
Total	14,469.37 for 72 projects	13907.41 for 70 projects	13121.42 for 104 projects
Disbursed amount			
<i>Social infrastructure and area development</i>	145.80	234.54	215.88
<i>Water supply</i>	211.56	26.00	301.63
<i>Sewerage and drainage</i>	15.69	12.60	17.53
<i>Roads and transport</i>	1053.20	312.91	451.87
<i>Power</i>	2,003.82	1,093.70	1,665.01
<i>Emerging sector</i>	375.73	243.06	66.77
<i>Commercial infrastructure and others</i>	344.02	372.88	412.72
Total	4,149.82	2,295.69	3,131.41

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, 2011 is ₹ 1,221.55 crores, ₹ 2,063.82 crores, ₹ 208.10 crores, ₹ 3,808.92 crores, ₹ 5,436.52 crores, ₹ 1,012.61 crores and ₹ 1,512.76 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 ₹ 11.23 crores for the Fiscal 2011, which is 0.49% 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 platforms are supported and complemented by other business activities, which include research and training and building 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 1,332 programmes, which have had 33,858 participants, and 23 international training programmes in which 446 professionals were trained from over 60 countries.

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.

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 December 31, 2011, 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. 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**”).

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 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 35.

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, 2011, we had total outstanding borrowing of ₹ 15,930.57 crores, of which ₹ 750.29 crores, or 4.71%, was secured and ₹ 15,180.28 crores, or 95.29%, was unsecured. For details, see the section titled “Financial Indebtedness” on page 76.

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.

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 9.25%.

These bonds are issued to retail as well as individual investors on private placement basis and are currently listed on the “whole sale debt market segment” on NSE.

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 11.67%.

Public deposits

We have obtained public deposits at an average interest rate of interest of 9.28%, repayable over a period of one to seven years.

International borrowings

External commercial borrowings

We have obtained foreign currency loans aggregating up to Rs 772.30 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 December 30, 2011. 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

Fitch has assigned a rating of 'AA+(ind)' to the long-term bonds issued by us, long term bank facilities availed by us and to our public deposit scheme.

For the Issue, Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011.

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 8.

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 8.

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, 2011, we have entered into hedging transaction to cover 59% of our foreign currency principal exposure. For additional information on foreign currency exchange rate risk, see the section titled “Risk Factors” on page 8.

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 8.

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 63. We earn equity-based income from some of our Joint Venture Companies. For details, see the section titled “Annexure A- Financial Statements” on page 133.

Competition

Our primary competitors are public sector banks, private banks, financial institutions and HFIs 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 60.

Corporate social responsibility

Through Corporate Social Responsibility (“CSR”), we have been periodically undertaking various activities. Under CSR, we have provided, 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 2011, we created a non-lapsable budget of ₹ 14.85 crore (3% of the net profit) 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.

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.

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 48.

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

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.

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 residences, 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 2012, the memorandum of understanding with the MoHUPA was signed on February 29, 2011 (“**MoU**”). As per the MoU, our Company has undertaken to achieve performance levels for Fiscal 2012 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 six Directors on the Board out of which one is an executive Director, two are government nominee non-executive Directors and three 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>Mr. Veerappa Parameshwarappa Baligar</p> <p><i>DIN:</i> 00850615</p> <p><i>Address:</i> Flat No. 235 - 236, 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>Ms. Aruna Sundararajan</p> <p><i>DIN:</i> 03523267</p> <p><i>Address:</i> - D-1/15, Bharti Nagar, New Delhi-110003</p> <p><i>Occupation:</i> Service</p>	Indian	April 18, 2011	Director	<ul style="list-style-type: none"> • Hindustan Prefab Limited
<p>Ms. Sudha Krishnan</p> <p><i>DIN:</i> 02885630</p> <p><i>Address:</i> D-1/87, 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"> • National Buildings Construction Corporation Limited • Hindustan Prefab Limited • Kolkata Metro Rail Corporation • Chennai Metro Rail Limited
<p>Dr. Radha Binod Barman</p> <p><i>DIN:</i> 02612871</p> <p><i>Address:</i> R/o A1-1006, Riddhi Gardens, Film City Road, Malad (E), Mumbai, Maharashtra – 400 097</p> <p><i>Occupation:</i> Retired government official</p>	Indian	July 31, 2009	Director	<ul style="list-style-type: none"> • North-East Financial Corp. Limited • Tech Process Private Limited • Indian Commodity Exchange Limited
<p>Mr. Nasseruddin Munjee</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"> • Development Credit Bank Limited • Aga Khan Rural Support Programme India • ABB Limited • Ambuja Cements Limited • Bharti AXA Life Insurance Co. Limited

Name/DIN/Address/ Occupation	Nationality	Date of Appointment	Designation	Other Directorships
				<ul style="list-style-type: none"> • Bharti AXA General Insurance Co. Limited • Britannia Industries Limited • Cummins India Limited • HDFC Limited • Neptune Developers Limited • Shipping Corporation of India Limited • TATA Chemicals Limited • TATA Motors Limited • Unichem Laboratories Limited • Voltas Limited • Indian Institute for Human Settlement • Himalayan Ski Village Private Limited • First American Securities Private Limited • GIBA Holdings Private Limited • EMSAF-Mauritius • TATA Chemicals North America Inc. USA
<p>Ms. Nirmala Samant Prabhavalkar</p> <p><i>DIN:</i> 02165342</p> <p><i>Address:</i> DU-13-B, Sujata Niwas, SV Road, Bandra (West), Mumbai Sub Urban, Maharashtra – 400 050</p> <p><i>Occupation:</i> Professional</p>	Indian	October 04, 2011	Director	-

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 57 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.

Ms. Aruna Sundararajan, IAS, aged 52 years, is a non-executive, government nominee Director of our Company. She holds a Bachelor of Arts degree from Providence College, Chennai, a post graduate degree in Philosophy from the University of Madras, Chennai and a diploma in International Relations from IIAP, France. She has previously held the post of CEO at IL&FS and was a joint secretary in the MoHUPA. She has also held the post of mission director for Rajiv Awas Yojana.

Ms. Sudha Krishnan, IA&AS, aged 51 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 (IA&AS). She has previously held the post of principal director, (international relations and direct taxes), C&AG of India.

Dr. Radha Binod Barman, aged 64 years is a non-executive, independent Director of our Company. She holds a PhD in Economics. She previously held the post of executive director, RBI. In the past, she has been employed with the RBI for thirty years and has been in government services for nine years.

Mr. Nasseruddin Munjee, aged 59 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.

Ms. Nirmala Samant Prabhavalkar, aged 58 years is a non-executive, independent Director of our Company. She holds a Master of Arts degree and a bachelors degree in law. She has been a practicing advocate since 1981.

Relationship with other Directors

None of our Directors are, in any way, 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, 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 Issue is being made pursuant to the resolution passed by the Board on January 10, 2012.

Interests of our Directors

Except as otherwise stated in the section titled “Annexure A- Financial Statement- Related Party Disclosures” on page 233, 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. All our independent Directors are entitled to sitting fees of ₹ 5000/- for each Board meeting and ₹ 4000/- for each committee meeting of the Board.

All Directors may also be regarded as interested, to the extent they, their relatives or the entities in which they are interested as directors, members, partners or trustees, are allotted Bonds pursuant to this Issue, if any. Further, Ms. Nirmala Samant Prabhavalkar holds tax free bonds of amount ₹ 0.96 crores (Tax free HUDCO Bonds 2011 – (Series – C option-1 & 2)) in our Company.

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 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 terms and conditions of appointment of the Chairman and Managing Director have not yet been notified by the administrative ministry namely, Ministry of Housing and Urban Poverty Alleviation. The remuneration being drawn by the Chairman and Managing Director is currently based on his last pay certificate dated May 10, 2011 issued by the Government of Karnataka, the details of which are stated herein below:

Name of Director	Remuneration
Mr. Veerappa Parameshwarappa Baligar	Basic Salary: ₹ 79,000 per month
Chairman and Managing Director	Perquisites and allowances: In addition to the basic salary, he may also be entitled to perquisites and allowances including <ul style="list-style-type: none"> (i) Dearness allowance of ₹ 45,810 per month; and, (ii) Company accommodation/ 30% of the basic pay.

B. Non-Executive Directors

The following table sets forth the details of the sitting fess and commission paid to the non-executive Directors during the year ended March 31, 2011:

Name	Sitting fees for board meeting	Commission and others	Total
Ms. Sudha Krishnan*	Nil	Nil	Nil
Dr. Radha Binod Barman	70,000	24,000	94,000
Mr. Nassereddin Munjee	15,000	4000	19,000
Ms. Nirmala Samant Prabhavalkar	70,000	40,000	1,10,000

(In ₹)

* Ms. Sudha Krishnan, being a Director nominated by the GoI, is not entitled to any remuneration or sitting fee from our Company.

Changes in Board during the last three years

Sr. No.	Name	Date of Appointment	Date of Cessation
1.	Mr. K. L. Dhingra	September 24, 2007	April 7, 2010
2.	Mr. T. Prabakaran	December 29, 2004	September 29, 2011
4.	Dr. R. K. Vats	May 18, 2007	December 3, 2009
5.	Mr. Dinesh Mahajan	December 26, 2007	December 25, 2010
6.	Mr.S. K. Tripathi	November 14, 2006	June 11, 2009
7.	Mr. Rajpal Singh Solanki	December 7, 2008	December 6, 2011
8.	Dr. P.K. Mohanty	January 2, 2009	April 18, 2011
9.	Ms. Nirmala Samant Prabhavalkar	April 8, 2008	April 7, 2011
10.	Ms. Sudha Krishnan	December 3, 2009	-
11.	Dr. Radha Binod Barman	July31, 2009	-
12.	Mr. Nassereddin Munjee	August 5, 2010	-
13.	Ms. Nirmala Samant Prabhavalkar	October 04, 2011	-
14.	Mr.Veerappa Parameshwarappa Baligar	April 11, 2011	-
15.	Ms. Aruna Sundararajan	April 18, 2011	-

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 constituted by a meeting of the Board of Directors held on January 5, 2011. The members of the audit committee are:

- i) Ms. Sudha Krishnan
- ii) Mr. Nasseruddin Munjee
- iii) Ms. Nirmala Samant Prabhavalkar

The scope and function of the audit committee is in accordance with Section 292A of the Companies Act and the DPE Guidelines. The audit committee currently does not have a chairman as the previous chairman completed his tenure on December 6, 2011 and the new chairman is yet to be appointed. 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 constituted by a meeting of the Board of Directors held on September 30, 2011. The members of the remuneration committee are:

- i) Mr. Nasseruddin Munjee
- ii) Dr. Radha Binod Barman

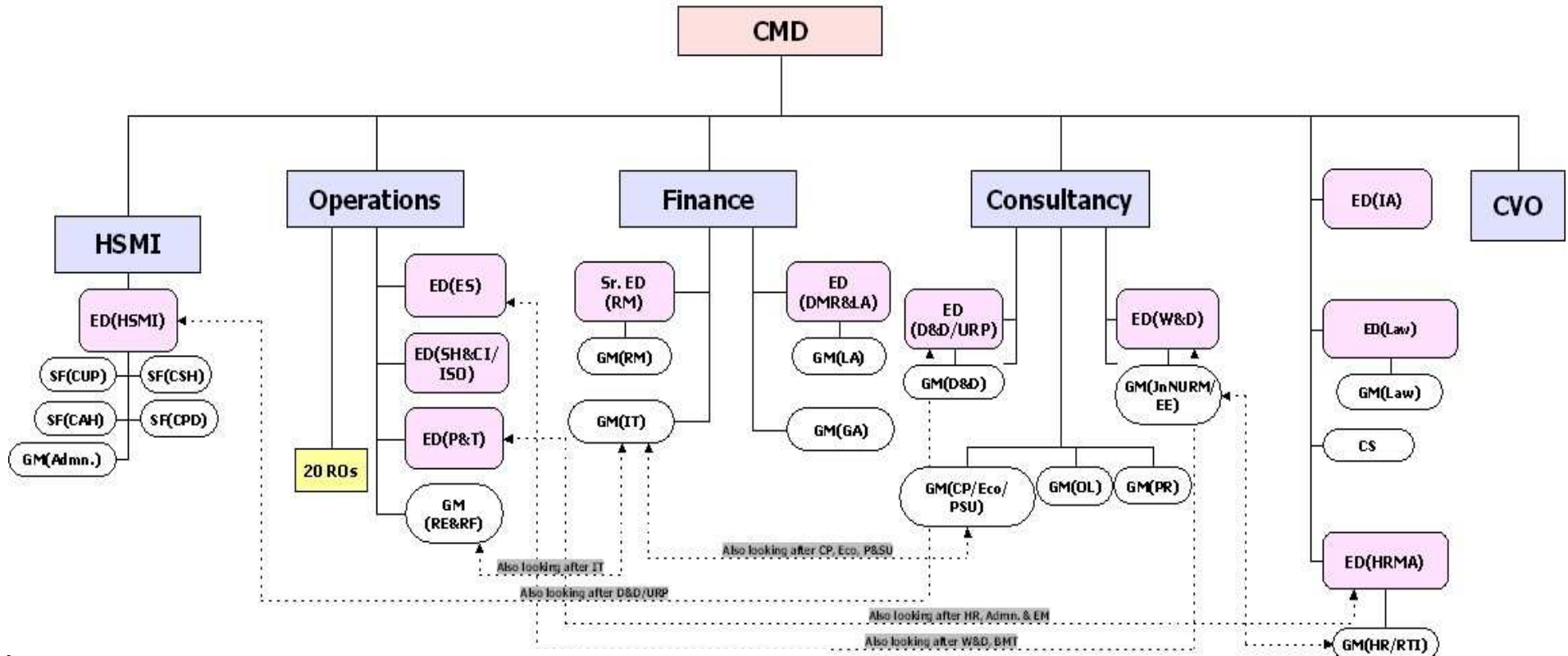
iii) Ms. Nirmla Samant Prabhavalkar

At present, the remuneration committee does not have a chairman as the previous chairman completed his tenure on December 6, 2011 and the new chairman is yet to be appointed. 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 January 2012)



Functions

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

Functions

JnNURM/EE	Jawaharlal Nehru National Urban Renewable Mission/ Environmental Engg.
Eco./P&SU	Economics/ Parliament & Statistical Unit
CP	Corporate Planning
OL	Official Language
PR	Public Relation
IA	Internal Audit
HRMA	Human Resource Management & Administration
HR/RTI	Human Resource/ Right to information
EM	Estate Management

Designations

CMD	Chairman & Managing Director
CVO	Chief Vigilance Officer
ED	Executive Director
GM	General Manager
SF	Senior Fellow
CS	Company Secretary

Key Positions upto GM level

Payment or Benefit to Officers of our Company

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

STOCK MARKET DATA FOR OUR SECURITIES

The Equity Shares of our Company are not listed on any of the stock exchanges. Hence no stock market data is available for the Equity Shares.

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
HUDCO Bonds Series XXXVII C 7.80% Taxable	June 20, 2008	1	0.10	91.57

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding secured borrowings of ₹ 750.29 crores* and unsecured borrowings of ₹ 15,180.28 crores, as on December 31, 2011, together with a brief description of certain significant terms of such financing arrangements.

* The amount includes borrowings through private placement of tax-free secured bonds for which the security is yet to be created. For details, see the sub-section titled "- Secured Bonds" on page 77.

I Secured borrowings availed by our Company

I.1 Loans

Set forth below is a brief summary of our secured term loan:

Name of lender	Facility granted and loan documentation	Facility (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2011	Rate of interest (% p.a.)	Security	Repayment schedule
Bank of India	Term loan agreement dated February 10, 1999	150	100.81	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 th of June every year. Currently, the rate of interest is 11.67 % 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. These bonds are listed on the DSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Security	Repayment schedule
UTI Bank Limited*	SPS Bond Series B	32.05	17.7	G-Sec rate (as on the 10 th of June every year) + 350 basis points	Bonds secured by negative lien on assets of	Repayable in unequal half-yearly installments from December 10, 2008 to June 10, 2015

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Security	Repayment schedule
	Bond Series C	49.5	49.5	G-Sec rate (as on June 10 every year) + 350 basis points	the Company	Repayable in unequal half-yearly installments from December 10, 2015 to June 10, 2022

* Now Axis Bank Limited

1.3 Repayment Assistance from National Housing Bank

Our Company has obtained refinance assistance of ₹ 250 crores under Rural Housing Fund sanctioned by the NHB. As of December 31, 2011, the entire amount is outstanding. The details of the borrowings are given below:

Facility granted and loan documentation	Total amount obtained (in ₹ crores)	Total amount outstanding (in ₹ Crores)	Rate of interest (% p.a.)	Security	Repayment date and schedule
Long term loan via memorandum of agreement dated February 5, 2009	250	250	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*

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 are mentioned below:

Name of trustee	Nature of Bond	Total issue amount (₹ crores)	Amount outstanding as on December 31, 2011 (₹ crores)	Interest rate (% p.a.)	Repayment date and schedule
SBICAP Trustee Company Limited	7.51% tax free HBS 2011 series A	4.77	4.77	7.51	Bonds will mature 10 years from the date of allotment and will be repayable by October 21, 2021
	7.75% tax free HBS 2011 series A	10.81	10.81	7.75	Bonds will mature 15 years from the date of allotment and will be repayable by October 21, 2026
	7.62% tax free HBS 2011 series B	137.66	137.66	7.62	Bonds will mature 10 years from the date of allotment and will be repayable by November 11, 2021
	7.83% tax free HBS 2011 series B	66.51	66.51	7.83	Bonds will mature 15 years from the date of allotment and will be repayable by November 11, 2026
	8.09% tax free HBS series 2011 series C (Option-I)	47.86	47.86	8.09	Bonds will mature 10 years from date of allotment and shall be repayable by December 22, 2021
	8.16% tax free HBS 2011 series C (Option-II)	47.67	47.67	8.16	Bonds will mature 15 years from date of allotment and shall be repayable by December 22, 2026

* Security for the bonds is yet to be created.

1.5 Loan against fixed deposit

Our Company has availed loan against fixed deposits placed with United Bank of India, the details of which are given below:

Nature of facility	Total amount of facility (₹ crores)	Total outstanding as on December 31, 2011 (₹ crores)	Interest rate (% p.a.)	Security	Repayment schedule
Loan against fixed deposit	17	17	9.70	The fixed deposit placed with the bank will be security for the loan	-

II Unsecured borrowings available by our Company

II.1 Debentures

Our Company has issued non convertible, redeemable debentures to institutional investors on private placement basis guaranteed by the Government of India. These debentures have a face value of ₹ 1,00,000 and aggregate to a total of ₹ 42 crores out of which the entire amount is outstanding as on December 31, 2011. The details of the debentures are set forth below:

Nature of debenture	Total issue amount (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Rate of interest (% p.a.)	Repayment terms and schedule
12.00% Debentures (39-A,B,C)	42	42	12	Repayable by January 07, 2012

II.2 Bonds

II.2.1 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 ₹ 5740.25 crores is outstanding as on December 31, 2011. All bonds are currently listed on NSE, unless specified otherwise.

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule
UTI Bank Limited *	9.75% taxable (XXII-C)	3	3	9.75	Repayable within 10 years from date of allotment i.e. by March 28, 2012
	10.00% taxable (XXIII-C)	312.55	312.55	10.00	Repayable within 10 years from the date of allotment i.e. by March 27, 2012
	10.00% taxable (XXIV-C)	73.1	73.1	10.00	Repayable within 10 years from date of allotment i.e. by March 28, 2012
	9.75% taxable (XXV-B)	165	165	9.75	Repayable within 10 years from date of allotment i.e. by June 28, 2012
	10.00% taxable (XXV-C)	210	210	10.00	Repayable by within 10 years from date of allotment i.e. by June 28, 2014
	7.60 taxable (XXVI)	250	217.9	7.60	Repayable within 10 years from date of allotment i.e. by January 20, 2013 with a put/call option exercisable at the end of the 5 th year
	7.10% taxable (XXVIII)	32	29.8	7.10	Repayable within 10 years from date of allotment i.e. by March 06, 2013 with a put/call option exercisable at the end of the 7 th year.
	7.40% taxable (XXIX-A)	47.4	31.4	7.40	Repayable within 10 years from date of allotment i.e. by March 06, 2013 with a put/call option exercisable at the end of the 5 th year.
	7.60% taxable (XXIX-B)	38.4	38.4	7.60	Repayable within 10 years from date of allotment i.e. by March 06, 2013 with a put/call option exercisable at the end of the 7 th year.
	7.80% taxable (XXIX-C)	62.4	62.4	7.80	Repayable within 10 years from date of allotment i.e. by March 06, 2013
7.10% taxable (XXXI-A)	1.5	1.5	7.10	Repayable within 10 years from date of allotment i.e. by March 31, 2013 with a put/call option exercisable at	

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule
					the end of the 5 th year.
	7.30% taxable (XXXI-B)	1.0	1.0	7.30	Repayable within 10 years from date of allotment i.e. by March 31, 2013 with a put/call option exercisable at the end of the 7 th year.
	7.50% taxable (XXXI-C)	45.4	45.4	7.50	Repayable within 10 years from date of allotment i.e. by March 31, 2013
	7.10% taxable (XXXI-D)	7.0	7.0	7.10	Repayable within 10 years from date of allotment i.e. by March 31, 2013 with a put/call option exercisable at the end of the 7 th year.
	7.30% taxable (XXXI-E)	2.5	2.5	7.30	Repayable within 10 years from date of allotment i.e. by March 31, 2013
	6.70% taxable (XXXIII-A)	688.6	315.1	6.70	Repayable within 10 years from the date of allotment i.e. by August 29, 2013 with a put/call exercisable at the end of 5 years
	6.80% taxable (XXXIII-B)	138.0	127	6.80	Repayable within 10 years from the date of allotment i.e. by August 29, 2013 with a put/call option exercisable at the end of 7 years
	6.90% taxable (XXXIII-C)	194.7	194.3	6.90	Repayable within 10 years from the date of allotment i.e. by August 29, 2013
IDBI Trusteeship Services Limited	7.00% Taxable (XXXVI-A)	77.2	62.2	7.00	Repayable within 7 years from the date of allotment i.e. by March 29, 2012
	7.30% taxable (XXXVI-C)	98.5	98.5	7.30	Repayable within 7 years from the date of allotment i.e. by March 29, 2012
	7.30% taxable (XXXVII-A)	34.6	34.6	7.30	Repayable within 10 years from the date of allotment by January 20, 2016 with a put/call option exercisable at the end of 5 years.
	7.50% taxable (XXXVII-B)	16.8	16.8	7.50	Repayable within 10 years from the date of allotment i.e. by January 20, 2016 with a put/call option exercisable at the end of 7 years.
	7.80% taxable (XXXVII-C)	590	590	7.80	Repayable within 10 years from the date of allotment i.e. by January 20, 2016
	8.05% taxable (XXXIX-A)	17.6	14.7	8.05	Repayable within 10 years from the date of allotment i.e. by March 29, 2016 with a put/call option exercisable at the end of 5 years.
	8.12% taxable (XXXIX-B)	1.9	1.9	8.12	Repayable within 10 years from the date of allotment i.e. by March 29, 2016 with a put/call option exercisable at the end of 7 years.
	8.35% taxable (XXXIX-C)	160.4	160.4	8.35	Repayable within 10 years from the date of allotment i.e. by March 29, 2016
	8.60% taxable (Series 1-A)	38.2	38.2	8.60	Repayable within 10 years from the date of allotment i.e. by August 29,

Name of trustee	Nature of bond	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Repayment terms and schedule
	2006-07				2016 with a put/call option at the end of 3 years
	8.85% taxable (Series 1-B) 2006-07	14.5	13.5	8.85	Repayable within 10 years from the date of allotment i.e. by August 29, 2016 with a put/call option exercisable at the end of 5 years.
	9.10% taxable (Series 1-C) 2006-07	8.7	8.7	9.10	Repayable within 10 years from the date of allotment i.e. by August 29, 2016 with a put/call option exercisable at the end of 7 years.
	9.30% taxable (Series 1-D) 2006-07	128.8	128.8	9.30	Repayable within 10 years from the date of allotment i.e. by August 29, 2016
	8.65% taxable (Series 2-A) 2006-07	203.	55.	8.65	Repayable within 10 years from the date of allotment i.e. by November 29, 2016 with a put/call option exercisable at the end of 3 years
	8.75% taxable (Series 2-B) 2006-07	27.0	26.5	8.75	Repayable within 10 years from the date of allotment i.e. by November 29, 2016 with a put/call option exercisable within 5 years from the date of allotment
	9.05% taxable (Series 2-C) 2006-07	369.8	369.8	9.05	Repayable within a period of 10 years from the date of allotment i.e. by November 29, 2016
PNB Investment Services Limited **	9.40% taxable 2011 series A	253.5	253.5	9.40	Bonds will mature at the end of 5 years from the date of allotment and will be repayable by September 22, 2016
UTI Bank Limited *	7.40% taxable 2003 (SD-I)	100	100	7.40	Repayable within 10 years from date of allotment by i.e. March 05, 2013
	7.90% taxable 2003 (SD-II)	470	470	7.90	Repayable within 10 years from date of allotment by i.e. March 31, 2013
	7.70% taxable 2003 (SD-III)	145.9	145.9	7.70	Repayable within 10 years from date of allotment by i.e. March 27, 2013 with a put/call option exercisable at the end of the 7 th year.
	7.90% taxable 2003 (SD-IV)	50	50	7.90	Repayable within 10 years from date of allotment by i.e. March 28, 2013
	7.35% taxable 2003 (SD-V)	350	350	7.35	Repayable within 10 years from the date of allotment by i.e. July 31, 2013
IDBI Trusteeship Services Limited	8.30% taxable 2006 (SD-II)	500	500	8.30	Repayable within 7 years and 1 month from the date of allotment i.e. by April 28, 2013
PNB Investment Services Limited **	9.75% taxable HBS 2011 series B	413.9	413.9	9.75	Bonds will mature 5 years from the date of allotment and shall be repayable by November 18, 2016

*Now Axis Bank Limited

** The bonds are not listed

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 ₹ 439.78 crores is outstanding as on December 31, 2011. The bonds are currently listed on NSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Redemption Terms and schedule
UTI Bank Limited*	9.00% tax free (XXI-B)	40	40	9.00	Repayable within 10 years from the date of allotment i.e. by January 30, 2012
	6.15% tax free (XXX)	30	30	6.15	Repayable within 10 years from the date of allotment i.e. by March 08, 2013 with a put/call option exercisable at the end of 5 years.
	6.10% tax free (XXXII-A)	3.0	1.0	6.10	Repayable within a period of 10 years from the date of allotment i.e. by March 31, 2013 with a put/call option exercisable at the end of 5 years.
	6.50% tax free (XXXII-B)	3.5	3.5	6.50	Repayable within 10 years from the date of allotment i.e. by March 31, 2013
IL&FS Trust Company Services Limited	5.15% tax free (XXXIV)	50	50	5.15	Repayable within 10 years from the date of allotment i.e. by March 31, 2014

* 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.2.2 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 ₹ 353.1 crores is outstanding as on December 31, 2011. These bonds are listed on the NSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Redemption Terms and schedule
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Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Redemption Terms and schedule
UTI Bank Limited*	9.25% tax free bond series (I-C)	130.95	130.95	9.25	Repayable within 10 years from date of allotment i.e. by March 06, 2012
	9.00% tax free bond series (II-C)	148.65	148.65	9.00	Repayable within 10 years from date of allotment i.e. by March 28, 2012
	5.90% tax free bond series (III-B)	7.5	7.5	5.90	Repayable within 10 years from date of allotment i.e. by March 08, 2013 with a put/call option exercisable at the end of 7 years
	6.40% tax free bond series (IV-A)	55	50	6.40	Repayable within a period of 10 years i.e. by March 08, 2013 with a put/call option exercisable at the end of 5 years
	6.80% tax free bond series (IV-B)	16	16	6.80	Repayable within a period of 10 years i.e. by March 08, 2013

* 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.2.3 Bonds-subordinated debt under tier-II

Set forth below is a brief summary of the bonds-subordinated debt under tier-II of face value of ₹ 1,00,00,000 aggregating up to ₹ 500 crores issued to Life Insurance Corporation on a private placement basis of which the entire amount is outstanding as of December 31, 2011. The bonds are listed on NSE.

Name of trustee	Nature of bonds	Total value of bonds (₹ crores)	Amount outstanding, as on December 31, 2011 (₹ crores)	Interest/coupon rate (% p.a.)	Tenor/Redemption Terms
UTI Bank Limited.*	10.15% taxable 2002 (SD-II)	500	500	10.15	Repayable at par on March 27, 2012

* Now Axis Bank Limited

II.3 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 December 31, 2011:

Name of Lender	Facility granted and loan documentation	Total loan amount (₹ crores)	Amount outstanding as on December 31, 2011 (₹ Crores)	Rate of interest (% p.a.)	Repayment schedule
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Name of Lender	Facility granted and loan documentation	Total loan amount (₹ crores)	Amount outstanding as on December 31, 2011 (₹ Crores)	Rate of interest (% p.a.)	Repayment schedule
Kreditanstalt Fur Wiederaufbau through the Government of India	Line of credit via loan agreement dated June 19, 1995 between KFW and HUDCO and 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, 1992 for release of loan amount to HUDCO.	52.96	52.96	6 % p.a. with rebate of 0.25% for prompt payment	Repayable in one lump sum, 22 years after date of drawal i.e different dates from July 4, 2013 to December 30, 2037.

II.4 Loan from financial institutions

Set forth below is a brief summary of the loans taken by our Company from various financial institutions:

Name of the Lender and loan documentation	Total loan granted (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2011	Rate of interest (% p.a.)	Repayment schedule
General Insurance Corporation and its subsidiaries				
General Insurance Corporation	20	1.33	6.25	Repayable by March 31, 2012
General Insurance Corporation	27	3.60	6.25	Repayable by March 31, 2013
The New India Assurance Company Limited	20	1.33	6.25	Repayable in 15 equal instalments by March 31, 2012
The New India Assurance Company Limited	23.0	3.06	6.25	Repayable by March 31, 2013
National Insurance Company Limited	84.03	10.53	6.25	Repayable in quarterly instalments by March 31, 2012
Oriental Insurance Corporation Limited	15	1.0	6.25	Repayable in 10 years in ten equal instalments by March 31, 2012
Oriental Insurance Corporation Limited	15	2.0	6.25	Repayable in 15 equal annual instalments by March 31, 2013
United India Insurance Company Limited	10	0.67	6.25	Repayable in 15 equal annual instalments by March 31, 2012
United India Insurance Company Limited	18	2.4	6.25	Repayable in 15 equal annual instalments by March 31, 2013
Life Insurance Corporation of India				

Name of the Lender and loan documentation	Total loan granted (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2011	Rate of interest (% p.a.)	Repayment schedule
Life Insurance Corporation of India	100	6.67	6.25	To be repaid in 15 equal annual instalments such that the loan amount is repaid in full by April 1, 2012

II.5 Loan from various banks

Below is a brief summary of the loans obtained by our Company from various banks as on December 31, 2011:

Name of the lender	Total loan amount (₹ crores)	Amount outstanding (₹ crores) as on December 31, 2011	Range of rate of interest (%)	Repayment schedule
Bank of Baroda	2000	1416.32	10.25-10.75	Repayable in different instalments from December 29, 2012 to July 20, 2014
Bank of Maharashtra	700	400	10.25-10.70	Repayable in different instalments from January 31, 2014 to October 22, 2015
Canara Bank	2800	2357.78	10.75	Repayable in different instalments from March 31, 2014 to July 20, 2016
Chinatrust Commercial Bank	12.00	8.0	10.25	Repayable by March 22, 2013
Jammu & Kashmir Bank	100	21.43	7.25	Repayable by March 1, 2013
Oriental Bank of Commerce	300	80.5	7.25	Repayable in different instalments from ranging from March 19, 2013 to May 5, 2013
State Bank of Bikaner & Jaipur	650	362.53	10.55	Repayable in different instalments from March 26, 2012 to October 24, 2014
State Bank of Travancore	450	106.43	10.50	Repayable in different instalments from July 31, 2014 to March 19, 2015
Syndicate Bank	652	287.8	10.75	Repayable in different instalments from March 20, 2012 to July 29, 2016
Union Bank of India	896	510.0	10.75	Repayable in different instalments from November 1, 2013 to July 22, 2014
United Bank of India, New Delhi	970	144.78	9.85-10.10	Repayable in different instalments from February 4, 2012 to January 18, 2013
United Bank of India, Kolkata	400	316.69	9.85-10.60	Repayable in different instalments from March 15, 2013 to July 20, 2014
Vijaya Bank	600	450	10.65	Repayable in different instalments from January 3, 2014 to March 31, 2014

II.6 Public deposits/Interest bearing cash securities

Below is a brief summary of the public deposits and interest bearing cash securities obtained by our Company:

Nature of facility	Total amount of deposits (₹ crores)	Amount outstanding as on December 31, 2011 (₹ crores)	Average rate of interest (% p.a.)	Repayment schedule
Public deposits	1100.16	1100.16	8.69 (as on November 30, 2011)	Repayable over a period of one to seven years
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 December 31, 2011	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 4888.33 million	2.10% p.a. (fixed) semi-annually	Due for repayment by January 20, 2026
Asian Development Bank	Long term loan facility via loan agreement dated November 6, 1997	USD 100 million	USD 67.21 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 market

Below is a brief summary of the loan obtained from US capital market 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:

Loan documentation	Facility (USD million)	Amount outstanding as December 31, 2011	Rate of interest (% p.a.)	Repayment schedule
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Loan documentation	Facility (USD million)	Amount outstanding as December 31, 2011	Rate of interest (% p.a.)	Repayment schedule
Paying and transfer agency agreement dated September 24, 1999 between HUDCO and the Riggs Bank N.A. and consented to by USAID	10	USD 9 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
Paying and transfer agency agreement dated September 15, 2000 between HUDCO and the Riggs Bank N.A. and consented to by USAID	20	USD 19 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

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 our Company. The CJM, Patna has taken cognizance of the complaint under sections 420, 467, 471 read with 120B of the IPC. Our Company has 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 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 ₹ 20 crores which is less than 1% of the total revenue of our Company for the Fiscal 2011 and 1% of the net worth of our Company as on March 31, 2011) 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. 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. 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 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. S.G.S. Construction & Developers Pvt. Ltd. has filed a writ petition against U.P. Awasthi Vikas Parishad, our Company and others before the High Court of Allahabad praying among other things, for a direction commanding the respondent to demarcate the area of the lands mortgaged with our Company. The High Court of Allahabad, pursuant to its order dated January 6, 2012 directed the Chairman of our Company, along with the Deputy General Manager (Law) to show cause as to why contempt proceedings should not be initiated for making certain contemptuous and offensive averments in an affidavit filed in this writ petition. The matter is currently pending.
7. 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.
8. 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.

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). 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.

C. *Matters involving former Directors of our Company*

1. Mr. D.K. Srivastava, a former employee of our Company, filed a first information report against certain senior officials of our Company, including our former Chairman and Managing Director, under sections 218, 406, 403, 409, 467, 468 and 120B of the IPC alleging demands of money by various former and current officials of our Company for releasing his dues pertaining to his period of suspension. The Additional Chief Judicial Magistrate, Jaipur, passed an order dated July 14, 2010 accepting the final report submitted by the police that *no prima facie* case was made out against the Company’s officials. Mr. Srivastava has filed a revision petition dated July 8, 2011 against this order, before the District and Sessions Court, Jaipur. The matter is currently pending.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through an information memorandum dated September 28, 2011, October 12, 2011 and November 3, 2011. Our Company proposed to raise the balance ₹ 4,684.72 crores through a public issue of the Bonds in one or more tranches prior to March 31, 2012.

The Board of Directors, at their meeting held on January 10, 2012 have approved the Issue of 'tax free bonds' in one or more tranche(s), of secured, redeemable, non-convertible, cumulative/ non-cumulative debentures of face value of ₹ 1,000 each, having benefits under Section 10(15)(iv)(h) of the Income Tax Act, for an amount up ₹ 4,684.72 crores, subject to the provisions of the 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, the Consortium Member, 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 under regulation 4(4) and also in all the subsequent periodical communications sent to the holders of debt securities.

Expert Opinion

Except the letters dated December 29, 2011 and December 30, 2011 issued by Fitch and CARE, respectively, in respect of the credit rating for the Bonds, and the report on our financial statements and statement of tax benefits issued by the Auditor, our Company has not obtained any expert opinions.

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 is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the issue.

No Reservation or Discount

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

Our Company has not made any public issue during the last five years.

Commission or Brokerage on Previous Public Issues

Our Company has not made any public issue during the last five years.

Change in auditors of our Company during the last three years

For the Fiscal 2009, S.N. Dhawan & Co. were the statutory auditors of our Company. In Fiscal 2010 and 2011, our Board, as approved by the Office of Comptroller and Auditor General of India, appointed Agiwal & Associates as our statutory Auditors.

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, 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 39.

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

The disclaimer clause as intimated by NSE shall be included here.

Listing

The Bonds will be listed on the NSE, which is the Designated Stock Exchange.

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, 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 at the Designated Stock Exchange will be taken within fifteen Working Days from the date of Allotment.

Dividend

For details of dividends paid by our Company for the financial years ended March 31, 2007, 2008, 2009 and 2011 and the six months ended September 30, 2011, see the section titled “Annexure A- Financial Statements” on page 133.

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 and Bankers to the Issue/ Designated Collection Centre/ Agent to which the application was submitted.

ISSUE STRUCTURE

The Central Board of Direct Taxes has, by a notification (bearing no. No. 52/2011. F. No. 178/56/2011 - (ITA.1)) dated September 23, 2011, authorised our Company to raise the Bonds aggregating to ₹ 5,000 crores, out of which our Company has already raised an amount of ₹ 315.28 crores on a private placement basis through information memorandums dated September 28, 2011, October 12, 2011 and November 3, 2011. The Issue is for the balance amount of ₹ 4,684.72 crores. Our Company shall issue the Bonds up to an aggregate amount of ₹ 4,684.72 crores through this issue during Fiscal 2012 as approved by its Board vide its resolution dated January 10, 2012.

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 97.

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

Particulars	Terms and Conditions
Minimum application size	As specified in the Tranche Prospectus for a particular Series.
Mode of allotment	Both in dematerialised form as well as in physical form
Terms of Payment	Full amount on application
Trading Lot	1 (one) Bond
Who can Apply	<p>Category I:</p> <ul style="list-style-type: none"> • Public Financial Institutions, Statutory Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds; • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; • Insurance companies registered with the IRDA; • National Investment Fund; Mutual Funds; • Companies; • Bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; • Public/private charitable/religious trusts which are authorised to invest in the Bonds; • Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008. <p>Category II: The following investors applying for an amount aggregating to above ₹5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta. <p>Category III: The following investors applying for an amount aggregating to up to and including ₹5 lakhs across all Series in each tranche</p> <ul style="list-style-type: none"> • Resident Indian individuals; and • Hindu Undivided Families through the Karta.

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

In case of Application Form being submitted in joint names, the 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 109.

TERMS AND CONDITIONS IN CONNECTION WITH THE BONDS

Nature of the Bonds

The Bonds being issued are in form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, to be issued by Company in terms of this Draft Shelf Prospectus and the respective Tranche Prospectus(es).

The terms of each Series of Bonds** are set out below:

Options	Series of Bonds*	
	Tranche [●] Series [●]	Tranche [●] Series [●]
Tenor	10 years	15 years
Redemption Date	10 years from the Deemed Date Of Allotment	15 years from the Deemed Date Of Allotment
Redemption Amount(₹/Bond)	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
Frequency of Interest Payment	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Minimum Application Size	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
In Multiples of	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Face Value(₹/Bond)	₹ 1,000.00	₹ 1,000.00
Issue Price(₹/Bond)	₹ 1,000.00	₹ 1,000.00
Mode of Interest Payment	Through various modes available*	Through various modes available*
Coupon Rate (%)p.a.	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Annualized Yield	As specified in the Tranche Prospectus for a particular Series of Bonds	As specified in the Tranche Prospectus for a particular Series of Bonds
Credit Rating	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011 and Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011.	CARE has assigned a rating of 'CARE AA+' to the Bonds vide letter dated December 30, 2011 and Fitch has assigned a rating of 'Fitch AA+ (ind)' to the Bonds vide letter dated December 29, 2011.

*Number of Series of Bonds will be decided at the Tranche Prospectus(es) stage

** Our Company shall allocate and Allot Bonds of Tranche [●] Series [●] maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond series.

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, the Companies Act, CBDT Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus(es), the Application Form, the terms and conditions of the Trustee Agreement and the Debenture Trust Deed, 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 Central Board of Direct Taxes, by virtue of power conferred upon it under Section 10(15)(iv)(h) of the Income Tax Act, 1961, has issued Notification No. 52/2011.F.No.178/56/2011-(ITA.1) dated September 23, 2011 authorising our Company to issue the said Bonds up to an aggregate amount of ₹ 5,000 crores during Fiscal 2012.

Our Company shall issue the Bonds up to an aggregate amount of ₹ 4,684.72 crores through this issue during Fiscal 2012 out of the amount of ₹ 5,000 crores, as approved by its Board vide its resolution dated January 10, 2012. Our Company has already raised tax free bonds through private placement for a sum of ₹ 315.28 crores till date. The Issue is for the balance amount of ₹ 4,684.72 crores.

2. Issue and status of Bonds

- 2.1. Public issue of tax free, secured redeemable non convertible Bonds in the nature of debentures having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, 1961 not exceeding ₹ 4,684.72 crores at par in one or more tranches in the fiscal 2012.
- 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 issued in the form of tax free bonds of face value of ₹ 1,000 each in the nature of secured, redeemable, non-convertible debentures, having tax benefits under Section 10(15)(iv)(h) of the Income Tax Act, 1961, and 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, 1996 (“**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 issued 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 the 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 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.

3.2. **Face Value**

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

3.3. **Title**

3.3.1 In case of:

- i) the Bond held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and
- ii) the Bond held in physical form, the person for the time being appearing in the Register of Bondholders (as defined below) as Bondholder,

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

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

3.4. **Listing**

The Bonds will be listed on the NSE.

3.5. **Market Lot**

3.5.1. 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, tradable lot is one Bond (“**Market Lot**”).

3.5.2. For details of Allotment, see the section titled “Issue Structure” on page 94.

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.

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.

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 Ministry of Corporate Affairs ("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 of [●] Bonds, 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 approves the Allotment of the Bonds for each Tranche Issue. All benefits under the Bonds including payment of interest will accrue to the Bondholders from the Deemed Date of Allotment. Actual Allotment may occur on a date other than the Deemed Date of Allotment.

7. **Subscription**

7.1. **Period of Subscription**

The Issue shall remain open for the period mentioned below:

Issue Opens on	As specified in the Tranche Prospectus
Issue Closes on	As specified in the Tranche Prospectus

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) 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/ Committee of our Company. 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 is required to stipulate a minimum subscription amount which it seeks to raise. The consequence of minimum subscription amount not being raised is that the Issue shall not proceed and the application moneys received are refunded to the Applicants.

Our Company has decided to set no minimum subscription for the issue.

8. **Interest**

8.1. **Interest**

Tranche [●] and Series[●] and Tranche [●] and Series[●] Bonds shall carry interest at the coupon rate of [●]% and [●]% p.a., respectively, payable annually/semi-annually (as may be specified in the Tranche Prospectus(es)) from, and including, the Deemed Date of Allotment up to, but excluding their respective Maturity Dates, payable on the "Interest Payment Dates" (to be specified in the Tranche Prospectus(es)), to the Bondholders as of the relevant Record Date.

8.2. **Day count convention**

Interest on the Bonds shall be computed on an actual basis for the broken period.

8.3. **Interest on Application Money**

8.3.1. **Interest on application monies received which are used towards allotment of Bonds**

We shall pay interest on application money on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as applicable, to any applicants to whom Bonds are allotted 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 of [●]% per annum.

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, the interest warrant 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 money which is liable to be refunded to the applicants in accordance with the provisions of the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the provisions of the Income Tax Act, 1961, as applicable, from the date of realization of the cheque(s)/demand draft(s) or 3 (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 of [●]% per annum. 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.

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” at page 117.

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).

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 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.

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 Working 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 Working 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 at [●]%, 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.

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/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. Charges, if any, levied by the Refund Bank for the same would be borne by our

Company.

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 41.

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 41

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 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, 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, 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, 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

Our Company and the Lead Managers would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Shelf Prospectus. Investors are advised to make their independent investigations and ensure that their Application does 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 and the respective Tranche Prospectus(es).

Availability of Abridged Prospectus and Application Forms

The abridged Prospectus containing the salient features of the Tranche Prospectus together with Application Forms and copies of the Shelf Prospectus may be obtained from our Registered Office, Lead Managers to the Issue, Consortium Member, Lead Brokers and the Registrar to the Issue, as mentioned on the Application Form.

In addition, Application Forms would also be made available to NSE where the listing of the Bonds is sought. Our Company may, in consultation with the Lead Managers, also provide Application Forms for being filled and downloaded at such websites as our Company may deem fit.

Who can apply:

The following categories of persons are eligible to apply in the Issue:

Category I:

- Public Financial Institutions, Statutory Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds;
- Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds;
- Insurance companies registered with the IRDA;
- National Investment Fund; Mutual Funds;
- Companies;
- Bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds;
- Public/private charitable/religious trusts which are authorised to invest in the Bonds;
- Scientific and/or industrial research organisations, which are authorised to invest in the Bonds;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008.

Category II:

The following investors applying for and amount aggregating to above ₹5 lakhs across all Series in each tranche

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Category III:

The following investors applying for and amount aggregating to upto and including ₹5 lakhs across all Series in each tranche

- Resident Indian individuals; and
- Hindu Undivided Families through the Karta.

Note: Participation of any of the aforementioned 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.

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.

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, their respective associates and affiliates and the Consortium Member are permitted to subscribe in the Issue.

The information below is given for the benefit of the investors. 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.

Applications cannot be made by:

- a) Minors without a guardian name;
- b) Foreign nationals;
- c) Persons resident outside India;
- d) Overseas Corporate Bodies;
- e) Non Resident Indians; and
- f) Foreign Institutional Investors.

However, where the applications by a minor for Allotment in electronic form, based on the information provided by the depository, our Company shall have the right to accept Bids belonging to an account for the benefit of a minor (under guardianship).

Applications by Mutual Funds

In terms of SEBI (Mutual Fund) Regulation, 1996, as amended, no mutual fund scheme shall invest more than 15% of its Net Asset Value ("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% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company ("AMC").

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 application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified true copy of their SEBI registration certificate must be submitted with the Application Form. The applications must be also accompanied by certified true copies of (i) Trust Deed (ii) resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorised signatories. Failing this, Our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Commercial Banks, Co-operative Banks and Regional Rural Banks

Commercial Banks, Co-operative banks and Regional Rural Banks can apply in this public issue based upon their own investment limits and approvals. The application must be accompanied by certified true copies of (i) Board Resolution authorising investments; (ii) Letter of Authorisation. Failing this, Our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified true copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. The applications must also be accompanied by certified true copies of (i) Memorandum and Articles of Association (ii) Power of Attorney (iii) Resolution authorising investment and containing operating instructions; and (iv) Specimen signatures of authorised signatories. Failing this, Our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified true copy of the registered instrument for creation of such trust, (ii) Power of Attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any trusts applying for Bonds pursuant to the Issue must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Applications under Power of Attorney

In case of Investments made pursuant to a power of attorney by Category I investors, a certified true copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified true 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.

In case of Investments made pursuant to a power of attorney by Category II and Category III investors, a certified true copy of the power of attorney must be lodged along with the Application Form.

Application Size

Applications are required to be for a minimum of such Bonds and multiples of such Bond thereafter as specified in the Tranche Prospectus(es).

Application Form

The prescribed colour of the Application Form for the various categories is as follows:

Application Form

CATEGORY	COLOUR OF APPLICATION FORM*
Following investors under Category I which are eligible to invest in the Bonds: Public Financial Institutions, Statutory Corporations, Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the Bonds; Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the Bonds; Insurance companies registered with the IRDA; National Investment Fund; Mutual Funds; Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the Bonds; Public/private charitable/religious trusts which are authorised to invest in the Bonds; Scientific and/or industrial research organisations, which are authorised to invest in the Bonds; Partnership firms in the name of the partners; and Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 .	As specified in the Tranche Prospectus(es)
All other category of Investors, eligible to invest in the Issue as not covered above.	As specified in the Tranche Prospectus(es)

Instructions for Completing the Application Form

- Applications to be made in prescribed form only.
- The forms to be completed in block letters in English as per the instructions contained in the respective Tranche Prospectus(es) and in the Application Form, and are liable to be rejected if not so completed. Applicants should note that the Bankers to the Issue will not be liable for errors in data entry due to incomplete or illegible Application Forms
- Applications are required to be for a minimum of such Bonds and in multiples of such Bonds thereafter as specified in the Tranche Prospectus(es).

- Applications should be in single or joint names not more than three, and in the same order as their Depository Participant details (in case of applicants opting for allotment in dematerialized form) and should be applied by Karta in case of HUF
- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.
- All Application Forms duly completed together with cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue or collection centre(s) as may be specified before the closure of the Issue. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge the same by stamping (mandatorily having a date stamp) and returning the acknowledgement slip to the applicant.
- Every applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All applicants are required to tick the relevant column of “Category of Investor” in the Application Form.

All Applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds applicants shall be received only by the Lead Managers, their respective affiliates and the Consortium Member.

APPLICANTS MAY NOTE THAT THE ALLOTMENT SHALL BE ON THE BASIS AS DESCRIBED UNDER THE HEADING-“BASIS OF ALLOTMENT”.

- **Applications for all the Series of Bonds may be made in a single Application Form only.**

Our Company shall allocate and Allot Bonds of Tranche [●] Series [●] maturity to all valid applications, wherein the applicants have not indicated their choice of the relevant Bond series.

General Instructions

Dos:

- **Check if you are eligible to apply;**
- **Read all the instructions carefully and complete the Application Form;**
- If the allotment 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 the Applications are submitted to the Bankers to the Issue before the closure of banking hours on the Issue Closing Date;
- Ensure that the Applicant’s name(s) given in the Application Form is exactly the same as the name(s) 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 mention your PAN allotted under the IT Act, Please note that it is mandatory for all applicants to furnish their PAN number as per CBDT circular.
- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects.
- 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 Bonds pursuant to the Issue.
- **Applicant’s Bank Account Details:** The Bonds shall be allotted in dematerialised and physical form. For instructions on how to apply for Allotment in the physical form, see the sub-section titled “ – Applications for Allotment of Bonds in the physical form” on page 113. The Applicant should note that on the basis of the name of the Applicant, Depository Participant’s name, Depository Participant’s identification number and beneficiary account number provided by them in the Application

Form, the Registrar to the Issue will obtain from the Applicant's beneficiary account, the Applicant's bank account details. The Applicants are advised to ensure that bank account details are updated in their respective beneficiary accounts as these bank account details would be printed on the refund order(s), if any. Failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the Lead Managers nor our Company nor the Refund Bank nor the Registrar to the Issue shall have any responsibility and undertake any liability for such delay.

- **Applications under Power of Attorney:** Unless our Company specifically agree in writing, and subject to such terms and conditions as our Company may deem fit, in the case of Applications made under power of attorney, a certified true copy of the power of attorney is required to be lodged separately and relevant documents as specified on page 111 of the Draft Shelf Prospectus, along with the submission of the Application Form, indicating the name of the Applicant along with the address, Application number, date of submission of the Application Form, name of the bank and branch where it was deposited, cheque/demand draft number and the bank and branch on which the cheque/demand draft was drawn.
- **Permanent Account Number:** All Applicants should mention their PAN allotted under the Income Tax Act in the Application Form. In case of joint applicants, the PAN of the all the Applicants should be provided and for HUFs, PAN of the HUF should be provided. The PAN would be the sole identification number for participants transacting in the securities markets, irrespective of the amount of the transaction. Any Application Form without the PAN is liable to be rejected. Further as per CBDT notification it is mandatory for all subscribers to provide their PAN numbers to our Company. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
- **Joint Applications:** Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all refunds/interests/redemption amounts 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 at the address mentioned therein.
- **Multiple Applications:** An Applicant may make multiple applications for the total number of Bonds required and the same shall be considered valid. For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.
- **Applicants are requested to write their names and Application serial 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.
- 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 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; and
- Do not submit the Application Forms without the full Application Amount.

For further instructions, investors are advised to read the relevant Tranche Prospectus and Application Form carefully.

Applications for Allotment of Bonds in the physical form

Applicant(s) who wish to subscribe to, or hold, the Bonds in physical form can do so in terms of Section 8(1) of the Depositories Act and our Company is obligated to fulfill such request of the Applicant(s). Accordingly, any Applicant who wishes to subscribe to the Bonds in physical form shall undertake the following steps:

- (i) **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.

- (ii) Please provide the following documents along with the Application Form:
- (a) Self-attested copy of the PAN card;
 - (b) Self-attested copy of the proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:
 - ration card issued by the GoI; or
 - valid driving license issued by any transport authority of the Republic of India; or
 - electricity bill (not older than three months); or
 - landline telephone bill (not older than three months); or
 - valid passport issued by the GoI; or
 - Voter's Identity Card issued by the GoI; or
 - passbook or latest bank statement issued by a bank operating in India; or
 - registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill;
 - (c) 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.

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, note the following:

- (i) An Applicant has the option to seek Allotment of Bonds in either electronic or physical mode. No partial Application for the Bonds shall be permitted and is liable to be rejected.
- (ii) In case of Bonds that are being issued in physical form, our Company will issue one certificate to the Bondholder for the aggregate amount of the Bonds for each Series that are applied for (each such certificate a "**Consolidated Bond Certificate**").
- (iii) **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.**
- (iv) No separate Applications for issuance of the Bonds in physical and electronic form should be made. If such Applications are made, the Application for the Bonds in physical mode shall be rejected. This shall be considered as a ground for technical rejection.
- (v) 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.

Applications for Allotment of Bonds in the dematerialised form

As per the provisions of the Depositories Act, the Bonds can be held in dematerialised form, i.e., they shall be fungible and be represented by a statement issued through electronic mode. In this context, the Tripartite Agreements have been executed between our Company, the Registrar to the Issue and the respective Depositories (CDSL/NSDL) for offering depository option to the Bondholders, for issue and holding the Bonds in dematerialized form.

- a) All Applicants can seek Allotment in dematerialised mode or in physical form. Applications made for receiving Allotment in the dematerialised form without relevant details of his or her depository account are liable to be rejected.
- b) An Applicant applying for the Bonds must have at least one beneficiary account with either of the Depository Participants of either of the Depositories, prior to making the Application.
- c) The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) in the Application Form.
- d) Allotment to an Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- e) Names in the Application Form should be identical to those appearing in the account details in the Depositories. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depositories.
- f) If incomplete or incorrect details are given under the heading 'Applicant's Depository Account Details', in the Application Form, it is liable to be rejected.
- g) The Applicant is responsible for the correctness of his or her demographic details given in the Application Form vis-à-vis those with his or her Depository Participant.
- h) Bonds in electronic form can be traded only on the stock exchange having electronic connectivity with the Depositories. NSE, where the Bonds are proposed to be listed, has electronic connectivity with the Depositories.
- i) The trading of the Bonds shall be in dematerialised form only.

Allottees will have the option to re-materialise the Bonds so Allotted as per the provisions of the Depositories Act.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Investments by Mutual Funds, a certified true copy of their SEBI registration certificate must be lodged along with the Application Form.
- (b) With respect to Investments by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified true copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- (c) With respect to Investments made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified true copy of certificate of registration issued.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Applicants shall make out the cheque or demand draft in respect of his or her Application. Cheques or demand drafts received for the Application Amount from Applicants would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the tranche prospectus (es) and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Applicants, shall maintain the monies in the Escrow Account until the creation of security for the Bonds. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Applicants. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of the Bonds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account maintained with the Bankers to the Issue, provided that the sums received in respect of the Issue will be kept in the Escrow

Account and our Company will have access to such funds only after creation of security for the Bonds. The amount representing the Applications that have been rejected shall be transferred to the Refund Account. Payments of refund to the Applicants shall be made from the Refund Account as per the terms of the Escrow Agreement and the tranche prospectus(es).

Payment into Escrow Account

Each Applicant shall draw a cheque or demand draft for the Application Amount as per the following terms:

- a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.
- b) The Applicants shall, with the submission of the Application Form, draw a payment instrument for the full Application Amount in favour of the Escrow Account and submit the same to Bankers to the Issue. If the payment is not made favouring the Escrow Account along with the Application Form, the Application shall be rejected.
- c) The payment instruments from the Applicants shall be payable into the Escrow Account drawn in favour of “[●]”.
- d) The monies deposited in the Escrow Account 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 Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue. The Escrow Collection Bank shall also refund all amounts payable to Applicants whose Applications have not been allotted Bonds.
- f) 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.
- g) Cash/stock invest/money orders/postal orders will not be accepted.

Submission of Application Forms

All Application Forms duly completed and accompanied by account payee cheques or drafts and relevant documents, as applicable, shall be submitted to the designated collection banks during the Issue Period.

No separate receipts shall be issued for the money payable on the submission of Application Form. However, the collection banks will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

Applications shall be deemed to have been received by us only when submitted to Bankers to the Issue at their designated branches as detailed above and not otherwise.

All applications by Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds should be made in the form prescribed for these applicants and shall be received only by the Lead Managers, their respective affiliates and the Consortium Member.

Online Applications

Our Company, in consultation with the Lead Managers, may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed. Accordingly the investors may download forms for this use and submit the same together with cheques/demand drafts and the documents, as applicable, to the Bankers to the Issue and their collecting centres. However, Public

Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds can apply only through [●] coloured physical application forms provided by the Lead Managers, their respective affiliates and the Consortium Member.

Other Instructions

A. 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.

B. Additional/Multiple Applications

An applicant is allowed to make one or more applications for the Bonds for the same or other series of Bonds, subject to a minimum application size of [●] Bonds and in multiples of [●] Bond, 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, any application made by any person in his individual capacity and an application made by such person in his capacity as a karta of a Hindu Undivided family and/or as joint applicant, shall not be deemed to be a multiple application.

For the purposes of allotment of Bonds under the Issue, applications shall be grouped based on the PAN, i.e. applications under the same PAN shall be grouped together and treated as one application. Two or more applications will be deemed to be multiple applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same

C. Depository Arrangements

We have entered into Tripartite Agreements dated September 20, 2011 among us, the Registrar to the Issue and NSDL and dated September 20, 2011, among us, the Registrar to the Issue and CDSL, respectively for offering depository option to the investors and for issue and holding of the Bonds in dematerialized form.

As per the provisions of the Depositories Act, 1996, the Bonds issued by us can be held in a dematerialized form as described under the heading - "Applications for Allotment of Bonds in dematerialized form" in this chapter.

D. Communications

All future Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the applicant and its application.

Applicants can contact the Compliance Officer of our Company, Lead Managers or the Registrar to the Issue 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 the Compliance Officer of our Company, Lead Managers or Registrar to the Issue.

Rejection of Applications

Our Company 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 would be liable to be rejected on one or more technical grounds, including but not restricted to:

- Number of Bonds applied for is less than the minimum Application size;
- Applications not duly signed by the sole/joint Applicants;
- Application amount paid not tallying with the number of Bonds applied for;
- Applications for a number of Bonds which is not in a multiple of one;
- Investor category not ticked;
- Bank account details not given;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without a guardian name;
- In case of Applications under Power of Attorney where relevant documents not submitted;
- Application by stock invest or accompanied by cash/money order/postal order;
- Applications without PAN;
- GIR number furnished 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,;
- For option to hold Bonds in electronic/dematerialised form, Depository Participant identification number, Client ID and PAN mentioned in the Application Form do not match with the Depository Participant identification number, Client ID and PAN available in the records with the depositories;
- Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Address not provided in case of exercise of option to hold Bonds in physical form;
- Copy of KYC documents not provided in case of option to hold Bonds in physical form; and
- Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks Regional Rural Banks, Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, Insurance companies registered with the IRDA, National Investment Fund, Mutual Funds applications not procured by the Lead Managers, their respective affiliates or the Consortium Member.
- Applications made by investors belonging to a particular Category on an application form meant for other applicants and vice-versa.
- Applications providing an inoperative demat account number.

Our Company, the Lead Managers, their affiliates and the Consortium Member and the collecting bank shall not be responsible for rejection of the Application on any of the technical grounds mentioned above.

Application Forms received after the closure of the Issue shall be rejected.

In the event, if any Bond(s) applied for is/are not Allotted, the Application monies in respect of such Bonds will be refunded, as may be permitted under the provisions of applicable laws.

Basis of Allotment

The subscription list for the Issue shall remain open for subscription at the commencement of banking hours and close at the close of banking hours, with an option for early closure (subject to the Issue being open for a minimum of 3 days) or extension by such period, upto a maximum period of 30 days from the date of opening of the Issue, as may be decided by the Board, or a committee constituted by the Board, subject to necessary approvals. 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 a leading national daily newspaper. The issue shall remain open for subscription for a minimum period of 3 days.

Our Company shall finalise the Basis of Allotment in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of the relevant Tranche Prospectus. The Designated Stock Exchange along with our Company, Lead Managers and the Registrar shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

Grouping of Applications and Allocation Ratio:

Applications received from various applicants shall be grouped together on the following basis:

- i) Applications received from Category I applicants: Applications received from Category I, shall be grouped together, (“**Category I Portion**”);
- ii) Applications received from Category II applicants: Applications received from Category II shall be grouped together, (“**Category II Portion**”);
- iii) Applications received from Category III applicants: Applications received from Category III applicants shall be grouped together, (“**Category III Portion**”).

For removal of doubt, “Category I Portion”, “Category II Portion” and the “Category III Portion” are individually referred to as “Portion” and collectively referred to as “Portions”.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Categories, 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 the Shelf Limit of ₹ [●]. 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 format and shall be indicated at the relevant Tranche Prospectus(es):

Particulars	Category I	Category II	Category III
Size in %	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size	[●]% of the Overall Issue Size

Basis of Allotment for Bonds

(a) Allotments in the first instance:

- i. Applicants belonging to the Category I, in the first instance, will be allocated Bonds upto [●] % of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);
- ii. Applicants belonging to the Category II, in the first instance, will be allocated Bonds upto [●]% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);
- iii. Applicants belonging to the Category III, in the first instance, will be allocated Bonds upto [●]% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each application duly acknowledged by the Bankers to the Issue);

(b) Under Subscription:

If there is any under subscription in any Portion, priority in allotments will be given in the following order:

- i. Category III Portion
- ii. Category II Portion
- iii. Category I Portion

(c) For all Portions, all applications received on the same day by the Bankers to the Issue would be treated at par with each other.

(d) Minimum allotments of [●] Bond and in multiples of 1 Bond thereafter would be made in case of each

valid Application.

(e) Allotments in case of oversubscription:

In case of an oversubscription in any of the Categories, allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full allotment of Bonds to the applicants on a first come first basis up to the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of Bonds to the applicants on the date of oversubscription (based on the date of submission of each application to the Bankers to the Issue, in each Portion). The method of proportionate allotment is as described below:

- i. Allotments to the applicants shall be made in proportion to their respective application size, rounded off to the nearest integer,
- ii. If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each applicant whose allotment size, prior to rounding off, had the highest decimal point would be given preference,
- iii. In the event, there are more than one applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(f) Applicant applying for more than one series of Bonds:

If an applicant has applied for more than one series of Bonds, and in case such applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series-wise allocation of Bonds to such applicants shall be in proportion to the number of Bonds with respect to each Series, applied for by such applicant, subject to rounding off to the nearest integer, as appropriate, in consultation with the Lead Managers and Designated Stock Exchange.

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Draft Shelf Prospectus/Shelf Prospectus/Tranche Prospectus.

Our Company has the discretion to close the Issue, irrespective of whether any of the Portion(s) are fully subscribed.

Our Company would allot Tranche [●] Series [●] Bonds to all valid applications, wherein the applicants have not indicated their choice of the relevant Series of Bonds.

Allotment Advice/Refund Orders

The unutilised portion of the application money will be refunded to the applicant by an a/c Payee cheque/demand draft. In case the at par facility is not available, our Company reserves the right to adopt any other suitable mode of payment. 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.

Our Company shall credit the allotted Bonds to the respective beneficiary accounts/dispatch the Letter(s) of Allotment or Letter(s) of Regret/Refund Orders to all applicants by Registered Post/Speed Post at the applicant's sole risk, within 30 days from the date of closure of the Issue.

Further,

- a) Allotment of Bonds offered to the public shall be made within a time period of 30 days from the date of closure of the Issue;
- b) Credit to demat account will be given within 2 Working Days from the date of allotment
- c) Interest at a rate of 15 per cent 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 30 days from the date of the closure of the Issue, for the delay beyond 30 days.

d) Our Company will provide adequate funds to the Registrars to the Issue, for this purpose.

Filing of the tranche prospectus (es) with the Stock Exchanges

A copy of the tranche prospectus (es) shall be filed with the Designated Stock Exchange.

Pre-Issue Advertisement

Our Company shall, on or before the Issue Opening Date, publish a pre- Issue advertisement, in the form prescribed by the SEBI Debt Regulations, in atleast one national daily newspaper, with wide circulation.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

Listing

The Bonds will be listed on the NSE.

If the permission to deal in and for an official quotation of the Bonds is not granted by the NSE, we shall forthwith repay, without interest, all such moneys received from the Applicants in pursuance of the tranche prospectus (es).

Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange are taken within fifteen Working Days from the date of Allotment.

Utilisation of Application Money

The sums received in respect of the Issue will be kept in the Escrow Account and our Company will have access to such funds only after creation of security for the Bonds and as per applicable provisions of law(s), regulations and approvals.

Undertaking by the Issuer

We undertake that:

- a) the complaints received in respect of the Issue 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 to the Issue by our Company;
- d) necessary cooperation to the credit rating agency(ies) 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 Trustee at the end of each half year;

- f) we shall disclose the complete name and address of the Trustee in our annual report; and
- 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 tranche prospectus(es).
- h) we shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Debt Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares or debentures and/or their consolidation/splitting are as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

SHARE CAPITAL	
	Capital
V (MoA)	The Authorised Share Capital of the Company is Rs 25,00,00,00,000 (Rupees two thousand and five hundred crores) divided into 2,50,00,000 (two crore and fifty lacs) equity shares of Rs. 1000/- (Rupees Thousand) each.
	Company's Shares not to be purchased
6.	Except to the extent allowed by Section 77, no part of the funds of the company shall be employed in the purchase of or in loans upon the security of the company's shares.
	Allotment of Shares
7.	Subject to the provisions of the Act and these articles and to the rights of the President, the shares shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such person and on such terms and conditions as they think fit.
CERTIFICATES	
	Share Certificate
9.	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.
	In respect of share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders and shall be sufficient delivery to all.
	Issue of new share, debenture certificate etc. in place of defaced, lost or destroyed
10.	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.
	No duplicate share/debenture certificate shall be issued in lieu of those that are lost and/or destroyed without the prior consent of the Board or without payment of such fees as may be agreed upon by the Stock Exchange and on such reasonable terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigation of evidence as the Board thinks fit.
CALLS	
	Calls on shares
11.	The board may, from time to time, make calls upon the members in respect of any moneys unpaid on their shares and specify the time or times of payments, and each member shall pay to the Company at the time or times so specified the amount called on his shares:
	Provided, however, that the board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time to any of the members whom for residence at a distance or other cause, the directors may deem entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
	When interest on call payable.

12.	If a sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made shall pay interest on the same at such rate not exceeding 6 per cent per annum as the board shall fix from the day appointed for the payment thereof to the time of actual payment but the board may waive payment of such interest wholly or in part.
	Payment in anticipation of calls may carry interest.
13.	The board may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances have been made, the Company may pay interest at such rate not exceeding 6 per cent per annum as the members paying such sum in advance and the board agree upon, and the board may, at any time, repay the amount so-advanced upon giving to such member three months notice in writing.
	Joint-holders' liability to pay.
14.	The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
	FORFEITURE, SURRENDER AND LIEN
	Company's Lien on shares
15.	The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares (other than fully paid shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company but the board of directors may, at any time, declare any share to be wholly or in part exempt from the provisions of this article. The Company's lien, if any, on a share shall extend to all dividends payable thereon.
	TRANSFER AND TRANSMISSION OF SHARES
	Register of transfer
22.	The Company shall keep a book to be called the Register of transfers and therein enter the particulars of several transfers or transmissions of any share.
	Transfer & Transmission of Shares
23.	The right of members to transfer their shares shall be restricted as follows:-
a)	a share may be transferred by a member or other person entitled to transfer to a person approved by the President; and
b)	subject as aforesaid, the directors, may in their absolute and uncontrolled discretion, refuse to register any proposed transfer of shares.
	Notice of refusal to register transfer
24.	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. In case of debentures/bonds, the transfer, transmission/sub-division or consolidation shall be effected within one month from the date of lodgement thereof Provided that the notice of refusal to register transfer transmission, sub-division or consolidation shall be sent within one month from the date on which the instrument of transfer or the intimation/request of transmission/ sub-division or consolidation, as the case may be, is lodged with the company
	Company not bound to recognize any interest in shares other than that of the registered holders.
25.	Save as herein otherwise provided, the directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable contingent or other claims to or interest in such share on the part of a person, whether or not it shall have express or implied notice thereof.
	Execution of transfer
26.	The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
	Form of transfer
27.	Shares in the Company shall be transferred in the prescribed form as-given in the Company (Central Government) General Rules and Forms 1956 or any amendment thereof.
	Transfer to be left at office and evidence of title to be given
28.	Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such evidence as the Company may require to prove the title of the transferor, or his right to transfer the shares. All instruments of transfer shall be retained by the Company but any instrument of

	transfer which the directors may decline to register shall be returned to the person depositing the same.
	Transmission by operation of law
29.	Nothing contained in article 23 shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
	When transfer books and register may be closed
30.	The transfer books and register of members or-the-register of debenture holders may be closed for any time or times not exceeding in the aggregate 45 days in each year but not exceeding 30 days at a time, by giving not less than seven days previous notice and in accordance with Section 154 of the Act.
	Director's right to refuse registration
31.	The directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in the ordinary transfer presented for registration.
	INCREASE, REDUCTION AND ALTERATION OF CAPITAL
	Transfer & Transmission of bonds/debentures
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.
	Increase of Capital
32.	Subject to the approval of the President the directors may, with the sanction of the Company in general meeting increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.
	On what condition new shares may be issued
33.	Subject to such direction as may be issued by the President in this behalf, new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the directors shall determine.
	How far new shares to rank with shares in original capital.
34.	Except so far as otherwise provided by the conditions of issue, or by these articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, lien, voting, surrender and otherwise.
	New shares to be offered to members
35.	The new shares shall be offered to the members in proportion to the existing shares held by each member and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the Company.
	Reduction of Capital etc.
36.	Subject to such direction as may be issued by - the President in this behalf and to the provisions of Sections 100 to 104 of the Act, the Company may, from time to time, by special resolution reduce its capital in any way and in particular and without prejudice to the generality of the foregoing power may:
(a)	extinguish or reduce the liability on any of the shares in respect of share capital not paid up
(b)	either with or without extinguishing or reducing liability on any of its shares,
(i)	cancel any paid up share capital which is lost or is unrepresented by available assets; or
(ii)	payoff any paid up share capital which is in excess of the wants of the Company upon the footing that it may be called up again or otherwise, and the directors may subject to the provisions of the Act, accept surrender of shares.
	Sub-division and consolidation of shares

37.	Subject to the approval of the President, the Company in general meeting may, from time to time:
(a)	increase its share capital by such amount as it thinks expedient by issuing new shares;
(b)	consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
(c)	convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any other denomination;
(d)	sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so, however, that, in the sub-division, the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
(e)	cancel shares which at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.
	And shall file with the Registrar such notice of exercise of any such powers as may be required by the Act.
MODIFICATION OF CLASS RIGHTS	
Power to modify	
38.	If at any time, the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, and subject to the prior approval of the President be modified, abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is:
(a)	ratified in writing by the holders of at least three fourth of the nominal value of the issued shares of that class; or
(b)	confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class and all the provisions hereinafter contained as to general meeting shall <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.
BORROWING POWERS	
Power to borrow	
39.	Subject to the provisions of the Act, the board may, from time to time, borrow and/or secure the payment of any sum or sums of money for the purposes of the Company, by means of a resolution passed at the meeting of the Board.
	Provided that the borrowings will be regulated as may be decided by the Board of Directors keeping in view the guidelines and subject to the directions issued by the Government of India from time to time.
40.	The Board may, keeping in view the guidelines and subject to the directions issued by the Government of India from time to time, raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual, or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
Securities may be assignable free from equities	
41.	Debentures, debenture stock, bonds or other securities, may be made assignable free from any equities between the Company and the persons to whom the same may be issued.
Issue of debentures etc. at discount or with special privilege	
42.	Subject to the approval of the President and Sections 79 and 117 of the Act, any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise, and with any special privileges to redemption, surrender, drawings, appointment of directors and otherwise.
Persons not to have priority over any prior charge	
43.	Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the share-holders or otherwise to obtain priority over such prior charge.
GENERAL MEETINGS	
General Meeting	
45.	The first annual general meeting of the Company shall be held within 18 months from the date of its incorporation and thereafter the next annual general meeting of the Company shall be held within 6 months after the expiry of the financial year in which the first annual general meeting

	was held and thereafter an annual general meeting shall be held by the Company within 6 months after the expiry of each financial year, in accordance with the provisions of Section 166 of the Act. Such general meetings shall be called "annual general meetings" and all other meetings of the Company shall be called "extra-ordinary general meetings".
	Extraordinary General Meeting
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.
	Notice of Meeting.
47.	At least twenty one clear days' notice in writing specifying the place, day and hour of General Meetings, with a statement of business to be transacted at the meeting shall be served on every member in the manner provided by the Act, but with the consent in writing of all the members entitled to receive notice of same, any General Meeting may be convened by such shorter notice and in such manner as those members may think fit.
	Business at the Annual General Meeting.
58.	The business of any annual general meeting shall be to receive and consider the profit and loss account, the balance sheet and the report of the directors and of the auditors, to declare dividends, and to transact any other business which under these articles ought to be transacted at any annual general meeting. All other business transacted at an annual general meeting, and all business transacted at an extra ordinary general meeting shall be deemed special.
	PROCEEDINGS AT GENERAL MEETINGS
	Quorum
59.	Five members present in person, of whom one shall be a representative of the President, shall be a quorum for a general meeting.
	Right of President to appoint any person as his representative.
60. (1)	The President, so long as he is a shareholder of the Company, may, from time to time appoint such person as he thinks fit (who need not be a member or members of the Company) to represent him at all or any meetings of the company
(2)	Any person appointed under sub-clause (1) of the article, who is personally present at the meeting, shall be deemed to be a member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll.
(3)	The President may, from time to time, cancel any appointment made under sub-clause (1) of this article and make fresh appointments.
(4)	The production at the meeting of an order of the 'President, evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.
(5)	Any person appointed by the President under this article may, if so authorised by such order, appoint a proxy whether specially or generally.
	Chairman of general meeting
61.	The Chairman of the board of directors shall be entitled to take the chair at every general meeting or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose another director as Chairman, and if no director shall be present or, if all the directors present decline to take the chair, then the members present, shall choose one of the members to be Chairman.
	Proceeding when quorum not present
62.	If within fifteen minutes from the time appointed for the meeting a quorum is not present, the

	meeting, if convened upon any requisition of the members as aforesaid shall be dissolved but in any other case it shall stand adjourned to the same day in the next week not being a public holiday (but if the same be a public holiday the meeting shall stand adjourned to the succeeding date of such public holiday) at the same time and place and if, at such adjourned meeting, a quorum is not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.
	How questions to be decided at meetings
63.	Every question submitted to a meeting shall be decided in the first instance by a show of hands, and in the case of an equality of votes the chairman shall, both on a show of hands and at a poll (if any), have a casting vote in addition to the vote to which he may be entitled as a member.
	What is to be evidence of the passing of resolution where poll not demanded
64.	At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is, before or on the declaration of the result of the show of hands, demanded by a member present in person or proxy or by duly authorised representative, .find unless a poll is so demanded a declaration by the chairman that the resolution has, on a show of hands been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
	Poll
65.	If a poll is duly demanded, it shall be taken in such manner and at such time and place as are in accordance with Sections 179 and 180 of the Act.
	Power to adjourn general meeting.
66.	The chairman of a general meeting may, with the consent of the member, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
	In what cases poll taken without adjournment
67.	Subject to provisions of Section 180 of the Act, any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting without adjournment.
	Business may proceed notwithstanding demand of poll
68.	The demand of a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.
	Chairman's decision conclusive
69.	The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
	VOTES OF MEMBERS
	Votes
70.	Upon a show of hands every member present in person shall have one vote, and upon a poll, every member present in person or by proxy or by duly authorised representative shall have one vote for every share held by him.
	BOARD OF DIRECTORS
	Number of Directors
82.	Until otherwise determined in a general meeting the number of directors of the Company shall be not less than three and not more than ten. The directors are not required to hold any qualification shares.
	Appointment of Chairman, Managing Director and other Directors
83.	(1) The President shall appoint the chairman and shall appoint other directors in consultation with the chairman provided that no such consultation is necessary in respect of government representatives on the board of directors of the Company. The directors (including the chairman/managing director) shall be paid such salary and/or allowances as the President may, from time to time, determine.
	(2) The President may, from time to time, appoint a managing director and other whole-time director/directors on such terms and remuneration (whether by way of salary or otherwise) as he may think fit.
	(3) Subject to the relevant provisions of the Act, :the President shall have the right to remove or dismiss the chairman, the managing director/wholetime director and the directors for any reasons whatsoever and shall have the right to fill in any vacancy in the office of the chairman, managing director/ whole-time director or the directors caused by removal, dismissal. resignation, death, or otherwise.
	(4) Subject to the provisions of Section 292 of the Companies Act, the directors may, from time to time, entrust and confer upon the chairman or the managing director, for the time-being such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and on such terms and conditions and with such restrictions as they

	<p>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>
Disqualifications of and vacating of office by Directors	
84.	A person shall not be capable of being appointed as a director of the Company if he suffers from any of the disqualifications enumerated in Section 274 of the Act. The office of a director shall be vacated if any of the conditions set out in Section 283 of the Act comes to happen. This is without prejudice to the right of the President to remove any director without assigning any reasons whatsoever.
Powers of Chairman	
93.	The Chairman shall reserve for the orders of President any proposals or decisions of the directors in any matter which, in the opinion of the Chairman, is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. Without prejudice to the generality of the above provision the directors shall reserve for the order of the President any proposal or decision for:
(i)	the sale, lease or disposal otherwise of the whole, or substantially the whole of the undertaking of the Company.
(ii)	the formation of a subsidiary Company.
(iii)	the winding up of the Company; and
(iv)	the division of capital into different classes of shares.
Right of the President	
127.	Notwithstanding anything contained in any of these Articles the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directives or instruction so issued. In particular the President will have the powers:
(i)	to give directions to the Company as to the exercise and performance of its functions in matter involving national security of substantial public interest;
(ii)	to authorise the amount of capital to be raised and the terms and conditions on which it may be raised;
(iii)	to approve the corporation's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government;
(iv)	to approve purchases and contracts of a major nature involving substantial capital out-lay which are in excess of the powers vested in the corporation;
(v)	to call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time;
(vi)	to approve the enterprise's five-year and annual plans of development and the Company's capital budget;
(vii)	to approve agreements involving foreign collaboration proposed to be entered into by the Company.
	<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>
General powers of the company vested in Directors	
88. (1)	<p>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.</p> <p>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.</p>
(2)	No regulation made by the Company in general meeting shall invalidate any prior act of the board which would have been valid if that regulation had not been made.
DIVIDENDS	

	Dividends
100	The profits of the Company available for payment of dividends, subject to any special rights relating thereto created or authorized to be created by these presents and subject to Section 93 of the Act and subject to the provisions of these presents as to reserve fund shall, with the approval of the President, be divisible among members in the proportion to the amount of the capital held by them respectively.
	Paid up in Advance
101	Where capital is paid up on any shares in advance of calls, such capital shall not, confer a right to participate in profits.
	Declaration of Dividends
102	the Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the capital, and may fix the time for payment but no dividend shall exceed the amount recommended by the directors.
	Dividends out of Profits only
103	No dividend shall be payable, otherwise than out of the profits of the year or other period or any other undistributed profits of the Company and no dividend shall carry interest as against the Company.
	Interim Dividend
105.	The directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
	Unclaimed dividend
113.	All dividends unclaimed for one year, after having been declared, may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. No unclaimed dividend shall be forfeited.
	WINDING UP
	Distribution of assets on winding up
128.	If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up of the shares held by them respectively. And if, in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered and Corporate Office of our Company situated at HUDCO Bhawan, Core- 7A, India Habitat Centre, Lodhi Road, New Delhi 110003, India, from 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) during which issue is open for public subscription under the respective tranche prospectus(es).

MATERIAL CONTRACTS

1. Memorandum of Understanding dated January 10, 2012 between our Company and the Lead Managers.
2. Memorandum of Understanding dated January 10, 2012 between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated January 10, 2012 executed between our Company and the Debenture Trustee for the Bondholders.
4. Escrow Agreement dated [●] between our Company, the Registrar, the Escrow Collection Bank(s), and the Lead Managers.
5. Tripartite Agreement dated September 120, 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 January 10, 2012 approving the Issue.
4. Letter dated November 4, 2011 from SEBI to our Company regarding disclosure of financial statements in the Draft Shelf Prospectus.
5. Letter dated December 30, 2011 by CARE assigning a rating of 'CARE AA+' to the Bonds.
6. Letter dated December 29, 2011 by Fitch assigning a rating of 'Fitch AA+ (ind)' to the Bonds.
7. Consents of each of the Directors, the Compliance Officer, Lead Managers, the Consortium Member, 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.
8. 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.
9. Auditor's Report dated January 10, 2012 on the reformatted financial information prepared under Indian GAAP for the financial year March 31, 2007, 2008, 2009, 2010 and 2011.
10. Limited review financial information for the half year ended September 30, 2011.
11. Notification No. 52/2011. F. No. 178/56/2011 - (ITA.1) dated September 23, 2011 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
12. Annual Report of our Company for the last five Fiscals.
13. In-principle listing approval from NSE vide their letter no. [●] dated [●].
14. Due Diligence Certificate dated [●] filed by the Lead Managers with SEBI.
15. Due Diligence Certificate dated [●] from the Debenture Trustee.

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 relevant Tranche Prospectus for each Tranche Issue, are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Shelf Prospectus does not contain any mis-statements.

Signed by the Board of Directors of the Company

Veerappa Parameshwarappa Baligar
Chairman and Managing Director

Aruna Sundararajan
Director

Sudha Krishnan
Director

Dr. Radha Binod Barman
Director

Nassereddin Munjee
Director

Nirmala Samant Prabhavalkar
Director

Place: New Delhi

Date: January 11, 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 six months ended September 30, 2011. 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: **the additional adhoc provision of the company amounting to Rs. 230 crores is beyond NHB Norms, on Loans, as a result of which, the profit before tax for the six months is lower by Rs. 230 crores.**

Place: New Delhi
Date: 4/11/2011

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

(V. K. Gupta)
Partner
M. No. 081979

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 30.09.2011

(Rs. in crores)

Particulars	6 months ended (30.09.2011) (Reviewed)	Corresponding 6 months ended in the previous year (30.09.2010) (Reviewed)	Previous accounting year ended (31.03.2011) (Audited)
1 a) Net Sales/Income from Operation	1192.29	1105.58	2209.80
b) Other Operating Income	31.60	28.35	66.40
2 Total Expenditure			
a) Interest and other financial charges	725.00	618.61	1263.45
b) Exchange Gain (-) / Loss	45.64	11.18	9.61
c) Staff Cost	51.31	50.42	114.45
d) Depreciation	2.50	2.50	11.42
e) Other Expenditure	13.55	12.57	29.25
f) Provision on Loans (Net)	5.44	29.27	29.23
3 Profit from Operations before Other Income	380.45	409.38	818.79
4 Other Income	0.72	0.85	2.39
5 Profit before Exceptional Items	381.17	410.23	821.18
6 Exceptional items	-	-	-
7 Profit (+)/ Loss (-) from Ordinary Activities before tax	381.17	410.23	821.18
8 Prior Period Adjustments (Net)	(0.03)	0.05	(0.29)
9 Provision for Tax			
- Current Tax (Including Prior Period Tax Adjustments)	97.48	113.61	226.95
- Deferred Tax	21.14	16.82	44.49
10 Net Profit (+)/ Loss (-) from Ordinary Activities after tax	262.58	279.75	550.03
11 Extraordinary Items (net of tax expense)	-	-	-
12 Net Profit(+)/ Loss(-) for the period	262.58	279.75	550.03
13 Paid-up Equity Share Capital (Face Value - Rs. 1000 per share)	2001.90	2001.90	2001.90
14 Reserves excluding Revaluation Reserves (As at 31.03.2011)			3519.07
15 Basic / Diluted Earnings per Share (Rs.)	131.17	139.74	274.75

Note:

- 1 The Corporation does not have more than one segment eligible for reporting in terms of Accounting Standard - 17.
- 2 As per NHB Norms, provision is Rs. 1031.23 crore whereas the cumulative provision is Rs. 1261.23 crore as on 30.09.2011. As such additional provision of Rs. 230 crore is available beyond NHB norms as on 30.09.2011 as against Rs. 630 crore which was available on 31.03.2011.
- 3 The main audit observations on the accounts for the financial year 2010-2011 are under review.
- 4 A provision of Rs. 6.50 crore has been made in the accounts towards Employee Benefits as per AS-15 pending Actuarial Valuation.
- 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 half year ended 30th September, 2011 have been Limited Reviewed by the Statutory Auditors.
- 8 Figures of corresponding period in the previous year have been regrouped, wherever necessary.
- 9 The above unaudited financial results as reviewed by the Audit Committee were taken on record by the Board of Directors at their meeting held on 31.10.2011.

DATE: 31.10.2011

for and on behalf of Board of Directors

PLACE: NEW DELHI

V P Baligar
Chairman and Managing Director

PART II: REFORMATTED AUDITED FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
Housing and Urban Development Corporation Ltd.
HUDCO Bhawan, Core-7-A,
India Habitat Centre,
Lodhi Road,
New Delhi - 110 003

Dear Sir,

Re: Proposed public issue by the Housing and Urban Development Corporation Ltd. (“Issuer”) of Tax Free Bonds (the “Bonds”) of face value of Rs. 1,000 each, in the nature of secured, redeemable, non-convertible debentures, up to Rs. 4684.72 Crores (“Issue”) by way of issuance of Bonds at par in one or more tranches.

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 2nd January, 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 management. 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, 2007 to 31st March, 2011 (Annexure I), ‘Statement of Profits’ of the Company for the financial years from 31st March, 2007 to 31st March, 2011 (Annexure II), and ‘Statement of Cash Flows’ of the Company for the financial years from 31st March, 2007 to 31st March, 2011 (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 2011 and 31st March 2010 have been audited by Agiwal & Associates , Chartered Accountants and by S.N.Dhawan & Co. , Chartered Accountants, for the year ended 31st March,2009, 31st March , 2008 and 31st March, 2007. The Financial statements for the year as at 31st March, 2007 to 31st March, 2011 have been adopted by the members. Based on our examination of these reformatted financial statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies and Significant Notes to the Accounts given in Annexure IV and V respectively to this report.
- ii. The figures of earlier years / periods have been regrouped (but not restated retrospectively for change in any accounting policy), 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 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 5].*

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 4].*

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 5]*

b) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd. [refer Note 4(c) of Annexure 5]*

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 5]*

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 5]*

vi 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 5].*

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 5].*

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 5].*

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 5]*

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

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 5]*

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 5]

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

viii 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 5]*
- 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 5]*
- 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 31st 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 5]*
- iv) *Attention is further invited to the following :*
 - a) *Non-reconciliation of outstanding balances in banking sector loans. [refer Note 3(b) of Annexure 5]*
 - 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 5]*
 - c) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd (CIAL). [refer Note 5(f) of Annexure 5]*
 - 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 5]

- 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 5]*
- ix There are qualifications in the auditor's report on financial statements as on and for the year ended 31st March 2007 which are as under :
- i) *The Company has made an additional provision on loans amounting to Rs.175 Crores beyond National Housing Bank's norms. As a result, the profit for the year is lower by Rs.175 Crores. [refer Note 8(c) of Annexure 5]*
- ii) *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 31st 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 16 of Annexure 5]*
- iii) *The Company has during the year changed its accounting policy on revenue recognition regarding accounting of application fees, front-end-fee, administrative fees and processing fees on loans on realization basis instead of accounting for on accrual basis. As a result, the profit for the year is lower by Rs.1.28 Crores. [refer Note 20 of Annexure 5]*
- iv) *Attention is further invited to the following :*
- a) *Non-reconciliation of outstanding balances in banking sector loans. [refer Note 4(b) of Annexure 5]*
- b) *Non confirmation/ reconciliation of balances and consequential adjustments, if any. [refer Note 8(a) and 8(b) of Annexure 5]*
- c) *Non-implementation of Default Resolution Package by Cochin International Airport Ltd (CIAL). [refer Note 8(e) of Annexure 5]*
- 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 10(a) of Annexure 5]*
- e) *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 14 of Annexure 5]*
- f) *The Company is not able to constitute the Audit Committee in terms of section 292A of the Companies Act 1956 and/ or clause 49 of the Listing Agreement. [refer Note 22 of Annexure 5]*
- g) *Non Receipt of bonds from Maharashtra Jeewan Pradhikaran. [refer to Note 23 of Annexure 5]*
- h) *Other liabilities shown under Schedule-L, lying in Suspense Account. Consequential impact of adjustments of debits amounting to Rs.24 lacs and credits amounting to Rs.39lacs, if any, is unascertained. [refer Note 24 of Annexure 5]*

- 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, ***except 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 for 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, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 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, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure IV)
 - ii. Significant Notes to Accounts as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure V)
 - iii. Related Party Information as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure VI)
 - iv. Statements of Accounting Ratios as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure VII)
 - v. Statement of the Dividend as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure VIII)
 - vi. Statement of Tax Shelter as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (Annexure IX)
 - vii. Capitalization statement as at 31st March, 2011 (Annexure X)
 - viii. Statement of Contingent Liabilities as at and for each of the years ended 31st March, 2011, 31st March, 2010, 31st March 2009, 31st March 2008 and 31st March 2007 (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: January 10, 2012

(P.C. Agiwal)
Partner
Membership no. 80475

HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED

Statement of Assets & Liabilities

(Rs. in crore)

	SCHED ULE	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
I. SOURCES OF FUNDS						
(1) Shareholders' Funds						
(a) Share Capital	A	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
(b) Reserves and Surplus	B	3,519.07	3,095.19	2,665.96	2,188.79	1,911.60
		5,520.97	5,097.09	4,667.86	4,190.69	3,913.50
(2) Loan Funds						
Secured Loans	C	179.09	189.53	199.19	208.35	217.04
Unsecured Loans	D	15,599.57	15,330.95	19,050.13	18,694.63	20,165.56
		15,778.66	15,520.48	19,249.32	18,902.98	20,382.60
(3) Deferred Tax Liabilities (Net)		281.85	237.36	234.40	163.33	205.91
		21,581.48	20,854.93	24,151.58	23,257.00	24,502.01
II. APPLICATIONS OF FUNDS						
(1) Fixed Assets						
Gross Block		158.78	142.51	141.86	133.78	132.22
Less: Depreciation		84.57	73.62	69.89	66.12	62.18
Net Block		74.21	68.89	71.97	67.66	70.04
Capital Work in Progress		11.81	9.58	9.07	8.72	6.95
	E	86.02	78.47	81.04	76.38	76.99
(2) Investments	F	1,298.98	1,523.99	2,043.19	2,062.56	2,450.50
(3) Loans	G	19,988.77	19,026.73	21,426.97	21,072.94	21,065.30
(4) Net Current Assets						
Current Assets, Other Loans & Advances - (A)						
(a) Sundry Debtors	H	16.57	12.15	21.82	8.76	1.01
(b) Cash and Bank Balances	I	716.20	755.87	1,052.39	746.70	1,607.25
(c) Other Current Assets	J	230.28	190.80	269.13	287.24	333.81
(d) Other Loans and Advances	K	332.00	342.39	340.14	274.38	271.09
		1,295.05	1,301.21	1,683.48	1,317.08	2,213.16
Less: Current Liabilities & Provisions - (B)						
Current Liabilities and Provisions						
(a) Current Liabilities	L	844.30	916.34	940.03	1,128.19	1,277.53
(b) Provisions	M	243.04	159.13	163.46	171.78	61.67
		1,087.34	1,075.47	1,103.49	1,299.97	1,339.20
Net Current Assets (A) - (B)		207.71	225.74	579.99	17.11	873.96
		21,581.48	20,854.93	24,131.19	23,228.99	24,466.75
(5) Miscellaneous Expenditure (to the extent not written off or adjusted)						
Ancillary cost on raising of Bonds, Public Deposits and Term Loans		-	-	20.39	28.01	35.26
		-	-	20.39	28.01	35.26
		21,581.48	20,854.93	24,151.58	23,257.00	24,502.01

	Significant Accounting Policies	S					
	Notes to Accounts	T					

Annexure II**HOUSING & URBAN DEVELOPMENT CORPORATION LIMITED**

Statement of Profits

(Rs. in crore)

		Year ended	Year ended	Year ended	Year ended	Year ended
	SCHEDULE	31 st March,	31 st March,	31 st March,	31 st March,	31 st March,
		2011	2010	2009	2008	2007
INCOME						
Operating Income	N	2,276.20	2,509.94	2,708.40	2,606.30	2,445.40
Other Income		2.39	18.41	4.78	3.60	2.05
Total		2,278.59	2,528.35	2,713.18	2,609.90	2,447.45
EXPENDITURE						
Interest and other charges	O	1,273.06	1,412.47	1,902.45	1,725.61	1,793.78
Personnel expenses	P	114.45	92.48	75.75	85.67	51.68
Administrative and other expenses	Q	29.25	23.12	24.13	21.03	22.74
Depreciation		11.41	4.52	4.67	5.29	4.74
Provision on loans (Refer Note No. 4(b))		27.80	210.67	(65.35)	213.58	104.67
Provision on debtors/recoverables and other loans & advances		1.43	0.14	0.15	0.11	0.39
Provision on Investment		-	-	0.16	0.22	2.51
Total		1,457.40	1,743.40	1,941.96	2,051.51	1,980.51
Profit before tax		821.19	784.95	771.22	558.39	466.94
Prior period adjustments (net)	R	0.29	0.87	6.25	(0.29)	(1.67)
Deferred Tax Liability for prior years transferred to General Reserve		-	-	(120.96)	-	-
Provision for taxation						
- Current Tax / Wealth Tax		(224.15)	(269.15)	(186.25)	(217.30)	(120.00)
- Deferred Tax - Current year		(44.49)	(2.97)	(71.07)	33.54	(34.28)
- Fringe Benefit Tax		-	-	(0.85)	(0.85)	(0.90)
Adjustment of tax for earlier years (Net)		(2.81)	(18.39)	2.65	0.24	(1.71)
Profit after tax		550.03	495.31	400.99	373.73	308.38
Add: Transferred from Special Reserve		-	-	-	-	21.87
Add: Transferred from Bonds Redemption Reserve		-	-	-	122.12	0.38
Add: Transferred from Welfare Reserve		-	2.36	-	2.35	4.24
Less: Transferred to Welfare Reserve		3.59	-	0.28	-	-
		546.44	497.67	400.71	498.20	334.87
Add: Balance brought forward from previous year		130.00	125.47	125.47	125.47	92.12
Profit available for appropriation		676.44	623.14	526.18	623.67	426.99
Significant Accounting Policies	S					
Notes to Accounts	T					

Schedules A to T

Annexed to and forming part of the Accounts

**SCHEDULE A
SHARE CAPITAL**

(Rs. in crore)

	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
Authorised :					
25,000,000 equity shares of Rs.1,000/- each (previous year 25,000,000 equity shares of Rs. 1,000/- each)	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Issued, Subscribed and Paid up :					
20,019,000 equity shares of Rs.1,000/- each fully paid up (previous year 20,019,000 equity shares of Rs. 1,000/- each fully paid up in cash)	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90

SCHEDULE B
RESERVE AND SURPLUS

(Rs. in crore)

Description	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
Capital (KfW) Reserve					
Balance from previous year	56.77	53.97	45.81	45.11	43.32
Add: Transferred during the year	1.72	2.80	8.16	0.70	1.79
	58.49	56.77	53.97	45.81	45.11
Special Reserve					
(a) Created (u/s 36(1)(viii) of the Income Tax Act, 1961 upto Financial Year 1996-97)					
Balance from previous year	181.75	181.75	181.75	181.75	181.75
(b) Created and Maintained (u/s 36(1)(viii) of the Income Tax Act, 1961 from Financial Year 1997-98 onwards)					
Balance from previous year	1,870.06	1,670.06	1,495.06	1,330.06	1,146.93
Less: Transferred to Profit and Loss Appropriation Account	-	-	-	-	21.87
Add: Transferred from Profit and Loss Appropriation Account	214.00	200.00	175.00	165.00	205.00
	2,084.06	1,870.06	1,670.06	1,495.06	1,330.06
	2,265.81	2,051.81	1,851.81	1,676.81	1,511.81
Bonds Redemption Reserve					
Balance from previous year	-	-	-	122.12	122.51
Less: Transferred to Profit and Loss Account	-	-	-	122.12	0.39
	-	-	-	-	122.12
General Reserve					
Balance from previous year	810.05	588.06	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 Profit and Loss Account on account of prior years	-	-	120.96	-	-
Add: Transferred from Profit and Loss Appropriation Account	197.77	221.99	166.57	248.09	70.00
	1,007.82	810.05	588.06	300.53	70.00
Welfare Reserve					
Balance from previous year	46.56	46.65	40.17	37.09	39.00
Less: Transferred to Profit and Loss Account	-	2.36	-	2.35	4.24
Add: Transferred from Profit and Loss Account	3.59	-	0.28	-	-
Add: Transferred from Profit and Loss Appropriation Account	6.80	2.27	6.20	5.43	2.33
	56.95	46.56	46.65	40.17	37.09
Surplus in Profit and Loss Account					
Balance from previous year	130.00	125.47	125.47	125.47	92.12
Less: Transferred to Profit and Loss Account	130.00	125.47	125.47	125.47	92.12
Add: Transfer from Profit and Loss Account	130.00	130.00	125.47	125.47	125.47
	130.00	130.00	125.47	125.47	125.47
	3,519.07	3,095.19	2,665.96	2,188.79	1,911.60
* Net of Deferred Tax of Rs. 9.04 crore for 2007-08.					

SCHEDULE C
SECURED LOANS

(Rs. in crore)

	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
Loan from Bank					
Bank of India * #	107.44	113.68	119.54	125.05	130.24
[Due for repayment within one year Rs. 6.63 crore (Previous year Rs. 6.23 crore)]	107.44	113.68	119.54	125.05	130.24
Special Priority Sector Bonds ##					
SPS Bond Series A, B and C (Bank of India) **	71.65	75.85	79.65	83.30	86.80
[Due for repayment within one year Rs. 4.45 crore (Previous year Rs. 4.20 crore)]	71.65	75.85	79.65	83.30	86.80
	179.09	189.53	199.19	208.35	217.04

(For 2010-11)

* Secured by lien over Certificate of Deposit for US \$ 21.49 million (Previous year US \$ 23.91 million) placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan.

**Bonds secured by lien over Certificate of Deposit for US \$ 14.32 million (Previous year US \$ 15.94 million) placed under swap arrangement with Bank of India, Cayman Islands Branch, New York. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan.

Repayable from 10.12.2002 to 10.06.2022.

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.

SCHEDULE D

UNSECURED LOANS

(Rs. in crore)

	As at 31 st March,2011	As at 31 st March,2010	As at 31 st March,2009	As at 31 st March,2008	As at 31 st March,2007
DEBENTURES ###					
Subscribed by Banks, Companies and Trusts	77.00	147.00	228.00	303.50	451.50
	77.00	147.00	228.00	303.50	451.50
BONDS ###					
Hudco Bonds Series	6,142.91	6,292.59	6,589.59	7,198.94	7,699.17
HUDCO Gujarat Punarnirman Special Taxfree Bonds	353.10	353.10	353.10	374.85	384.85
Infrastructure Bonds	-	-	-	-	244.24
Bonds (Short Term)	-	-	-	-	500.00
Bonds - Subordinated Debt under Tier - II Capital *	500.00	500.00	500.00	500.00	500.00
	6,996.01	7,145.69	7,442.69	8,073.79	9,328.26
LOANS FROM GOVERNMENT OF INDIA UNDER:					
Line of credit from KfW	52.96	52.96	52.96	52.96	52.96
	52.96	52.96	52.96	52.96	52.96
LOAN FROM FINANCIAL INSTITUTIONS # :					
General Insurance Corporation of India and its four subsidiaries	26.73	69.86	126.02	205.01	287.01
National Housing Bank	-	315.60	400.00	-	-
Life Insurance Corporation of India	13.33	123.33	283.33	446.67	613.33
	40.06	508.79	809.35	651.68	900.34
LOAN FROM VARIOUS BANKS					
Against Banking Sector Fund # @@@	6,163.50	4,259.48	8,070.46	7,294.82	6,444.59
Against Banking Sector Fund (Short Term)	100.00	220.00	-	-	327.50
	6,263.50	4,479.48	8,070.46	7,294.82	6,772.09
PUBLIC DEPOSITS	1,465.01	2,290.79	1,665.68	1,588.58	1,881.52
	1,465.01	2,290.79	1,665.68	1,588.58	1,881.52
INTEREST BEARING CASH SECURITIES	0.18	0.41	0.41	3.52	3.60
	0.18	0.41	0.41	3.52	3.60
LOANS IN FOREIGN CURRENCY					
Loan from JBIC *	262.31	237.56	259.14	244.11	263.50
Loan from Asian Development Bank'	315.32	335.48	375.94	347.51	377.63
Loan from US Capital Market (Guaranteed by USAID and Counter Guaranteed by Canara Bank)	127.22	132.79	145.50	134.16	134.16
	704.85	705.83	780.58	725.78	775.29
	15,599.57	15,330.95	19,050.13	18,694.63	20,165.56

Note to Schedule D (pertaining to Loan outstanding as on 31.03.2011):

		(Rs. in crore)
1 The details of Debentures outstanding as at 31.03.2011 are as follows:		31 st March, 2011
DEBENTURES * ###		
Subscribed by Banks, Companies and Trusts		
11.50% Paid on 26.06.2010		-
11.50% Paid on 05.10.2010		-
11.50% Repayable on 25.09.2011		35.00
12.00% Repayable on 07.01.2012		42.00
		77.00
2 The details of Bonds outstanding as at 31.03.2011 are as follows:		
BONDS ###		
Hudco Bonds Series		
Non-cummulative		
8.25% Tax free (XVII-A) Paid on 19.09.2010		-
8.25% Tax free (XVII-B) Paid on 28.09.2010		-
8.25% Tax free (XVII-C) Paid on 15.03.2011		-
12.40% Taxable (XVIII-C) Paid on 19.09.2010		-
12.40% Taxable (XVIII-F) Paid on 28.09.2010		-
11.15% Taxable (XX-C) Repayable on 20.07.2011		444.06
9.00% Tax free (XXI-B) Repayable on 30.01.2012		40.00
9.75% Taxable (XXII-C) Repayable on 28.03.2012		3.00
10.00% Taxable (XXIII-C) Repayable on 27.03.2012		312.55
10.00% Taxable (XXIV-C) Repayable on 28.03.2012		73.10
9.75% Taxable (XXV-B) Repayable on 28.06.2012		165.00
10.00% Taxable (XXV-C) Repayable on 28.06.2014		210.00
7.60% Taxable (XXVI) Repayable on 20.01.2013 @		217.90
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
7.80% Taxable (XXIX-C) Repayable on 06.03.2013		62.40
6.15% Tax free (XXX) Repayable on 08.03.2013 @		30.00
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
6.70% Taxable (XXXIII-A) Repayable on 29.08.2013 @		315.10
6.80% Taxable (XXXIII-B) Repayable on 29.08.2013 @@ (Put option exercised on 29.08.2010)		127.00
6.90% Taxable (XXXIII-C) Repayable on 29.08.2013		194.30
5.15% Tax free (XXXIV) Repayable on 31.03.2014		50.00
7.00% Taxable (XXXVI-A) Repayable on 29.03.2012 \$		62.20
7.30% Taxable (XXXVI-C) Repayable on 29.03.2012		98.50
7.30% Taxable (XXXVII-A) Repayable on 20.01.2016 @		34.60
7.50% Taxable (XXXVII-B) Repayable on 20.01.2016 @@		16.80
7.80% Taxable (XXXVII-C) Repayable on 20.01.2016		590.00
8.05% Taxable (XXXIX-A) Repayable on 29.03.2016 @ (Put option exercised on 29.03.2011)		14.70
8.12% Taxable (XXXIX-B) Repayable on 29.03.2016 @@		1.90
8.35% Taxable (XXXIX-C) Repayable on 29.03.2016		160.40
8.60% Taxable (1-A) 2006-07 Repayable on 29.08.2016 \$		38.20
8.85% Taxable (1-B) 2006-07 Repayable on 29.08.2016 @		14.50
9.10% Taxable (1-C) 2006-07 Repayable on 29.08.2016 @@		8.70
9.30% Taxable (1-D) 2006-07 Repayable on 29.08.2016		128.80
8.65% Taxable (2-A) 2006-07 Repayable on 29.11.2016 \$		55.00
8.75% Taxable (2-B) 2006-07 Repayable on 29.11.2016 @		27.00
9.05% Taxable (2-C) 2006-07 Repayable on 29.11.2016		369.80

7.40% Taxable 2003 (SD-I) Repayable on 05.03.2013 @	100.00
7.90% Taxable 2003 (SD-II) Repayable on 31.03.2013	470.00
7.70% Taxable 2003 (SD-III) Repayable on 27.03.2013 @@	145.90
7.90% Taxable 2003 (SD-IV) Repayable on 28.03.2013	50.00
7.35 % Taxable 2003 (SD-V) Repayable on 31.07.2013	350.00
7.95 % Taxable 2006 (SD-I) Repayable on 20.07.2011	500.00
8.30 % Taxable 2006 (SD-II) Repayable on 28.04.2013	500.00
	6,142.91
HUDCO Gujarat Punarnirman Special Taxfree Bonds	
9.25% Tax free Bond Series (I-C) Repayable on 06.03.2012	130.95
9.00% Tax free Bond Series (II-C) Repayable on 28.03.2012	148.65
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
	353.10
Bonds - Subordinated Debt under Tier - II Capital *	
Redeemable Bonds of Rs. 1,00,00,000 each	
Repayable at par on 27.03.2012	500.00
	500.00
	6,996.01
3 The details of Govt. Loan outstanding as at 31.03.2011 are as follows:	
LOANS FROM GOVERNMENT OF INDIA UNDER :	
Line of credit from KfW	
(Repayable after 22 years from the date of drawal)	
5.75% p.a. (net)	52.96
[Due for repayment within one year Rs.Nil (Previous year Rs. Nil)]	52.96
4 The details of Loan from Financial Institutions outstanding as at 31.03.2011 are as follows:	
LOAN FROM FINANCIAL INSTITUTIONS # :	
General Insurance Corporation	
of India and its four subsidiaries	
(Repayable within 16th year from the date of drawal)	
6.25% p.a. (net)	26.73
[Due for repayment within one year Rs. 21.19 crore (Previous year Rs. 43.12 crore)]	26.73
National Housing Bank	
(Repaid on 31.03.2011)	
7.00% p.a.	-
[Due for repayment within one year Rs.Nil (Previous year Rs. 63.30 crore)]	-
Life Insurance Corporation of India	
(Repayable from 2nd to 16th year from the date of drawal)	
6.25% p.a.	13.33
[Due for repayment within one year Rs. 6.67 crore (Previous year Rs. 96.67 crore)]	13.33
	40.06
5 The details of Loan from various Banks outstanding as at 31.03.2011 are as follows:	
LOAN FROM VARIOUS BANKS	
Against Banking Sector Fund # @@@	
(Repayable within 7 years from the date of drawal)	
[Due for repayment within one year Rs. 2028.35 crore (Previous year Rs. 2534.73 crore)]	
4.00% p.a.	-
6.83% p.a.	-
6.96% p.a.	-
7.37% p.a.	-
7.25% p.a.	28.57

7.50% p.a.	-
8.55% p.a.	-
8.75% p.a.	-
Term Loan From Banks (PLR / Base Rate)	6,134.93
	6,163.50
Against Banking Sector Fund (Short Term)	
(Repayable within one year)	
6.25% p.a.	-
6.50% p.a.	-
7.65% p.a.	100.00
[Due for repayment within one year Rs. 100 crore (Previous year Rs. 220 crore)]	100.00
	6,263.50
6 The details of Loan from Public Deposits outstanding as at 31.03.2011 are as follows:	
PUBLIC DEPOSITS	
	1,465.01
[Due for repayment within one year Rs.626.87 crore (Previous year Rs.1256.85 crore)]	1,465.01
7 The details of Interest Bearing Cash Securities outstanding as at 31.03.2011 are as follows:	
INTEREST BEARING CASH SECURITIES	
	0.18
	0.18
8 The details of Loan in Foreign Currency outstanding as at 31.03.2011 are as follows:	
LOANS IN FOREIGN CURRENCY	
Loan from JBIC *	
(Repayable from 20 January 2006 to 20 July 2023)	
- Swapped in two tranches with SBI ##	-
- Swapped in one tranche with ICICI Bank Ltd. ####	24.74
- Unswapped portion of JBIC	237.57
[Due for repayment within one year Rs.14.90 crore (Previous year Rs. 16.33 crore)]	262.31
Loan from Asian Development Bank * ^^	
6 months LIBOR for US \$ + 0.40% p.a.**	315.32
[Due for repayment within one year Rs.9.59 crore (Previous year Rs. 9.02 crore)]	315.32
Loan from US Capital Market	
(Guaranteed by USAID and Counter Guaranteed by Canara Bank)	
(i) (Repayable from March 2010 to September 2029)	
6 months LIBOR for US \$ + 0.18% p.a. (USAID-1) ***	40.33
(ii) (Repayable from March 2011 to September 2030)	
6 months LIBOR for US \$ + 0.035% p.a. (USAID-2)	
- Swapped with ICICI Bank (US \$ 10 million) ****	42.24
- Unswapped Portion	44.65
[Due for repayment within one year Rs. 4.44 crore (Previous year Rs.2.22 crore)]	127.22
	704.85

(For 2010-11)

* Guaranteed by Central Government as to the repayment of principal and interest.

** Hudco has received a loan of US \$ 100 million from ADB out of which US \$ 50 million (received during the years 1997-98 and 1998-99) has been placed as deposit as per arrangement with Bank of India, Cayman Islands Branch, USA. The deposits are co-terminus with the loan maturity schedule of the underlying ADB loan. The balance US \$ 50 million (received during the year 1999-00) has been swapped with EXIM Bank and under the arrangement EXIM Bank has subscribed to 12.75% Special Priority Sector Bonds (II) (rate of interest for the next 7 years reset to 12.50% w.e.f. 15.12.2006) for Rs. 217 crore which are co-terminus with the loan maturity schedule of the underlying ADB loan. Repayment of the above ADB loan and redemption of the corresponding deposit / swap has started w.e.f. 15.12.2002 as per the amortisation schedule(s).

*** Under the swap arrangement with EXIM Bank, HUDCO has remitted US \$ 10 million to EXIM Bank against which EXIM Bank has subscribed to 12.75% Hudco Special Infrastructure Bonds (II) (rate of interest for the next 7 years reset to 12.50% w.e.f. 23.09.2006) amounting to Rs. 43.60 crore which are co-terminus with the loan maturity schedule of the underlying USAID guaranteed loan.

**** Currency and Interest Rate Swap (CIRS) for US \$ 10 million executed with ICICI Bank 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.

Covered by irrevocable power of attorney in favour of lenders / trustee and further Loans from Banking Sector are covered by irrevocable Power of Attorney to the extent of Rs. 10 crore (Previous year Rs. 64.50 crore).

The SBI swap in respect of JBIC loan has matured on 16.10.2010.

Debentures and bonds are redeemable at par.

Principal only swap amounting to JPY 1746.13 million (Previous year JPY 1746.13 million) entered into with ICICI Bank Ltd. on 25.04.2007 {6½ years (approx.) upto 20.01.2013} against Rupee fund of Rs. 61.54 crore at PoS premium of 7.65% p.a.

\$ Put and call option at the end of 3rd year from the date of allotment.

@ Put and call option at the end of 5th year from the date of allotment.

@@ Put and call option at the end of 7th year from the date of allotment.

@@@ Includes Rs. nil (US \$ nil) [previous year Rs. 150.45 crore (US \$ 33.33 million)] as loans from banks against FCNR Deposits.

^ Converted to Tier II Capital on 30.03.2004 from 10.15% Taxable 2002 (SD – II) bonds repayable on 27.03.2012.

^^ Repayable from 15.12.2002 to 15.06.2022.

**SCHEDULE E
FIXED ASSETS**

(Rs. In core)

ITEMS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK				
	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost	Total	Total	Total	Total	Total	Total Cost	Total Cost	Total Cost	Total Cost	Total Cost
	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at	as at
	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2011	31.03.2010	31.03.2009	31.03.2008	31.03.2007
Land (Freehold)	4.86	4.86	4.86	0.85	0.85	-	-	-	-	-	4.86	4.86	4.86	0.85	0.85
Land (Leasehold) * #	8.09	8.09	8.09	9.41	9.41	1.25	1.15	1.06	1.77	1.66	6.84	6.94	7.03	7.64	7.75
Building ** #	85.86	71.21	71.21	66.37	66.37	38.86	29.53	27.33	24.92	22.74	47.00	41.68	43.88	41.45	43.63
Flat#	20.97	20.97	20.97	21.02	21.02	11.23	10.72	10.18	9.66	9.06	9.74	10.25	10.79	11.36	11.96
Airconditioner and Cooler	1.70	1.67	1.59	1.59	1.57	1.23	1.17	1.12	1.08	1.01	0.47	0.50	0.47	0.51	0.56
Office Equipments ##	26.15	25.03	24.84	24.72	23.40	22.84	22.15	21.36	20.07	19.53	3.31	2.88	3.48	4.65	3.87
Furniture and Fixtures	4.48	4.44	4.31	4.16	4.09	3.68	3.52	3.33	3.17	2.96	0.80	0.92	0.98	0.99	1.13
Vehicle	2.32	2.00	1.90	1.65	1.65	1.12	1.13	1.41	1.42	1.34	1.20	0.87	0.49	0.23	0.31
Library Books	0.89	0.86	0.83	0.81	0.77	0.89	0.86	0.83	0.81	0.77	-	-	-	-	-
Miscellaneous Assets	3.70	3.62	3.50	3.44	3.33	3.70	3.62	3.50	3.44	3.33	-	-	-	-	-
	159.02	142.75	142.10	134.02	132.46	84.80	73.85	70.12	66.34	62.40	74.22	68.90	71.98	67.68	70.06
Less: Grants															
Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Conditioner	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	-	-	-	-	-
Office Equipment	0.20	0.20	0.20	0.20	0.20	0.19	0.19	0.19	0.18	0.18	0.01	0.01	0.01	0.02	0.02
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Library Books	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Assets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-
	0.24	0.24	0.24	0.24	0.24	0.23	0.23	0.23	0.22	0.22	0.01	0.01	0.01	0.02	0.02
	158.78	142.51	141.86	133.78	132.22	84.57	73.62	69.89	66.12	62.18	74.21	68.89	71.97	67.66	70.04
Capital Work-In-Progress	11.81	9.58	9.07	8.72	6.95	-	-	-	-	-	11.81	9.58	9.07	8.72	6.95

(For 2010-11)

*Includes land of Rs. 0.09 crore on perpetual lease (Previous year Rs. 0.09 crore) hence no depreciation has been provided.

** Includes leasehold building gross block of Rs. 84.78 crore (previous year Rs. 70.12 crore), total depreciation of Rs. 37.67 crore (Previous year Rs. 28.74 crore) and net block of Rs. 53.97 crore (Previous year Rs. 41.38 crore) as on 31.03.2011.

The lease (sub-lease) / conveyance deeds in respect of certain properties (Land, Building and Flat) of the value of Rs. 42.33 crore (previous year Rs. 42.08 crore) are yet to be executed.

Includes Intangibles assets gross block of Rs. 1.62 crore (Previous year Rs. 1.62 crore), amortisation during the year Rs. 0.0045 crore (Previous year Rs. 0.0045 crore) total amortisation of Rs. 1.62 crore (Previous year Rs. 1.62 crore) and net block of Rs. 0.0046 crore (Previous year Rs. 0.01 crore) as on 31.03.2011.

SCHEDULE F
INVESTMENTS

(Rs. in crore)

				As at	As at	As at	As at	As at
				31 st March, 2011	31 st March, 2010	31st March, 2009	31st March, 2008	31st March, 2007
Equity Shares (Long Term) (Trade Investments)				4.97	4.97	4.97	4.97	4.97
Less: Provision				3.01	3.00	3.00	3.00	3.01
				1.96	1.97	1.97	1.97	1.96
Equity Shares (Long Term) - Joint Venture				2.41	2.41	2.41	2.41	2.39
Less: Provision				0.39	0.39	0.39	0.23	-
				2.02	2.02	2.02	2.18	2.39
Bonds				1,295.00	1,520.00	2,039.20	2,058.41	2,446.15
				1,298.98	1,523.99	2,043.19	2,062.56	2,450.50
Aggregate of quoted investments :								
Cost				2.60	2.60	2.60	2.60	2.60
Market value				4.78	3.71	1.90	4.53	3.75
Aggregate of unquoted investments :								
Cost				1,299.78	1,524.78	2,043.98	2,063.19	2,450.91
(I) Equity Shares (Long Term) (Trade Investments)								
								(Rs. in crore)
	Number	Face Value (Rs.)		As at 31 st March, 2011	As at 31 st March, 2010	As at 31st March, 2009	As at 31st March, 2008	As at 31st March, 2007
(A) Quoted Investments								
Indbank Housing Ltd.	2,500,000	10		2.50	2.50	2.50	2.50	2.50
Bhagyanagar Wood Plast Ltd.	100,000	10		0.10	0.10	0.10	0.10	0.10
Total Quoted				2.60	2.60	2.60	2.60	2.60

					As at	As at	As at	As at	As at
					31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
(B) Unquoted Investments									
TN Urban Finance Infrastructure Dev. Corpn. Ltd.		20,000		100	0.20	0.20	0.20	0.20	0.20
Cent Bank Home Finance Ltd.		170,000		100	1.70	1.70	1.70	1.70	1.70
Intra Consolid (India) Ltd.		100,000		10	0.10	0.10	0.10	0.10	0.10
Nagarjuna Ceramics Ltd. *		100,000		10	0.10	0.10	0.10	0.10	0.10
Marnite Polycast Ltd.		100,000		10	0.10	0.10	0.10	0.10	0.10
Periwal Bricks Ltd.		100,000		10	0.10	0.10	0.10	0.10	0.10
Trans Fibre Pipes (I) Ltd.		71,900		10	0.07	0.07	0.07	0.07	0.07
					2.37	2.37	2.37	2.37	2.37
					4.97	4.97	4.97	4.97	4.97
(C) Equity Shares (Long Term) - Joint Venture									
Pragati Social Infrastructure & Development Ltd.		130,000		10	0.13	0.13	0.13	0.13	0.13
MCM Infrastructure Private Ltd.		260,000		10	0.26	0.26	0.26	0.26	0.26
Shristi Urban Infrastructure Development Ltd.		2,000,000		10	2.00	2.00	2.00	2.00	2.00
Signa Infrastructure India Ltd.		13,000		10	0.01	0.01	0.01	0.01	-
					2.40	2.40	2.40	2.40	2.39
(II) Bonds									
(Rs. in crore)									
	Rate of	Number		Face	As at	As at	As at	As at	As at
	Interest			Value (Rs.)	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
	(%)								
Karnataka Renewable Energy Development Ltd. **	14.00	3,880		100,000	-	-	19.20	38.41	57.62
TAPI Irrigation Development Corporation	11.00	17,500		100,000	-	-	-	-	175.00
Gujarat Electricity Board **	11.50	25,000		100,000	175.00	250.00	250.00	250.00	250.00
West Bengal Infrastructure Dev. Finance Corpn. Ltd.	11.85	25,000		100,000	250.00	250.00	250.00	250.00	250.00
West Bengal Infrastructure Dev. Finance Corpn. Ltd.	8.00	-		100,000	-	-	500.00	500.00	500.00
West Bengal Infrastructure Dev. Finance Corpn. Ltd. \$	8.00	2,000		1,000,000	200.00	200.00	200.00	200.00	200.00
Vidarabha Irrigation Development Corporation	11.00	10,000		100,000	-	-	-	-	100.00
Godawari Marathwada Irrigation Deve. Corpn.	11.00	5,000		100,000	-	-	-	-	50.00
EDC Ltd.	10.50	3,000		100,000	-	-	-	-	30.00

					As at	As at	As at	As at	As at
					31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
HP Infrastructure Development Board \$	11.30	20,000		100,000	200.00	200.00	200.00	200.00	200.00
J & K Power Development Corporation Ltd.	11.10	15,000		100,000	-	150.00	150.00	150.00	150.00
A P Power Finance Corporation Ltd. \$	8.15	2,700		1,000,000	270.00	270.00	270.00	270.00	270.00
Maharashtra Jeewan Pradhikaran \$	8.00	2,000		1,000,000	200.00	200.00	200.00	200.00	200.00
Maharashtra Jeewan Pradhikaran	11.50				-	-	-	-	13.53
					1,295.00	1,520.00	2,039.20	2,058.41	2,446.15
Total Unquoted					1,299.77	1,524.77	2,043.97	2,063.18	2,450.91

(For 2010-11)

*Share Certificates sent for correction but not received back.

**Held with Jammu & Kashmir Bank Depository Services who are showing a balance of Rs. 135.80 crore of Karnataka Renewable Energy Development Ltd. against a face value of Rs. Nil and Rs. 250 crore of Gujarat Electricity Board against a Face Value of Rs.175 crore appearing in HUDCO's books. The difference 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.

SCHEDULE G

LOANS

(Rs. in crore)

	As at	As at	As at	As at	As at
	31 st March,	31 st March,	31 st March,	31 st March,	31 st March,
	2011	2010	2009	2008	2007
Loans					
Opening Balance	20,289.53	22,434.75	22,148.65	21,940.24	22,050.13
Add : Advanced during the year	5,104.55	3,098.07	4,020.08	3,754.03	3,452.41
Less: Repayment received during the year	4,188.33	5,243.29	3,733.98	3,545.62	3,562.30
	21,205.75	20,289.53	22,434.75	22,148.65	21,940.24
Less: KfW Releases	7.92	13.00	19.98	43.18	44.02
	21,197.83	20,276.53	22,414.77	22,105.47	21,896.22
Less: Excess amount (Pending adjustment)	0.20	34.28	0.50	0.10	0.11
	21,197.63	20,242.25	22,414.27	22,105.37	21,896.11
Less: Provision on loans	1,255.78	1,227.99	1,017.32	1,082.67	868.80
	19,941.85	19,014.26	21,396.95	21,022.70	21,027.31
Add : Interest accrued and due on above	46.92	12.47	30.02	50.24	37.99
	19,988.77	19,026.73	21,426.97	21,072.94	21,065.30
Loans and advances considered good in respect of which the company is fully secured by mortgage.	9,450.76	7,810.42	7,832.11	6,439.20	5,142.80
Loans and advances considered good in respect of which the company holds guarantees from Government / Banks.	7,123.71	7,896.05	9,311.32	9,187.61	9,973.29
Loans and advances to Central and State Government departments considered good for which the company holds no security (The Government guarantee is considered implicit).	4,335.52	4,530.83	5,203.66	6,395.97	6,502.21
Loans and advances considered good for which the company holds no security other than the borrower's personal security	287.84	39.23	67.68	82.69	277.92
	21,197.83	20,276.53	22,414.77	22,105.47	21,896.22

**SCHEDULE H
SUNDRY DEBTORS**

(Rs. in crore)

	As at 31 st March,2011	As at 31 st March,2010	As at 31 st March,2009	As at 31 st March,2008	As at 31 st March,2007
Unsecured					
Debts outstanding for a period exceeding six months					
- Considered good	13.13	10.48	18.95	7.44	0.47
- Considered doubtful	1.85	0.43	0.32	1.03	1.03
	14.98	10.91	19.27	8.47	1.50
Less: Provision for doubtful debts	1.85	0.43	0.32	1.03	1.03
	13.13	10.48	18.95	7.44	0.47
Other Debts					
- Considered good	3.44	1.67	2.87	1.32	0.54
	16.57	12.15	21.82	8.76	1.01

SCHEDULE I

CASH AND BANK BALANCES

(Rs. in crore)

	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
Cash and Revenue stamps in hand	0.03	0.04	0.03	0.06	0.05
Imprest	-	-	-	-	0.01
Demand Drafts in hand	-	-	0.41	-	-
Stamps in hand (Including franking machine balance)	-	-	-	-	0.01
Remittance in transit (Inter office)	0.11	1.39	-	0.16	1.52
With Schedule Bank					
- In Current Account - Indian Branches *	186.18	242.64	565.68	394.22	125.11
- In Deposit Account - Indian Branches	369.64	340.64	276.62	185.43	1,291.31
- In Deposit Account - Foreign Branches **	159.91	171.05	203.02	166.61	189.24
	715.73	754.33	1,045.32	746.26	1,605.66
Balance with Reserve Bank of India	0.33	0.11	6.63	0.22	-
	716.20	755.87	1,052.39	746.70	1,607.25

(For 2010-11)

* Includes Rs. 0.08 crore (Previous year Rs. 0.08 crore) held under No-lien account of Andrews Ganj Project.

** Under lien with Bank of India, Cayman Islands Branch, USA.

SCHEDULE J
OTHER CURRENT ASSETS

(Rs. in crore)

	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2008	As at 31 st March, 2007
Interest accrued but not due on:					
Bonds	49.60	34.29	72.62	91.11	104.66
Fixed Deposit with Scheduled Bank- Indian Branches	3.67	2.11	0.40	1.86	3.68
Deposit with Scheduled Bank - Foreign Branches	0.44	0.47	1.68	2.60	3.28
Loans	143.26	110.76	153.11	106.21	78.54
	196.97	147.63	227.81	201.78	190.16
Work-in-Progress					
- Andrews Ganj project (AGP)					
Opening balance	26.91	26.91	71.05	129.24	116.86
Add: Work done during the year					
- Andrews Ganj project (AGP)					
- Consultancy fees	-	-	-	-	0.06
- Civil work	-	-	3.47	1.14	12.32
	26.91	26.91	74.52	130.38	129.24
Less: Work Completed (AGP)	-	-	47.61	59.33	-
	26.91	26.91	26.91	71.05	129.24
- BSUP Project	6.40	1.85	-	-	-
Closing Work In Progress	33.31	28.76	26.91	71.05	129.24
Work Completed					
Opening balance	14.41	14.41	14.41	14.41	31.66
Adjustment during the year	14.41	-	-	-	17.25
	-	14.41	14.41	14.41	14.41
Others					
- Amount receivable from Government of India under					
Jabalpur Earthquake Scheme	5.00	5.00	5.00	5.00	5.00
Less Provision	5.00	5.00	5.00	5.00	5.00
	-	-	-	-	-
	230.28	190.80	269.13	287.24	333.81

SCHEDULE K

OTHER LOANS AND ADVANCES

(Rs. in crore)

	As at 31 st March, 2011	As at 31 st March, 2010	As at 31 st March,2009	As at 31 st March,2008	As at 31 st March, 2007
Staff loans *	36.32	31.87	31.33	32.74	34.01
Add : Interest accrued on above *	11.86	11.39	11.07	10.73	10.10
	48.18	43.26	42.40	43.47	44.11
Less: Provision	0.09	0.09	0.09	0.09	-
	48.09	43.17	42.31	43.38	44.11
Loan (Secured against Hudco Public Deposits)	0.60	0.15	9.17	8.66	0.17
Add : Interest accrued on above	0.01	0.01	1.55	0.68	0.01
	0.61	0.16	10.72	9.34	0.18
Advances recoverable in cash or in kind or for value to be received or pending adjustments: (Unsecured considered good)					
Advances for works **	14.85	28.31	28.11	28.28	29.63
Employees Advances	0.18	0.19	0.39	0.17	0.20
Prepaid Expenses	0.46	0.52	0.48	0.44	0.53
Deposit for Services	0.22	0.22	0.19	0.21	0.22
Advance against capital purchases	1.20	1.20	1.21	3.64	2.43
Advance Income Tax (Including TDS)	226.88	273.76	191.37	172.01	106.27
Less: Provision for Income Tax	224.00	269.00	186.10	217.18	119.70
	2.88	4.76	5.27	(45.17)	(13.43)
Income Tax Payments subject to litigation	223.09	220.62	214.83	197.34	160.82
Interest Tax Payments subject to litigation	6.59	7.02	7.02	8.75	13.73
Service Tax Payments subject to litigation	0.25	-	-	-	-
Others	34.03	36.67	30.07	28.46	33.41
	283.75	299.51	287.57	222.12	227.54
Less: Provision	0.45	0.45	0.46	0.46	0.74
	283.30	299.06	287.11	221.66	226.80
	332.00	342.39	340.14	274.38	271.09

(For 2010-11)

* Includes secured by way of mortgage of Rs. 39.78 crore (Previous year Rs. 36.69 crore).

** Includes Rs.14.37 crore (Previous year Rs. 27.81 crore) on account of Andrews Ganj

(Rs in crore)

Particulars	As at 31 st March,2011	As at 31 st March,2010	As at 31 st March,2009	As at 31 st March,2008	As at 31 st March,2007
Due by Directors of the Company	-	0.01	0.01	0.01	-
Due by other officers of the Company	0.08	0.09	0.10	-	0.01
Maximum amount due at any time during the year by Directors of the Company	0.01	0.01	0.01	0.01	0.09
Maximum amount due at any time during the year by officers of the Company	0.09	0.10	0.10	0.01	0.01

SCHEDULE L
CURRENT LIABILITIES

(Rs. in crore)

	As at	As at	As at	As at	As at
	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
Sundry Creditors (Refer Note No.10)	0.38	0.95	0.73	0.72	0.85
Security, Earnest money and other deposits	17.27	15.94	7.28	6.34	5.67
Amount received in advance	6.66	5.23	7.35	5.12	6.10
Liability towards Investors Education and Protection Fund *					
i) Unpaid Debentures	-	-	-	-	-
ii) Unpaid Bonds	17.30	17.68	24.03	29.02	4.78
iii) Unpaid Public Deposits	3.45	6.41	11.63	4.84	31.75
iv) Interest accrued and due on above	8.84	8.75	10.48	9.96	36.86
KfW R and D account	49.95	49.45	48.67	45.12	44.95
KfW Interest account	9.87	9.79	9.64	8.58	8.34
Amount received from KfW ** \$	99.27	100.98	103.78	111.94	112.64
Less : KfW Releases	7.92	13.00	19.98	43.18	44.02
	91.35	87.98	83.80	68.76	68.62
Grant / Subsidy received from different Ministries/Agencies \$	8.25	7.64	6.74	60.15	10.91
Amount received/receivable against sale of project \$\$	-	-	-	57.79	117.02
Amount payable to Ministry					
- Andrews Ganj Project (AGP)	29.36	42.26	92.72	129.85	124.26
- Bhikaji Cama Place Project (BCP)	0.82	-	-	-	-
	30.18	42.26	92.72	129.85	124.26
Bank book overdraft in current account	50.00	-	6.71	-	40.51
Bank book overdraft with Reserve Bank of India	-	-	-	-	12.33
Premium for forward sale contract accrued but not due	-	-	0.03	0.02	0.03
Other Liabilities	57.61	46.86	41.83	65.42	62.31
Interest accrued but not due					
- Secured Loans	1.98	1.95	3.09	3.16	2.97
- Unsecured Loans	491.20	615.44	585.29	633.33	699.26
- Others	0.01	0.01	0.01	0.01	0.01
	844.30	916.34	940.03	1,128.19	1,277.53

(For 2010-2011)

*Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956 will be determined on the respective due dates.

**Includes Principal overdue & interest overdue as on 31.03.2011 amounting to Rs. 4.63 crore (previous year Rs. 4.63 crore) and Rs. 4.85 crore (previous year Rs. 3.75 crore) respectively.

\$ Includes Rs. 8.37 crore (previous year Rs. 7.85 crore) (net of refunds) as on 31.03.2011 received on account of various Grants / Subsidy. Cumulative Grants / Subsidies received as on 31.03.2011 is Rs.1457.86 crore (previous year Rs. 1458.07 crore) out of which Rs. 1449.49 crore (previous year Rs. 1450.22 crore) has been released (net of refunds). The Utilisation Certificates to the extent of Rs.1269.06 crore has been received and for balance amount of Utilisation Certificates are being followed up.

SCHEDULE M

PROVISIONS

(Rs. in crore)

	As at 31 st March,2011	As at 31 st March,2010	As at 31 st March,2009	As at 31 st March, 2008	As at 31 st March,2007
Wealth tax	0.15	0.15	0.15	0.12	0.30
Fringe Benefit Tax	-	-	0.85	0.85	0.90
Leave encashment	26.25	20.78	13.03	11.72	8.06
Post-retirement medical benefit	63.17	54.45	56.56	52.28	26.62
Gratuity	-	-	4.72	8.69	-
Welfare expenses	0.23	0.23	0.38	0.37	-
Leave travel concession	11.43	14.63	10.84	9.86	-
Pay revision	-	-	24.00	8.21	1.60
Provident Fund	13.94	-	-	-	-
Interim Dividend	-	-	-	26.35	-
Proposed Final Dividend	110.03	59.08	45.24	41.76	20.68
Dividend Tax	17.84	9.81	7.69	11.57	3.51
	243.04	159.13	163.46	171.78	61.67

SCHEDULE N

INCOME FROM LOANS, INVESTMENTS, DEPOSITS AND OTHERS

(Rs. in crore)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010	Year ended 31 st March, 2009	Year ended 31 st March, 2008	Year ended 31 st March, 2007
Interest on Loans	2,114.07	2,236.09	2,497.64	2,317.78	2,135.75
Less: Penal Interest waived off	79.86	55.96	57.01	119.05	162.82
	2,034.21	2,180.13	2,440.63	2,198.73	1,972.93
Interest on Bonds *	137.01	160.41	196.38	227.57	242.83
Other Income on loans **	38.57	42.24	15.36	43.83	41.88
Less : Prepayment charges waived off	-	-	1.90	-	-
	38.57	42.24	13.46	43.83	41.88
Other income on Bonds	-	0.19	0.19	0.19	0.19
Dividend on long term investments	0.21	0.01	0.01	0.02	0.01
Interest on Staff Advances	1.30	1.10	1.13	1.15	1.22
Interest on Loans against Public Deposits	0.06	0.40	0.90	0.74	0.02
Interest on Fixed Deposits					
- Scheduled Banks - Indian Branches	39.26	27.21	15.14	62.23	120.67
- Scheduled Banks - Foreign Branches	1.81	3.14	7.25	9.82	11.41
	41.07	30.35	22.39	72.05	132.08
Overhead charges on construction project	0.23	0.79	0.75	0.03	0.25
Profit on sale of completed project	-	-	-	-	32.46
Consultancy , Trusteeship and Consortium ***	11.23	9.17	23.00	14.92	9.09
Management Development Programme	0.89	0.37	0.22	0.53	0.70
Rental income \$\$	11.41	9.59	9.30	7.92	4.01
Profit on sale of fixed assets (Net)	0.01	0.03	0.04	0.03	-
Translation/Exchange Gain on Foreign Currency Loan (Net)	-	75.16	-	38.59	7.73
	2,276.20	2,509.94	2,708.40	2,606.30	2,445.40

(For 2010-11)

* Tax Deducted at Source Rs. 13.56 crores (Previous year Rs. 23.39 crores).

** Tax Deducted at Source Rs.0.02 crores (Previous year Rs. 0.01 crores).

*** Tax Deducted at Source Rs.0.07 crores (Previous year Rs. Nil).

\$\$ Tax Deducted at Source Rs.1.83 crores (Previous year Rs. 1.71 crores).

SCHEDULE O

INTEREST AND OTHER CHARGES

(Rs. in crore)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010	Year ended 31 st March, 2009	Year ended 31 st March, 2008	Year ended 31 st March, 2007
Interest on Secured loans	20.09	16.20	23.39	23.60	22.12
Interest on Unsecured loans					
- Indian Currency	1,191.61	1,309.37	1,547.75	1,610.55	1,671.96
- Foreign Currency					
- Unswapped	4.64	4.08	4.70	3.45	2.78
- Swapped	39.08	49.08	60.86	70.29	74.93
Government Guarantee Fee	4.36	5.14	4.32	4.72	5.12
Premium on Forward Sale Contract	0.17	3.04	0.97	0.87	1.52
Miscellaneous expenditure written Off	-	22.87	9.56	8.94	11.67
Translation/Exchange Loss on Foreign Currency Loan (Net)	9.61	-	246.29	-	-
Other Expenses on loans	3.50	2.69	4.61	3.19	3.68
	1,273.06	1,412.47	1,902.45	1,725.61	1,793.78

SCHEDULE P

PERSONNEL EXPENSES

(Rs. in crore)

	Year ended		31 st March, 2011		Year ended		31 st March, 2010		Year ended		31 st March, 2009		Year ended		31 st March, 2008		Year ended		31 st March, 2007	
	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*	Directors	*
Salaries, Allowances and Other Amenities **	0.39		89.80		0.68		77.04		0.28		69.36		0.25		76.06		0.11		47.35	
Group Saving Linked Insurance Premium	-		0.03		-		0.02		-		0.02		-		0.02		-		0.03	
Gratuity **	-		4.46		-		8.53		-		2.73		-		5.47		-		0.65	
Insurance **	-		0.05		-		0.05		-		0.04		-		0.05		-		0.04	
Welfare	-		0.69		-		0.62		-		0.45		-		0.82		-		0.53	
Staff Development / Training	-		0.12		-		0.14		0.01		0.24		-		0.14		-		0.35	
Provident / Pension Fund	0.02		19.11		0.04		5.92		0.02		2.81		0.02		3.01		0.02		2.65	
Administrative Charges	-		0.08		-		0.09		-		0.05		-		0.05		-		0.04	
Contribution to Benevolent Fund	-		0.11		-		0.07		-		0.05		-		0.05		-		0.04	
	0.41		114.45		0.72		92.48		0.31		75.75		0.27		85.67		0.13		51.68	

* Included in total.

** Includes provision/payment for directors.

SCHEDULE Q

ADMINISTRATIVE AND OTHER EXPENSES

(Rs.in crore)

	Year ended	31 st March, 2011	Year ended	31 st March, 2010	Year ended	31 st March, 2009	Year ended	31 st March, 2008	Year ended	31 st March, 2007
	Directors	Total	Directors	Total	Directors	Total	Directors	Total	Directors	Total
ADMINISTRATIVE EXPENSES										
Office Rent	-	0.70	-	0.66	-	0.68	-	0.86	-	0.84
Repair and Maintenance to Building	-	3.82	-	3.58	-	3.79	-	2.44	-	2.53
Repair and Maintenance of Other Assets	-	1.63	-	1.55	-	1.23	-	1.11	-	0.94
Repair and Maintenance of Vehicle	-	0.31	-	0.31	-	0.38	-	0.38	-	0.48
Insurance	-	0.07	-	0.11	-	0.09	-	0.10	-	0.14
Rates and Taxes	-	1.69	-	2.05	-	0.66	-	1.24	-	1.15
Travelling	0.26	2.62	0.31	2.61	0.60	3.43	0.26	2.78	0.39	2.85
Legal and Professional Fee	-	2.14	-	1.24	-	1.71	-	0.94	-	1.04
Auditors Remuneration :										
- Audit Fees										
- Current Year	-	0.07	-	0.05	-	0.05	-	0.05	-	0.03
- Previous Year	-	0.02	-	-	-	-	-	0.01	-	-
- Tax Audit Fees										
- Current Year	-	0.03	-	0.02	-	0.02	-	0.02	-	0.02
- Previous Year	-	0.01	-	-	-	-	-	0.01	-	-
- In Other Matters										
- Current Year	-	0.08	-	0.06	-	0.06	-	0.07	-	0.04
- Previous Year	-	0.02	-	-	-	-	-	-	-	-
- Out of Pocket Expenses	-	0.01	-	0.01	-	0.03	-	0.03	-	-
Electricity	-	1.59	-	1.56	-	1.20	-	1.11	-	1.17
Printing, Stationery and Photocopying	-	0.45	-	0.67	-	0.56	-	0.50	-	0.53
Postage, Telegram, Telephone and Telex	-	1.07	-	1.25	-	1.11	-	1.32	-	1.36
Advertisement, Publicity and Sponsorship	-	0.36	-	0.73	-	1.63	-	0.94	-	1.55
Exhibition and Conference (Net)	-	0.03	-	0.04	-	0.12	-	0.05	-	0.11
Subscription and Membership	-	0.19	-	0.21	-	0.19	-	0.19	0.01	0.22
Miscellaneous #	0.05	5.86	0.06	4.19	0.07	5.30	0.02	4.23	0.05	4.90
	0.31	22.77	0.37	20.90	0.67	22.24	0.28	18.38	0.45	19.90
OTHER EXPENSES										
Grant in Aid / Research and Development Expenditure	-	0.20	-	1.70	-	0.56	-	0.84	-	0.70
Expenses on Consultancy	-	0.47	-	0.27	-	0.68	-	0.77	-	0.48
Expenses on Management Development Programme	-	0.81	-	0.25	-	0.45	-	0.30	-	0.70
Expenses on Research Study	-	0.01	-	-	-	0.20	-	-	-	0.10
Expenses on Completed Project	-	-	-	-	-	-	-	0.73	-	0.72
Waiver of Instalments	-	-	-	-	-	-	-	-	-	0.01
Early Redemption Expenses	-	-	-	-	-	-	-	0.01	-	0.13
Corporate Social Resoponsibilities	-	4.99	-	-	-	-	-	-	-	-
	-	6.48	-	2.22	-	1.89	-	2.65	-	2.84
	0.31	29.25	0.37	23.12	0.67	24.13	0.28	21.03	0.45	22.74

(For 2010-11)

* Included in total.

Includes Rs. 0.05 crores (Previous year Rs. 0.03 crores) on account of sitting fee paid to Directors.

SCHEDULE R

PRIOR PERIOD ADJUSTMENTS

(Rs. in crore)

	Year ended 31 st March, 2011	Year ended 31 st March, 2010	Year ended 31 st March, 2009	Year ended 31 st March, 2008	Year ended 31 st March, 2007
INCOME					
Salary allowances and other benefits	-	-	5.47	-	-
Insurance	-	-	-	0.06	-
Publicity	-	-	-	0.01	-
Repairs and maintenance	-	-	-	-	-
Legal charges	-	-	0.04	-	-
Consultancy fee	-	0.39	0.16	0.50	-
Trusteeship & Consortium fee	-	-	0.04	-	-
Printing	0.03	-	-	-	-
Interest on loan	-	0.06	0.11	-	-
Interest on borrowings	0.26	0.39	0.28	-	-
Expenses on Bonds & other Borrowings	-	0.06	-	-	-
Depreciation	-	-	0.57	-	-
Miscellaneous receipt	0.01	-	0.07	0.02	0.15
	0.30	0.90	6.74	0.59	0.15
EXPENDITURE					
Salary allowances & other benefits	-	-	-	0.01	0.01
Office rent	-	0.02	0.01	-	-
Repairs and maintenance	-	-	0.29	0.44	0.04
Rates & Taxes	-	-	-	0.01	0.84
Legal Charges	-	-	-	0.25	-
Interest on loan	-	-	-	0.01	0.90
Interest on borrowings	-	-	-	0.06	-
Expenses on bonds & other borrowings	-	-	-	0.01	-
Water & Electricity	-	-	0.12	-	-
Grant in aid	-	-	0.01	-	-
Interest on Investment	-	0.01	-	-	-
Other Expenses	0.01	-	0.06	0.09	0.03
	0.01	0.03	0.49	0.88	1.82
Excess of Income over Expenditure / (Expenditure over Income)	0.29	0.87	6.25	(0.29)	(1.67)

Annexure III

CASH FLOW STATEMENT

(Rs. in crore)

Particulars	Year ended	Year ended	Year ended	Year ended	Year ended
	31 st March, 2011	31 st March, 2010	31 st March, 2009	31 st March, 2008	31 st March, 2007
A CASH FLOW FROM OPERATING ACTIVITIES					
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	821.19	784.95	771.21	558.39	468.54
Add/ (Less): Adjustments for:					
Depreciation	11.41	4.52	4.67	5.29	4.74
Miscellaneous expenditure written off	-	22.87	9.56	8.94	11.67
Provision on loans & advances	29.21	210.77	(66.06)	213.68	105.05
Provision on investment	-	-	0.16	0.22	2.51
Provision for leave encashment	5.47	7.75	1.31	3.66	0.85
Provision for post retirement medical benefit	8.72	(2.11)	4.28	25.66	3.78
Provision for Gratuity	-	(4.72)	(3.97)	8.69	-
Provision for welfare expenditure	-	(0.15)	0.01	0.37	-
Provision for L TC	(3.20)	3.79	0.98	9.86	-
Provision for Provident Fund	13.94	-	-	-	-
Provision for pay revision	-	(24.00)	15.79	6.61	1.60
Prior Period Adjustments (Net)	0.29	0.87	6.25	(0.29)	(1.67)
Deferred Tax Liability for Prior years Adjustments	-	-	(120.96)	-	-
Profit on sale of investments	-	(0.19)	(0.19)	(0.19)	(0.19)
Loss/ (Profit) on sale of Fixed Assets (Net)	0.01	(0.03)	(0.04)	(0.03)	-
Translation/exchange (Gain)/Loss on Foreign Currency Loan	9.61	(75.16)	246.29	(38.59)	(7.73)
Miscellaneous expenditure paid	-	(2.48)	(1.94)	(1.69)	(9.23)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	896.65	926.68	867.35	800.58	579.92
Adjustment for					
Decrease/(Increase) in Loans	(989.83)	2,189.57	(288.68)	(221.51)	21.70
(Increase)/Decrease in Current Assets, other Loans & Advances	(235.37)	(134.44)	(306.98)	(93.76)	(34.67)
Increase/(Decrease) in Current Liabilities and Provisions	(299.00)	(312.08)	(372.59)	(384.04)	68.75
CASH GENERATED FROM OPERATIONS	(627.55)	2,669.73	(100.90)	101.27	635.70
Direct taxes paid(Net of refunds)	211.58	252.06	210.57	168.68	81.63
KFW Reserve	1.72	2.80	8.16	0.70	1.79
General Reserve	-	-	120.96	(17.56)	-
Deferred Tax Asset adjustments	-	-	-	(9.04)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	(414.25)	2,924.59	238.79	244.05	719.12
B CASH FLOW FROM INVESTING ACTIVITIES					
Sale / (Purchase) of Investment	225.00	519.39	19.40	387.91	32.91
Purchase of fixed assets	(19.00)	(2.01)	(9.38)	(4.75)	(19.74)
Sale of Fixed assets	0.04	0.09	0.09	0.10	0.06
NET CASH FLOW FROM INVESTING ACTIVITIES	206.04	517.47	10.11	383.26	13.23
C CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of share capital					
Proceed from borrowings (Net)	248.57	(3,653.68)	100.05	(1,441.03)	(1,071.09)
Corporate Dividend Tax Paid	(9.81)	(7.69)	(11.57)	(3.52)	-
Dividend Paid	(59.08)	(45.24)	(68.10)	(20.68)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	179.68	(3,706.61)	20.38	(1,465.23)	(1,071.09)
NET CHANGES IN CASH & CASH EQUIVALENTS(A+B+C)	(28.53)	(264.55)	269.28	(837.92)	(338.74)
* CASH & CASH EQUIVALENTS - OPENING BALANCE	584.82	849.37	580.09	1418.01	1756.75
* CASH & CASH EQUIVALENTS - CLOSING BALANCE	556.29	584.82	849.37	580.09	1418.01

Note: (For 2011-12)

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. 159.91 crore (previous year Rs. 171.05 crore).
2. Previous year figures have been regrouped wherever necessary.

Significant Accounting Policies

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.
- (b) The application fees, front-end-fees, administrative fees and processing fees on loans are accounted for on realisation.

3. Borrowing Cost

The ancillary cost of raising the borrowings namely brokerage charges, arranger’s fees, stamp duty etc. are treated as expenditure in the financial year in which they are incurred.

4. Provision on Non Performing Assets

Non-performing assets are identified and categorized into Sub-standard, Doubtful and Loss category based on the guidelines issued by NHB. Provisions for Non-performing assets are made in accordance with the said guidelines.

5. Grants and Subsidies

- (a) The Company acts as a channelising agency for disbursement of grants / subsidies under various schemes of the Government and Government Agencies. The Company receives the amount of such grants/subsidies and disburses them to eligible parties in accordance with the schemes of the relevant grants/subsidies. The undisbursed grants / subsidies as at the year-end are shown as a part of Current Liabilities. Where grants/ subsidies disbursed exceed the related amount received, such amount receivable from Government / Government Agencies is shown as a part of other Loans and Advances.
- (b) Grants received from KfW, a German financing agency, in respect of certain schemes for economically weaker sections / low-income groups are also dealt with in the manner described at (a) above. Interest earned on loans given under certain specified schemes is shown under “Current Liabilities” and is utilised as per the terms of the agreement with KfW.

6. Fixed Assets and Depreciation

(i) Tangible Assets

- (a) Fixed assets are shown at historical cost less accumulated depreciation. In case of properties where lease (sub-lease) / conveyance deed is yet to be executed, the cost is increased by an estimated amount of ten percent of cost of acquisition towards stamp duty/registration charges.
- (b) Land / Buildings are classified into leasehold and freehold. Cost of leasehold land is amortized over the period of lease on straight-line basis.

- (c) Flats / Buildings are capitalized at cost including the stamp duty / registration charges etc. and the total value so arrived at is shown under Flats / Buildings till separate details of cost of land and building is available.
- (d) Payments made for Land / Buildings / Flats where allotment cum possession is pending are shown under Advance against Capital Purchases.
- (e) Fixed assets received free of cost from Government are recorded at a nominal amount of Rupee one only. Fixed assets acquired out of grants from Government are taken at the acquisition cost to the Company and the related grants are shown separately. Such assets are also depreciated in the normal manner. The depreciation for the year is arrived net of depreciation on grant assets.
- (f) Depreciation is provided on written down value method, in accordance with the rates specified in Schedule XIV of the Companies Act, 1956, except:
 - (i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.
 - (ii) On Mobile phones which are depreciated @ of 45% p.a. on straight line method and after 2 years residual value of 10% is recovered.

(ii) Intangible Assets

In accordance with Accounting Standard AS-26, "Intangible Assets" are valued at cost less accumulated amortization. Computer software is amortised over a period of five years.

7. Investments

Long term investments are carried at cost. A provision for diminution is made to recognize a decline, other than temporary in the value of long term investments as per Accounting Standard AS-13 "Accounting for Investments" issued by the Institute of Chartered Accountants of India and the guidelines issued by the NHB.

8. Foreign Exchange Transactions

- (a) Foreign exchange transactions are recorded at the rates prevailing on the dates of the respective transactions.
- (b) Monetary Assets and liabilities denominated in foreign currencies are restated at the exchange rate as on the date of Balance Sheet except in respect of transactions where forward rate contract is taken.
- (c) Exchange differences resulting from restatement of assets or liabilities or from settlement of transactions are recognised in the Profit and Loss Account.
- (d) In respect of forward exchange contracts, other than for trading or speculation purposes, the difference between the forward rate and the rate at the date of transaction is recognized as income or expense over the life of the forward exchange contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts is recognised as income or expense for the year.

9. Employees Benefits

- (a) Expenditure on contributions to Provident Fund, Group Saving Linked Insurance Scheme and Employees' Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes and charged to Profit & Loss Account. The Corporation's obligation towards gratuity, provident fund and post retirement medical benefits to employees are actuarially determined and provided for as per AS-15 (Revised) Employee Benefits.

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

10. Taxation

- (a) Tax expense comprises of current and deferred. Current income tax and wealth tax is measured at the amount expected to be paid to tax authorities in accordance with the Indian Income Tax Act/ Wealth Tax Act.
- (b) In respect of disputed income tax / interest tax / wealth tax demands, where the Company is in appeal, provision for tax is made when the matter is finally decided.
- (c) Deferred Tax is recognized, subject to consideration of prudence on timing differences, representing the difference between the taxable income and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date.

11. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if:
 - (a) the Company has a present obligation as a result of past event.
 - (b) a probable outflow of resources is expected to settle the obligation and
 - (c) the amount of obligation can be reliably estimated.

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

- (ii) Contingent liability is disclosed in the case of:
 - (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - (b) a possible obligation, unless the probability of outflow of resources is remote.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

- (iii) Contingent assets are neither recognised nor disclosed.

For Fiscal 2009-10

Significant Accounting Policies

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.

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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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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:
- (g) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.
- (h) 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.

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- (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.
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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.
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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 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.

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 - (i) On assets costing upto Rs.5000/- per item which are clubbed under "Miscellaneous Assets" and depreciation thereon is provided @100%.
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7. Investments

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9. Employees Benefits

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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.
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 - (a) the Company has a present obligation as a result of past event.
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 - (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.

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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.

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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.
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- (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.
- (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%.
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(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.
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- (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.

For Fiscal 2006-07

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.
- (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) 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. Staff Benefits

- (a) Expenditure on contributions to Provident Fund, Group Gratuity Scheme, Group Saving Linked Insurance Scheme and Employees' Pension Scheme is accounted for on accrual basis in accordance with the terms of the relevant schemes.
- (b) Provision for leave encashment (including half-pay leave) and post retirement medical benefit is made on the basis of actuarial valuation made at the end of financial year. Annual contribution to Gratuity is made based on the demand raised by Life Insurance Corporation of India (LIC) for which actuarial valuation is made on 1st February of each Financial Year.

- (c) The initial Productivity Linked Incentive (PLI) to employees is accounted for in the year to which it pertains on the basis of provisional unaudited accounts and the final PLI based on the audited accounts is accounted for in the year in which it is paid.

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 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 3rd and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum 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 crore). However, an old amount of Rs. 1.13 crore which is required to be transferred after completion of statutory period of seven years has also not been transferred due to the instructions of the Judiciary.
- 4) (a) The Company has procedure for seeking confirmation of outstanding balances at each quarter end from all the borrowers except cases under litigation. Confirmation of balances covering approximately 86% in value of the total project loan outstanding have been received from the borrowers. However, in those cases where agencies have informed different balances, the reconciliation is under process.
- (b) The NPA provision as per NHB norms has been reduced by Rs. 2.21 crore during the year which stood at Rs. 625.78 crore as on 31.3.2011 (as against Rs. 627.99 crore as on 31.3.2010).

During the year the Company has made an additional provision of Rs. 30 crore resulting in cumulative additional provisioning of Rs. 630 crore (Previous Year Rs. 600 crore) over and above NHB Norms. The additional provision is considered prudent keeping in view the unforeseen events & happenings such as change in policy of Government & Procedural delays in repayment from Government agencies.

The total NPA provision made by Company is Rs. 1255.78 crore as on 31.3.2011 (against Rs. 1227.99 crore as on 31.3.2010).

- (c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an package loan agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15.9.2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed in HUDCO's favour in 2008. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, Delhi wherein the Hon'ble High Court vide order dated 23.12.2009 has disposed off the Writ Petition against HUDCO. Aggrieved by the Order of Hon'ble Division Bench of Delhi High Court, HUDCO preferred

SLP (No. 3836 / 2010) before Hon'ble Supreme Court thereby challenging the said order of Delhi High Court mainly on the ground that the High Court has not considered the Law laid down by the Apex Court i.e. the definition of "debt" shall be taken in its widest amplitude to mean any liability. However, the Hon'ble Supreme Court has not admitted the aforesaid SLP filed by HUDCO.

Upon dismissal of SLP by Hon'ble Supreme Court, HUDCO, as per the legal advice has now filed the Review Application before High Court of Delhi on 15.3.2010 in Civil Writ Petition No. 6531 / 2008 with prayers to review/modify the judgment/order dated 23.12.2009 to the extent that prayer 6(b) and 6(c) regarding alternate prayer for money decree of Rs. 780 crore being the market value of the shares and money decree of Rs. 2.28 crore being the balance loan dues respectively and other prayers made in OA No. 10 / 2006 will remain pending and be adjudicated by DRT, Delhi in accordance with law and also direct the DRT, Delhi to immediately pay / release the aforesaid balance loan amount of Rs. 2.28 crore alongwith further interest thereon out of the amount lying deposited by CIAL with DRT, Delhi.

The aforesaid Review Application came up for hearing on 23.7.2010, after hearing the arguments of both sides the Hon'ble bench reserved its judgement which is still pending.

In view of the limitation aspect, a Civil Suit for specific performance of contract for issuing shares etc has been filed by HUDCO against CIAL on 30.10.2010 before the Hon'ble Principal Sub-Court, Ernakulam. HUDCO's Interim Application for obtaining an injunction against CIAL alienating the shares, has been allowed. The Hon'ble Court disposed off the IA No 46/2011 filed by CIAL on limitation aspect, upholding that the suit filed by HUDCO is not barred by limitation. Aggrieved by this decision of the Sub-Court, CIAL has filed Writ Petition in the High Court of Kerala and accordingly, the proceedings before the Civil Court has been stayed till 04.07.2011.

The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2011 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequnum period.

Till the conclusion of the DRT Delhi proceedings the loan has been classified as NPA and necessary provision has been made as per NHB norms.

- 5) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by :
- (a) Equitable Mortgage of the property and / or
 - (b) Undertaking to create security through execution of Tripartite Agreement between the Company, borrower and the Developing Authority / Developer ;

In addition to (a) & (b) above, the assignment of Life Insurance Policies, pledge of National Saving Certificates, Fixed Deposits, etc. are also obtained in certain cases.

- 6) The Company has continued the practice of restating monetary assets / liabilities in foreign currency at the exchange rate (RBI reference rate) as on the date of Balance Sheet. Accordingly a foreign currency fluctuation loss of on account of interest payments / provision as on 31.3.2011 is Rs. 9.61 crore (Actual loss Rs. 3.08 crore and notional loss of Rs. 6.53 crore). In the previous year there was a Foreign currency fluctuation profit of Rs. 75.16 crore (Actual Rs. 38.84 crore and notional Rs. 36.32 crore).
- 7) The Company has adopted AS-15 (revised 2005) 'Employees Benefits'. Defined employee benefit schemes are as follows:
- (a) The Company pays fixed contribution of Provident Fund at a predetermined rate to a separate trust, which invests the funds in permitted securities. The trust is required to pay a minimum notified rate of interest on contribution to the members of the trust. The fair value of the assets of the Provident Fund including the returns of the assets thereof, as at 31.3.2011 is less

than the obligation under the defined contribution plan. Accordingly a provision of Rs. 13.94 crore on actuarial valuation of Provident Fund has been made as at the year end since the provident fund scheme additionally requires the Company to guarantee the payment of interest at rates notified by the Central Government from time to time.

- (b) The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provision of the payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by a separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation as at the year end.
- (c) The summarized position of various defined benefit schemes recognised in the Profit & Loss Account, Balance Sheet and the funded status are as under:

(Rs. in crore)								
	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2010-11	2009-10	EL		HPL		2010-11	2009-10
			2010-11	2009-10	2010-11	2009-10		
1. Component of Employer Expenses								
a. Current Service Cost	1.36	0.98	0.97	0.60	0.46	0.28	2.26	2.91
b. Interest Cost	1.86	1.16	1.12	0.56	0.54	0.28	3.87	3.93
c. Past Service Cost	-	-	-	-	-	-	-	-
d. Expected return on plan assets	(2.59)	(1.74)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
e. Actuarial (Gain) / Loss	2.80	4.62	2.57	5.79	1.58	2.38	4.15	(8.18)
f. Recognised in the P&L A/c.	3.43	5.02	4.67	6.95	2.58	2.94	10.28	(1.34)
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2011								
a. Present value of Obligation as at 31.3.2011	27.01	22.75	17.64	14.09	8.61	6.69	63.17	54.45
b. Fair Value of plan assets as at 31.3.2011	31.33	26.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
c. Liability/ (Assets) recognised in Balance Sheet	(4.32) *	(3.42)	17.64	14.09	8.61	6.69	63.17	54.45
3. Change in present value of obligation as on 31.3.2011								
Present Value of obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
Current service cost	1.36	0.98	0.97	0.60	0.46	0.28	2.26	2.91
Interest Cost	1.86	1.16	1.12	0.56	0.54	0.28	3.87	3.93
Actuarial (Gain) / Loss	2.65	4.04	2.57	5.79	1.58	2.38	4.15	(8.18)
Benefits Paid	(1.60)	(0.06)	(1.12)	(1.70)	(0.66)	(0.44)	(1.55)	(0.78)
Present Value of obligation as at 31.3.2011	27.01	22.75	17.64	14.09	8.61	6.69	63.17	54.45
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2010	26.17	11.91	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual return on Plan Assets	2.43	1.16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Actual Company Contribution	4.32	13.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Benefits Paid	(1.60)	(0.06)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Plan Assets as at 31.3.2011	31.33	26.17	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5. Actuarial Assumptions								
Discount Rate (per annum)	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30
Expected rate of returns on plan assets (p.a.)	9.40	9.40	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Salary increase rate	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
6. Details of the Plan Assets at cost as on 31.3.2011								

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2010-11	2009-10	EL		HPL		2010-11	2009-10
			2010-11	2009-10	2010-11	2009-10		
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of Rs. 4.32 crore on Gratuity has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2011.

- 8) The Company is complying with NHB's credit concentration norms in respect of private sector agencies. However, the Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.

Further, NHB vide its letter No. NHB/ND/HFC/DRS/3792/2011 dated 5.4.2011 has given relaxation from credit concentration norms which is reproduced as under:

"The Bank after taking into consideration the role envisaged for HUDCO by the Ministry of Housing & Urban Poverty Alleviation, in terms of the MOU signed between HUDCO and the Ministry, it has been decided to grant permission to HUDCO for lending upto 50% of its Net Owned Fund (NOF) to the Government Agencies (under individual borrower exposure) only for housing and housing related infrastructure and upto 100% of its NOF to the individual State Governments (under group exposure). However, the above permission will not be applicable in respect of HUDCO's lending to builders and private parties, and cooperatives, in respect of whom, the extant provisions of the Directions will continue to apply."

- 9) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.
- 10) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.
- 11) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.
- 12) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.
- 13) The Company makes provision on doubtful debtors and advances which are outstanding for more than three years.
- 14) During the year the buildings situated at Bhikaji Cama Place, New Delhi which were earlier shown as work completed under the head "Current Assets" have been capitalized, due to that Company has provided depreciation of Rs. 9.61 crore effective from 2002-2003.
- 15) The Board vide their meeting held on 22.2.2010 has approved a special non – lapsable budget of 3% of the net profit for the year 2009-2010 which would be used for Corporate Governance Social Responsibility (CSR) activities. The Company would maintain a Memorandum Account for the CSR budget and expenses thereon. The Company has incurred an expenditure of Rs. 4.99 crore on CSR activities till 31.3.2011 out of budget of Rs. 14.86 crore.

- 16) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account. Further there is no financial lease as Company's leasing arrangements does not transfer substantially all other risks & rewards incidental to the ownership of an asset.

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

Particulars	(Rs. in crore)	
	2010-2011	2009-2010
Expenditure		
a) Traveling & Entertainment	0.04	0.04
b) Others	-	-
c) Interest on foreign loan	6.82	8.30
Earnings		
a) Interest on foreign deposit	1.86	4.25

18) **Earnings Per Share:**

Particulars	Year ended 31.3.2011	Year ended 31.3.2010
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	550.03	495.31
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	274.75	247.42

19) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2011 comprise of the following:-

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

- 20) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) **HOUSING FINANCE BUSINESS:**

Loans:

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2011	As at 31 st March 2010	As at 31 st March 2011	As at 31 st March 2010	2010-2011	2009-2010
Standard (considered good)	5,403.79	5,739.21	9.84	-	245.00	450.00
Sub-standard Assets	80.90	96.29	8.09	9.63		
Doubtful Assets	380.76	422.07	173.13	182.94		
Loss Assets	67.48	77.99	67.48	77.99		
Total	5,932.93	6,335.56	258.54	270.56	245.00	450.00

(2) NON HOUSING FINANCE BUSINESS:

Loans:

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2011	As at 31 st March 2010	As at 31 st March 2011	As at 31 st March 2010	2010-2011	2009-2010
Standard (considered good)	14,566.44	13,254.86	58.26	53.02	385.00	150.00
Sub-standard Assets	160.88	118.60	16.08	11.86		
Doubtful Assets	440.70	507.06	196.02	232.11		
Loss Assets	96.88	60.44	96.88	60.44		
Total	15,264.90	13,940.96	367.24	357.43	385.00	150.00
Grand Total (1) + (2)	21,197.83	20,276.52	625.78	627.99	630.00	600.00

(3) Investments:

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2011	As at 31 st March 2010	As at 31 st March 2011	As at 31 st March 2010
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.39
Bonds	1,295.00	1520.00	-	-
Total	1,302.38	1,527.38	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

- 21) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

22) **Related parties Disclosure:**

(a) **Joint Ventures**

- (1) Shristi Urban Infrastructure Development Ltd.
- (2) Pragati Social Infrastructure & Development Ltd.
- (3) MCM Infrastructure Pvt. Ltd.
- (4) Signa Infrastructure India Ltd.

(b) **Key Management Personnel during the year 2010-2011:**

Sl. No.	Director(s)	Status
1.	Shri K. L. Dhingra	Chairman & Managing Director

		(Whole time Director) (from 24.9.2007 upto 7.4.2010)
2	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)

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

(Rs. in crore)

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

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

- Repayment of staff loan and interest of Rs. 0.007 crore (Previous Year Rs. 0.003 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

23) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	2.403			

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

(Rs. in crore)

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
Fixed Assets	0.01	0.01	0.07	0.07	-	-	-	-
Investments	1.20	1.20	0.63	5.87	0.10	0.09	-	-
Deferred Tax Assets	-	-	-	-	-	-	-	-
Current Assets, Loans and Advances	1.33	1.43	-	-	-	0.02	0.23	0.18
Profit & Loss Account (Debit Balance)	-	-	0.40	0.17	0.16	0.16	-	-
Share of Total Assets	2.54	2.64	1.10	6.11	0.26	0.26	0.23	0.18
Reserves & Surplus	0.13	0.10	-	-	-	-	0.06	0.04

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
Current Liabilities and Provisions	0.28	0.56	0.28	0.04	-	-	0.15	0.13
Loans Funds	0.13	-	0.69	5.95	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-
Share of Total Liabilities (excluding Reserves & Surplus)	0.41	0.56	0.97	5.98	-	-	0.15	0.13
Operations Income	0.93	0.87	-	-	-	-	0.19	0.15
Other Income	-	-	2.16	-	0.01	0.01	-	-
Total Income	0.93	0.87	2.16	-	0.01	0.01	0.19	0.15
Share of Expenses HUDCO's share in contingent liability of JV Co.	0.90	0.84	2.39	0.03	-	-	0.17	0.13
Contingent liability for jointly controlled Company incurred by HUDCO	Not available	Nil	Not available	Nil	Not available	Nil	Not available	Nil
Capital Commitment	Not available	Nil	Not available	Nil	Not available	Nil	Not available	Nil

24) **Additional Disclosure requirement as per NHB Directions**

(a) **Capital to Risk Assets Ratio (CRAR)**

Particulars		31.3.2011	31.3.2010
i)	CRAR (%)	39.81	42.33
ii)	CRAR - Tier I capital (%)	39.81	41.51
iii)	CRAR - Tier II Capital (%)	-	0.81

(b) **Exposure to Real Estate Sector**

Category		(Rs. in crore)	
		Current Year	Previous Year
a)	Direct exposure		
(i)	Residential Mortgages –		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans more than Rs. 0.15 crore)	225.86	237.76
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 0.15 crore)	632.92	754.08
	Total	858.78	991.84
(ii)	Commercial Real Estate –		
	Lending secured by mortgages on commercial real estates (office	0.46	0.08

		buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
		(a) Residential	-	-
		(b) Commercial Real Estate	-	-
b)	Indirect Exposure		-	-
	Fund based and non-fund based exposures on National Housing Bank (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
Liabilities											
Borrowings from banks	274.75	37.00	186.93	436.40	1,262.12	3,474.38	934.06	118.88	139.97	177.11	7,041.60
Market Borrowings	81.37	93.54	114.94	1,026.45	1,710.16	3,486.42	1,374.45	719.73	44.83	85.17	8,737.06
Assets											
Advances	133.95	639.97	231.84	913.54	2,527.77	6,080.66	4,549.76	2,343.69	1,994.13	1,049.28	20,464.59*
Investments	-	-	-	-	75.00	470.00	280.00	200.00	270.00	3.98	1,298.98

* Including KfW loans amounting to Rs. 7.92 crore and excluding default principal of Rs. 741.16 crore.

- 25) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for the current year.
- (b) Figures in rupees have been rounded off to thousands without decimals except where specifically indicated.

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 3rd and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO filed execution first appeal before the Division Bench of the High Court on 3.1.2009 against the Single Judge order dated 19.11.2008. In the meantime HUDCO deposited a sum of Rs. 50.54 crore with execution court with the approval of competent authority to avoid future liability.

Division Bench vide its order dated 20.7.2009 expressed the view that calculation made by Leela Hotels Ltd. is not correct and allowed the appeal filed by HUDCO by upholding interalia, that amount of Rs. 89 crore paid by HUDCO be adjusted towards principal amount.

The amount claimed by Leela Hotels Ltd. as on 15.10.2009 even in terms of Division Bench order dated 20.7.2009 is Rs. 107.91 crore. Against the order of Division Bench Leela Hotels has filed an SLP before Supreme court of India.

The Execution Court i.e. Delhi High Court vide its order dated 28.10.2009 had ordered that , the amount of Rs. 50.54 crore paid to the decree holder (Leela Hotels) as per order dated 15.5.2009 to be deposited by the decree holder in the Registry of this Court within a period of five weeks from 28.10.2009. Thereafter, this Court would consider the rival submissions advanced by both the parties including the issue of interest payable by the decree holder to the Judgement debtor (HUDCO) on the amount directed today to be refunded. As and when the

said amount is deposited by the decree holder, the Registry is directed to make a short-term fixed deposit of 45 days.

After the Order of Executing Court dated 28.10.2009, M/s. Leela filed stay application in the Hon'ble Supreme Court on 6.11.2009. Application came up for hearing on 10.11.2009. After hearing both the parties, Hon'ble Supreme Court granted interim stay against the order of Division Bench of Delhi High Court. Now the application of Leela for stay and SLP are likely to be heard on 25.8.2010. The matter before execution court is fixed for 14.9.2010.

- (e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint. The applications came up hearing on 24.5.2010 before Delhi high court whereby the application u/o. 39 R. 4, CPC was pressed for hearing for vacation / modification of the interim order dated 23.2.1998 operating against the parties. Court held that no cause of action has been made for altogether complete vacation of interim order. The earlier order passed in appeal dated 17.12.2003 ought to be enforced in so as it allows HUDCO to lease out the suit property. Court directed HUDCO to implement the said order and call out for application for leasing the suit property by publishing public notice. In terms of the order, the application u/o. 39 R.4 stands disposed off. Further, HUDCO to file affidavit in compliance of Order 11 Rule 12 seeking discovery and production of documents within 6 weeks. Parties are directed to file original documents if any, within 4 weeks. The matter is now listed before Registrar on 26.9.2010 and before court on 30.9.2010.
- (f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately Rs. 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. The Other miscellaneous petitions of HUDCO will come up for hearing in due course of time.
- (g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of Rs. 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f from November 1999. Interest @ 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in 24 monthly installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non-payment of Ground Rent and interest thereof by APIL from

October, 2003 onwards. Company Petition filed in May, 2006. Other miscellaneous petitions are pending in High Court which is likely to come up for hearing in due course of time. Company Petition u/s. 433 & 434 of Companies Act filed by HUDCO is coming up for hearing on 27.9.2010. HUDCO's Advocate has filed written synopsis in the matter.

- 3) Debentures / Bonds / PDS aggregating to Rs. 32.84 crore towards interest and principal (Previous Year Rs. 46.14 crore) were due and unclaimed as on 31.3.2010. An amount of Rs. NIL crore (Previous Year Rs. 0.016 crore) {excluding sub-judice amount of Rs. 1.13 crore, (Previous Year Rs. 1.13 crore)} which is unclaimed for a period of seven years from the due date of interest payment has since been deposited in "Investor Education and Protection Fund".
- 4) As against the total FCNR (B) / FCTL loan of Rs. 150.45 crore (USD 33.33 million) outstanding as on 31.3.2010 (Previous Year Rs. 894.33 crore / USD 177.51 million), forward contracts have been taken for Rs. NIL crore / USD NIL million as on 31.3.2010 (Previous Year Rs. 59.90 crore / USD 13.74 million).
- 5) (a) Letters seeking confirmation of outstanding balances at each quarter end have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is underway.
- (b) The details of provisions on Loans are as under:

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
Total	1,017.32	210.67	1,227.99

During the year the Company has made a provision of Rs. 600 crore (Previous Year Rs. 180 crore) which is over and above NHB Norms. This is considered prudent keeping in view the potential NPA pertaining to Government agencies.

- (c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15.9.2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, Delhi wherein the Hon'ble High Court vide order dated 23.12.2009 has disposed off the Writ Petition against HUDCO. Aggrieved by the Order of Hon'ble Division Bench of Delhi High Court, HUDCO preferred SLP (No. 3836 / 2010) before Hon'ble Supreme Court thereby challenging the said order of Delhi High Court mainly on the ground that the High Court has not considered the Law laid down by the Apex Court

i.e. the definition of “debt” shall be taken in its widest amplitude to mean any liability. However, the Hon’ble Supreme Court has not admitted the aforesaid SLP filed by HUDCO.

Upon dismissal of SLP by Hon’ble Supreme Court, HUDCO, as per the legal advice has now filed the Review Application before High Court of Delhi on 15.3.2010 in Civil Writ Petition No. 6531 / 2008 with prayers to review/modify the judgment/order dated 23.12.2009 to the extent that prayer 6(b) and 6(c) regarding alternate prayer for money decree of Rs. 780 crore being the market value of the shares and money decree of Rs. 2.28 crore being the balance loan dues respectively and other prayers made in OA No. 10 / 2006 will remain pending and be adjudicated by DRT in accordance with law and also direct the DRT to immediately pay / release the aforesaid balance loan amount of alongwith further interest thereon out of the amount lying deposited by CIAL with DRT.

The aforesaid Review Application is to be listed on 23.7.2010 for hearing.

An application was also made to CIAL and Government of Kerala under the Right to Information Act-2005, for getting information relating to increase in share capital which was denied by agency. Accordingly, a complaint is also filed before State Information Commission against CIAL.

The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2010 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequenum 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	
	2009-10	2008-09	EL		HPL		2009-10	2008-09
			2009-10	2008-09	2009-10	2008-09		
1. Component of Employer Expenses								
a. Current Service Cost	0.98	0.98	0.60	0.62	0.28	0.29	2.91	3.04
b. Interest Cost	1.16	0.96	0.56	0.57	0.28	0.25	3.93	3.66
c. Past Service Cost	-	2.15	-	-	-	-	-	-
d. Expected return on plan assets	(1.74)	(0.94)	-	-	-	-	-	-
e. Actuarial (Gain) / Loss	4.62	(0.41)	5.79	(0.26)	2.38	0.23	(8.18)	(1.73)
f. Recognised in the P&L A/c.	5.02	2.74	6.95	0.93	2.94	0.77	(1.34)	4.97
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2010								
a. Present value of Obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
b. Fair Value of plan assets as at 31.3.2010	26.17	11.91	-	-	-	-	-	-
c. Liability/ (Assets) recognised in Balance Sheet	(3.42)*	4.72	14.09	8.84	6.69	4.19	54.45	56.56
3. Change in present value of obligation as on 31.3.2010								
Present Value of obligation as at 31.3.2009	16.63	13.74	8.84	8.20	4.19	3.52	56.56	52.28
Current service cost	0.98	0.98	0.60	0.62	0.28	0.29	2.91	3.04
Interest Cost	1.16	0.96	0.56	0.57	0.28	0.25	3.93	3.65
Actuarial (Gain) / Loss	4.04	(0.45)	5.79	(0.26)	2.38	0.23	(8.18)	(1.73)
Benefits Paid	(0.06)	(0.76)	(1.70)	(0.30)	(0.44)	(0.10)	(0.78)	(0.70)
Present Value of obligation as at 31.3.2010	22.75	16.63	14.09	8.84	6.69	4.19	54.45	56.56
4. Change in the Fair Value of Plan Assets								
Present value of plan assets as on 31.3.2009	11.91	10.03	-	-	-	-	-	-
Actual return on Plan Assets	1.16	0.91	-	-	-	-	-	-
Actual Company Contribution	13.17	1.72	-	-	-	-	-	-
Benefits Paid	(0.06)	(0.75)	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.3.2010	26.17	11.91	-	-	-	-	-	-
5. Actuarial Assumptions								
Discount Rate (per annum)	8.30	7.00	8.30	7.00	8.30	7.00	8.30	7.00
Expected rate of returns on assets (p.a.)	9.40	9.40	-	-	-	-	-	-
Future cost increase	8.00	5.00	8.00	5.00	8.00	5.00	8.00	5.00
6. Details of the Plan Assets at cost as on 31.3.2010								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

❖ The estimates of future salary increase on account of inflation, promotions and other relevant factors have been considered in actuarial valuation.

* The Assets of Rs. 3.42 crore has not been recognised in the Balance Sheet, since the fair value of plan assets is more than the present value of defined benefit obligations as on 31.3.2010

- 9) Department of Public Enterprises (DPE) has introduced Performance Related Pay (PRP) for declaring performance related incentive as against payment of productivity linked incentive. The scheme is yet to be introduced / finalised in the Company as on 31.3.2010, pending this Company has made an adhoc provision of Rs. 12.50 crore towards PRP in the accounts for the year.
- 10) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.
- 11) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.
- 12) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.
- 13) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.
- 14) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.
- 15) The Company was having accounting policy of deferring borrowing costs such as brokerage charges, arranger's fees, stamp duty etc. to be amortized over the period of borrowings. During the year the company has changed its policy to treat these expenditure in the financial year in which they are incurred. Because of this change in Accounting Policy, the profit for the year is lower by Rs.14.10 crore.
- 16) The Board vide their meeting held on 22.2.2010 has approved a special non – lapsable budget of 3% of the net profit which would be used for Corporate Governance Social Responsibility (CSR) activities. The Company has not incurred any expenditure on CSR activities till 31.3.2010. The Company would maintain a Memorandum Account for the CSR budget and expenses thereon.
- 17) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account.
- 18) **Details of Expenditure / Earnings in foreign currency :**

Particulars	(Rs. in crore)	
	2009-2010	2008-2009
Expenditure		
a) Traveling & Entertainment	0.04	0.19
b) Others	-	0.01
c) Interest on foreign loan	8.30	12.64
Earnings		
a) Interest on foreign deposit	4.25	8.35

19) **Earnings Per Share:**

Particulars	Year ended 31.3.2010	Year ended 31.3.2009
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	495.31	400.99
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	247.42	200.30

20) **Deferred Tax Assets / Liabilities :**

The deferred tax Assets / Liabilities as on 31.3.2010 comprise of the following:-

(Rs. in crore)			
Particulars	As at 31.3.2009	During the year	As at 31.3.2010
Assets			
Provision for investment	1.15	(0.02)	1.13
Provision for debtors	0.11	-	0.11
Provision on loans	345.79	62.15	407.94
Provision on Jabalpur Earthquake	1.70	(0.04)	1.66
Provision on Staff Loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	4.43	2.47	6.90
Provision for gratuity	1.60	(1.60)	-
Provision for retirement benefit	19.23	(1.14)	18.09
Provision for Welfare expenses	0.13	(0.06)	0.07
Provision for LTC	3.69	1.17	4.86
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	7.55	1.48	9.03
Total Assets (A)	385.56	64.41	449.97
Liabilities			
Miscellaneous exp. yet to be written off	6.93	(6.93)	-
Depreciation	5.86	(0.13)	5.73
Special Reserve u/s.36(1)(viii) of Income Tax Act	607.16	74.44	681.60
Total liabilities (B)	619.95	67.38	687.33
Net deferred tax assets / (liabilities) (A) - (B)	(234.39)	(2.97)	(237.36)

21) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) **HOUSING FINANCE BUSINESS:**

Loans:

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

(2) **NON HOUSING FINANCE**

BUSINESS:

Loans:

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

Total	13,940.96	15,552.88	357.43	371.31	150.00	45.00
Grand Total (1) + (2)	20,276.52	22,414.77	627.99	837.32	600.00	180.00

(3) Investments:

(Rs. in crore)

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st	As at 31 st	As at 31 st	As at 31 st
	March 2010	March 2009	March 2010	March 2009
Equity Shares	4.97	4.97	3.00	3.00
Equity Shares - Joint Venture	2.41	2.41	0.39	0.39
Bonds	1520.00	2039.20	-	-
Total	1,527.38	2,046.58	3.39	3.39

* The cumulative provision is excluding any provision on KFW Loans

- 22) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

23) **Related parties Disclosure :**

(a) Joint Ventures

- (1) Shristi Urban Infrastructure Development Ltd.
- (2) Pragati Social Infrastructure & Development Ltd.
- (3) MCM Infrastructure Pvt. Ltd.
- (4) Signa Infrastructure India Ltd.

(b) Key Management Personnel during the year 2009-2010 :

Sl. No.	Director(s)	Status
1.	Shri K. L. Dhingra	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)
2.	Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004)
3.	Shri S. K. Tripathi	Director (Corporate Planning) (Whole time Director) (from 14.11.2006 upto 11.6.2009)

(c) Transactions with Joint Ventures :

(Rs. in crore)

Proportion of ownership	40%		26%		Total
	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Signa Infrastructure India Ltd.	
Investments					
Balance as at 31.3.2009	2.00	0.13	0.26	0.013	2.403
Additions during the year	-	-	-	-	-
Balance as at 31.3.2010	2.00	0.13	0.26	0.013	2.403

(d) Transactions with Key Management Personnel :

- Repayment of staff loan and interest of Rs. 0.003 crore (Previous Year Rs. 0.003 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

24) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	2.403			

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

(Rs. in crore)

Year ending	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
Share of Assets	2.66	2.54	6.11	6.09	0.26	0.27	0.19	0.15
Share of Liabilities	0.66	0.54	5.98	5.96	-	0.01	0.18	0.14
Share of Income	0.87	0.66	-	-	0.01	0.01	0.15	0.14
Share of Expenses	0.84	0.62	0.03	0.06	-	0.05	0.13	0.12
HUDCO's share in contingent liability of JV Co.	NA	NA	NA	NA	NA	NA	NA	NA
Contingent liability for jointly controlled Company incurred by HUDCO	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Capital Commitment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- 25) (a) Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with figures for the current year.
- (b) Figures in rupees have been rounded off to thousands without decimals except where specifically indicated.

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 4th July, 1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore along with interest amounting to Rs. 20.15 crore is recoverable from MCD upto 31.3.2009, out of which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4th July, 1997. In case of any demand from MCD after 4th July, 1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on the land owned by Government of India. Further, HUDCO filed Contempt petition against MCD in Supreme Court. MCD vide their counter affidavit has pleaded a set off of Rs. 27.92 crore as against Rs. 25.06 crore (payable as on 30.6.2008) demanded by HUDCO. HUDCO will file rejoinder to the affidavit of MCD.
- (d) The Company had allotted a hotel site including car parking space to M/s. M S Shoes East Limited (MSSEL). Due to default in payment of installments, the Company had cancelled the allotment of hotel site including car parking space and forfeited the first installment paid by MSSEL in terms of the allotment letter. The hotel site including car parking space was

subsequently re-allotted to M/s. Leela Hotel Ltd. (LHL) erstwhile (M/s. Leela Hotel and Convention Center) now known as Hotel Leela Venture Ltd. subject to the final outcome of the decision of Hon'ble Additional District Judge on the suit filed by MSSEL. At present, the matter is sub-judice before Tis Hazari Court, Delhi. The possession of the hotel site and car parking space, which was handed over to LHL, has been taken back by the Company because of cancellation as per allotment terms due to non-payment of 3rd and final installment by LHL. On 12.7.1999, 50 percent of the amount deposited, by LHL was forfeited and balance amount of Rs. 67.53 crore was refunded to LHL after adjusting the overdue ground rent and property tax dues. LHL, against this cancellation, sought arbitration wherein the Learned Arbitrator has passed an award directing the Company to refund the amount forfeited along with interest. The award has been upheld by the Single Bench of Hon'ble High Court of Delhi and the amount of Rs. 89.78 crore, being balance principal amount, was deposited by HUDCO in the Hon'ble High Court of Delhi as per Court directions. The payment was made out of AGP Surplus and has since been released by Hon'ble High Court of Delhi to LHL. The Company's appeal against the Order of Single Bench before the Double Bench of Hon'ble High Court of Delhi has also been dismissed. The Company has filed SLP before the Hon'ble Supreme Court against the orders of Double Bench. The Hon'ble Supreme Court has admitted HUDCO's SLP and has stayed the recovery of interest amount. However, the Hon'ble Supreme Court has directed the Company to deposit 50% of the balance decreed amount consisting of interest in the executing court i.e. Hon'ble High Court of Delhi. The Company has accordingly deposited Rs. 59.61 crore in the Hon'ble High Court of Delhi on 23.3.2006 out of HUDCO AGP Surplus Account and amount has been released by the High Court to Leela Hotels on furnishing of bank Guarantee on 12.10.2006. The case came up for final arguments on 12.2.2008 before Supreme Court of India. The Hon'ble Supreme Court of India upheld the award dated 25.6.2002 passed by the Justice R.S. Pathak (ex-Chief Justice of India) except for the interest for pre-award period which has now been reduced by Hon'ble Supreme Court of India from 20% p.a. to 18% p.a. and dismissed the SLP filed by HUDCO.

LHL has filed execution petition No. 48 of 2006 before High Court of Delhi. HUDCO calculated the balance amount payable to LHL as Rs. 48.09 crore and filed an application before the Executing Court for the payment. The said amount has been paid to LHL as per Court Order on 12.5.2008. As per calculation of HUDCO, nothing remains payable after the last payment of Rs. 48.09 crore. The amount paid by HUDCO has been calculated by HUDCO by adjusting the amount first towards principal and then towards interest. However, LHL have calculated the amount payable by HUDCO after adjusting the payments first towards interest and then towards principal.

The issue of adjustment of amount paid by HUDCO came up for hearing before the Single Judge Bench of the High Court of Delhi (i.e. Executing Court) on 19.11.2008. High Court has ordered that HUDCO should make the payment by adjusting the amount paid towards interest first then towards the principal and that HUDCO should make the payment as per calculation of decree holder (i.e. LHL).

HUDCO has filed execution first appeal before the Division Bench of the High Court on 3rd January 2009 against the Single Judge order dated 19.11.2008. HUDCO vide this application has deposited amount of Rs. 50.54 crore with the High Court to the satisfaction of decree, without prejudice to HUDCO's rights and contentions in the appeal. Further, appeal of HUDCO is coming up for final disposal on 15.7.2009.

LHL application for attachment of HUDCO property came up for hearing on 15.5.2009 whereby Single Judge of High Court ordered that amount of Rs. 50.54 crore deposited by HUDCO can be released in favour of LHL. Further, Single Judge ordered that for the rest of the amount LHL should wait for 15.7.2009 on which day HUDCO shall press for stay before Division Bench. In case no stay is granted by Division Bench the decree shall be further executes. In case HUDCO succeeds in appeal, the amount withdrawn by LHL shall be returned to HUDCO with the same rate of interest which has been allowed to LHL under this decree. The next date fixed for hearing is 30.7.2009 i.e. after the final disposal of appeal.

- (e) The allotment of 9 blocks of guest houses and restaurants, kitchens and shops, which were allotted to MSSEL, was cancelled and first installment paid by MSSEL was forfeited as per

terms of allotment letter. MSSEL filed suit in the Hon'ble District Court Delhi. Further, on an appeal filed by HUDCO against the interim order of Hon'ble District Court, Delhi, the Hon'ble High Court of Delhi has transferred the case to itself by directing the MSSEL to pay the ad-valorem court fee on the suit amount which has since been paid by MSSEL. At present, the case is pending with Hon'ble High Court of Delhi. MSSEL has filed two applications seeking HUDCO to produce 324 original documents and L&DO to produce 209 documents. The reply has been filed by HUDCO along with application for framing of preliminary issues. MSSEL has filed the reply to the application filed by HUDCO. HUDCO has filed two applications one for the vacation of stay and other for the rejection of plaint.

- (f) The arbitrator has passed an award in respect of allotment of site in Shopping Arcade to M/s. Ansal Properties and Industries Ltd. (APIL) on 28.7.2005 in favour of APIL directing HUDCO to pay Rs. 8.84 crore and further interest @18% p.a. from 1.8.2005 till payment. Arbitrator has allowed the counter claim of HUDCO and directed APIL to pay approximately Rs. 0.85 crore maintenance charges as billed by M/s. Habitat Services Centre (HSC) w.e.f. 1.1.2001 upto 31.7.2005 within 3 months from the date of award failing which APIL shall have to pay interest thereon @18% p.a. HUDCO has challenged the award before the Hon'ble High Court of Delhi and, as per the directions of the Court, has deposited a sum of Rs. 7.99 crore in the Court out of HUDCO AGP Surplus Account to save future interest liability which has since been released to APIL by the court against the security of Bank Guarantee. The matter is now in category of final and will come up for hearing in due course.
- (g) APIL has invoked arbitration for refund of ground rent paid by it from the date of handing over the possession i.e. November, 1995 to the date of commercial use of the shopping arcade by APIL i.e. October, 1999 and the arbitrator has pronounced the award on 21.7.2006 holding therein that APIL is not liable to pay the ground rent up to October 1999 till meaningful possession was given to APIL i.e. till the shopping arcade was constructed and become operational in October 1999. The amount of Rs. 3.93 crore deposited by APIL earlier has been directed to be adjusted towards the future ground rent payment due w.e.f from November 1999. Interest @ of 7% p.a. for the delayed payment has also been awarded by the arbitrator w.e.f. November 1999. HUDCO has filed petition u/s. 34 of Arbitration and Conciliation Act challenging the award before the Hon'ble High Court of Delhi. Further, the Hon'ble High Court of Delhi has directed APIL to pay the overdue Ground Rent from October 1999 to October 2003 in 24 monthly installments starting from September 2005. APIL has paid the same monthly installment of Rs. 0.49 crore and same has been deposited with L&DO as per lease conditions. HUDCO has again filed the Company Petition u/s. 433 & 434 of the Companies Act against APIL for winding up before the Hon'ble High Court of Delhi due to non-payment of Ground Rent and interest thereof by APIL from October, 2003 onwards. Company Petition filed in May 2006. Pleadings are complete and the matter is now fixed for final hearing.
- 3) Debentures / Bonds / PDS aggregating to Rs. 46.14 crore towards interest and principal (Previous Year Rs. 36.66 crore) were due and unclaimed as on 31st March 2009. An amount of Rs. 0.016 crore (Previous Year Rs. 0.22 crore) {excluding sub-judice amount of Rs. 1.13 crore, (Previous Year Rs. 1.13 crore)} which is unclaimed for a period of seven years from the due date of interest payment has since been deposited in "Investor Education and Protection Fund".
- 4) As against the total FCNR (B) / FCTL loan of Rs. 894.33 crore (USD 177.51 million) outstanding as on 31.3.2009 (Previous Year Rs. 1,003.77 crore / USD 249.88 million), forward contracts have been taken for Rs. 59.90 crore / USD 13.74 million (Previous Year Rs. 59.90 crore / USD 13.74 million).
- 5) (a) Letters seeking confirmation of outstanding balances at each quarter end have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is underway.
- (b) The details of provisions on Loans are as under:

Particulars	(Rs. in crore)		
	Opening balance as on 1.4.2008	Provided (adjusted) during the year	Closing balance as on 31.3.2009

Particulars	Opening balance as on 1.4.2008	Provided (adjusted) during the year	Closing balance as on 31.3.2009
Provision as per NHB Norms	767.67	69.65	837.32
Provision over and above NHB Norms	315.00	-315.00	-
Provision over and above NHB Norms as on 31.3.2009	-	180.00	180.00
Total	1,082.67	-65.35	1,017.32

During the year the Company has made a provision of Rs. 180 crore (Previous Year Rs. 315 crore) which is over and above NHB Norms. This is considered prudent keeping in view the adverse market conditions and down turn in overall economy.

- (c) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs. 52 crore (being 26% of equity share capital of CIAL) at par value of Rs. 10/- per equity share. CIAL instead of allotting the shares of Rs. 52 crore sent repayment of the entire balance loan together with interest upto 15th September, 2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi. Stay has been obtained as an interim order dated 27.4.2006 restraining CIAL from creating any third party interest in Rs. 52 crore worth, 26% of the CIAL equity shares agreed to be issued to the Company. Against this, the agency has filed two interim applications before DRT, Delhi challenging the jurisdiction of DRT, Delhi and getting the stay vacated. CIAL has also deposited an amount of Rs. 73.31 crore with Registrar, DRT-I Delhi Account indicating the same as their liability as per their calculations. However, the Company has not withdrawn the money. Interim Application for jurisdiction was dismissed and matter was fixed for filling of replication and original documents by HUDCO. Against the dismissal of jurisdiction petition agency has filed writ petition before High Court, wherein High Court has stayed the proceedings before DRT.

An application was also made to CIAL and Government of Kerala under the Right to Information Act-2005, for getting information relating to increase in share capital which was denied by agency. Accordingly, a complaint is also filed before State Information Commission against CIAL.

A contempt petition was also filed in February, 2007 against CIAL and others for increasing the authorized share capital of CIAL and thereby violating the DRT's injunction order dated 27.4.2006. The contempt petition filed by HUDCO against the Managing Director and others for violating the said interim order dated 27.4.2006 was dismissed. HUDCO has filed an appeal against the order of DRT in Debt Recovery Appellate Tribunal (DRAT) and the same is fixed for arguments. The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2009 is being shown against CIAL as a loan till allotment of shares by CIAL to the Company to the extent of Rs. 52 crore (equivalent to 26% of the equity capital of CIAL) during intrequnum period.

Till the conclusion of the DRT preceding the loan has been classified as NPA and necessary provision has been made as per NHB norms.

- 6) Housing Loans granted by the Company under HUDCO Niwas Scheme are secured fully / partly by:
- 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	
			EL		HPL			
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
1. Component of Employer Expenses								
a. Current Service Cost	0.98	0.88	0.62	0.6	0.29	0.25	3.04	2.92
b. Interest Cost	0.96	0.99	0.57	0.56	0.25	0.23	3.66	3.8
c. Expected return on plan assets	-0.94	-0.78	-	-	-	-	-	-
d. Actuarial (Gain) / Loss	-0.41	-0.03	-0.26	0.17	0.23	0.27	-1.73	-1.43
e. Total Expenditure/(Gain)	-	-	-	-	-	-	-	-
f. Recognised in the P&L A/c.	2.74	1.06	0.93	1.33	0.77	0.75	4.97	5.29
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2009								
a. Present value of Obligation as at 31.3.2009	16.63	13.74	8.84	8.21	4.19	3.51	56.56	52.28
b. Fair Value of plan assets as at 31.3.2009	11.91	10.03	-	-	-	-	-	-
c. Assets / (Liability) recognised in Balance Sheet	-4.72	-3.71	-8.84	-8.21	-4.19	-3.51	-56.56	-52.28
3. Change in present value of obligation as on 31.3.2009								
Present Value of obligation as at 31.3.2008	13.74	12.28	8.20	7.02	3.52	2.81	52.28	47.53
Current service cost	0.98	0.88	0.62	0.6	0.29	0.25	3.04	2.92
Interest Cost	0.96	0.99	0.57	0.56	0.25	0.23	3.65	3.8
Actuarial (Gain) / Loss	-0.45	-0.01	-0.26	0.17	0.23	0.27	-1.73	-1.43
Benefits Paid	-0.76	-0.4	-0.30	-0.14	-0.10	-0.05	-0.70	-0.54
Present Value of obligation as at 31.3.2009	16.63	13.74	8.84	8.21	2.81	3.51	56.56	52.28
4. Change in the Fair Value of Plan Assets								

	Gratuity		Leave Encashment				Post Retirement Medical Benefits	
	2008-2009	2007-2008	EL		HPL		2008-2009	2007-2008
			2008-2009	2007-2008	2008-2009	2007-2008		
Present value of plan assets as on 31.3.2008	10.03	8.36	-	-	-	-	-	-
Actual return on Plan Assets	0.91	0.8	-	-	-	-	-	-
Actual Company Contribution	1.72	1.27	-	-	-	-	-	-
Benefits Paid	-0.75	-0.4	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.3.2009	11.91	10.03	-	-	-	-	-	-
5. Actuarial Assumptions								
Discount Rate (per annum)	7	8	7	8	7	8	7	8
Expected rate of returns on assets (p.a.)	9.40	9.3	-	-	-	-	-	-
Future cost increase	5.0	5.5	5.0	5.5	5.0	5.5	5.0	5.5
6. Details of the Plan Assets at cost as on 31.3.2009								
Government of India Securities, Corporate Bonds etc.	-	-						
Gratuity Fund Managed by Insurer	100%	100%						

❖ The estimates of future salary increase, pay revision increase, account inflation, seniority, promotion and other relevant factors considered in actuarial valuation.

- 10) The Company is not able to comply with National Housing Bank's credit concentration norms in respect of lending to some State Government / Government Agencies, which state that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds.
- 11) Income Tax as applicable in respect of Interest accrued on bonds / debentures which are not listed on recognized Stock Exchange, is deducted at source at the time of actual payment of interest to the bondholders / debenture holders since bonds / debentures are transferable by endorsement & delivery.
- 12) The Company has accounted for Deferred Tax Liability of Rs. 120.97 crore on Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961 by adjusting against General Reserve during the year 2004-2005. According to subsequent opinion of the Institute of Chartered Accountants of India (ICAI), the above Deferred Tax Liability for years 2001-2002 to 2003-2004 should be treated as 'Prior Period Item' by crediting General Reserve and debiting to Profit and Loss Account. One of the PSU has represented to the ICAI against above opinion covering HUDCO's case as well. In view of this, rectification as suggested by the ICAI regarding creation of DTL on Special Reserve for the period 2001-2002 to 2003-2004 by charging to Profit and Loss Account and crediting the reserves by Rs. 120.97 crore has not been carried out.

The Institute has maintained their earlier opinion even for the subsequent request for review of above opinion. Accordingly, the Company has treated amount of Rs. 120.97 crore as "prior period item" by crediting General Reserve and debiting to Profit & Loss Account.
- 13) The Company has not received information from vendors / suppliers regarding their status under the "Micro, Small and Medium Enterprises Development Act, 2006" and hence disclosure relating to amount unpaid at the year end together with interest paid or payable under this Act has not been given.
- 14) There are no separate business / geographical reportable segments as per the Accounting Standard AS-17 "Segment Reporting" since the main business of the Company is to provide finance for Housing / Infrastructure projects and all other activities of the Company revolve around the main business.
- 15) Provision of Impairment loss as required under Accounting Standard AS-28 "Impairment of Assets" is not necessary, as in the opinion of management; there is no impairment of assets during the year.
- 16) The Company's significant leasing arrangements are in respect of operating leases for office premises. These leasing arrangements which are not non-cancelable range between 1 and 30 years generally, or

longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Office Rent under Schedule-Q of the Profit & Loss Account.

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

Particulars	(Rs. in crore)	
	2008-2009	2007-2008
Expenditure		
a) Traveling & Entertainment	0.19	0.07
b) Others	0.01	0.02
c) Interest on foreign loan	12.64	13.56
Earnings		
a) Interest on foreign deposit	8.35	10.30

18) **Earnings Per Share:**

Particulars	Year ended 31.3.2009	Year ended 31.3.2008
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	400.99	373.73
Weighted Average number of Equity Shares (b)	2,00,19,000	2,00,19,000
Basic / Diluted Earning Per Share of Rs. 1000/- each (Rs.) (a / b)	200.30	186.69

19) **Deferred Tax Assets / Liabilities:**

The deferred tax Assets / Liabilities as on 31.3.2009 comprise of the following:-

Particulars	(Rs. in crore)		
	As at 31.3.2008	During the year	As at 31.3.2009
Assets			
Provision for investment	1.09	0.05	1.14
Provision for debtors	0.35	-0.24	0.11
Provision on loans	367.99	-22.21	345.78
Provision on Jabalpur Earthquake	1.70	-	1.70
Provision on Staff Loans	0.03	-	0.03
Provision on advances	0.15	-	0.15
Provision for leave encashment	3.98	0.45	4.43
Provision for gratuity	2.95	-1.35	1.60
Provision for retirement benefit	17.77	1.45	19.22
Provision for Welfare expenses	0.13	-	0.13
Provision for LTC	3.35	0.34	3.69
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	8.01	-0.45	7.56
Provision for Productivity Linked Incentive	0.79	-0.79	-
Provision for Revision in Pay	2.80	-2.79	0.01
Total Assets (A)	411.09	-25.54	385.55
Liabilities			
Miscellaneous exp. yet to be written off	9.52	-2.59	6.93
Depreciation	5.18	0.67	5.85
Special Reserve u/s.36(1)(viii) of Income Tax Act	559.72	47.44	607.16
Total liabilities (B)	574.42	45.52	619.94
Net deferred tax assets / (liabilities) (A) - (B)	-163.33	-71.06	-234.39

20) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) **HOUSING FINANCE BUSINESS:**

Loans:

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2009	As at 31 st March 2008	As at 31 st March 2009	As at 31 st March 2008	2008-2009	2007-2008
Standard (considered good)	5,551.99	5,946.10	-	-	135.00	235.00
Sub-standard Assets	143.57	46.10	14.35	4.61		
Doubtful Assets	1,104.17	1,320.60	389.53	374.59		
Loss Assets	62.16	34.65	62.13	34.65		
Total	6,861.89	7,347.45	466.01	413.85	135.00	235.00

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

Loans:

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2009	As at 31 st March 2008	As at 31 st March 2009	As at 31 st March 2008	2008-2009	2007-2008
Standard (considered good)	14,759.09	13,807.38	59.04	55.24	45.00	80.00
Sub-standard Assets	212.20	312.10	21.22	31.21		
Doubtful Assets	561.44	632.00	270.90	260.83		
Loss Assets	20.15	6.54	20.15	6.54		
Total	15,552.88	14,758.02	371.31	353.82	45.00	80.00
Grand Total (1) + (2)	22,414.77	22,105.47	837.32	767.67	180.00	315.00

(3) **Investments:**

(Rs. in crore)

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

* The cumulative provision is excluding any provision on KFW Loans

- 21) The Chairman and Managing Director and Whole time Directors are entitled to use staff car for private use upto 1,000 km. per month against payment of Rs. 520/- per month.

22) **Related parties Disclosure :**

(a) **Joint Ventures**

- (1) Shristi Urban Infrastructure Development Ltd.
- (2) Pragati Social Infrastructure & Development Ltd.
- (3) MCM Infrastructure Pvt. Ltd.
- (4) Signa Infrastructure India Ltd.

(b) **Key Management Personnel during the year 2008-2009**

Sl. No.	Director(s)	Status
1.	Shri KL Dhingra	Chairman & Managing Director (Whole time Director) (from 24.09.2007)
2.	Shri T Prabakaran	Director (Finance)

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.	
Investments					
Balance as at 31.3.2008	2.0	0.13	0.26	0.013	2.403
Additions during the year	-	-	-	-	-
Balance as at 31.3.2009	2.0	0.13	0.26	0.013	2.403

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

- Repayment of staff loan and interest of Rs. 0.003 crore (Previous Year Rs. 0.001 crore) to the Company by Sh. K. L. Dhingra, Chairman & Managing Director.

23) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a) **Details of Joint Ventures**

Name of the Company	Contribution towards equity (Rs. in crore)	Country of Residence	Proportion of ownership	Description of Interest
Shristi Urban Infrastructure Development Ltd.	2.000	India	40%	Jointly controlled entity
Pragati Social Infrastructure & Development Ltd.	0.130	India	26%	Jointly controlled entity
MCM Infrastructure Pvt. Ltd.	0.260	India	26%	Jointly controlled entity
Signa Infrastructure India Ltd.	0.013	India	26%	Jointly controlled entity
Total	2.403			

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

(Rs. in crore)

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 31st 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 15th September, 2004 vide its letter dated 16.9.2004 amounting to Rs. 63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs. 52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi 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 intrenquum 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 4th July, 1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore 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 4th July, 1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of Solicitor General of India no property tax is payable on 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 3rd 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	
1. Component of Employer Expenses				
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
2. Net Asset / (Liability) recognised in Balance Sheet as at 31.3.2008				
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
3. Change in present value of obligation as on 31.3.2008				
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
4. Change in the Fair Value of Plan Assets				
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	-	-	-
5. Actuarial Assumptions				
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
6. Details of the Plan Assets at cost as on 31.3.2008				
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 :**

(Rs. in crore)

Particulars	2007-2008	2006-2007
Expenditure		
a) Traveling & Entertainment	0.07	0.17
b) Others	0.02	0.02
c) Interest on foreign loan	13.56	12.15
Earnings		
a) Interest on foreign deposit	10.30	11.29

- 19) **Earnings Per Share:**

Particulars	Year ended 31.3.2008	Year ended 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:-

(Rs. in crore)

Particulars	As at 31.3.2007	Charge / Credit during the year	Adjustments during the year due to AS-15	As at 31.3.2008
Assets				
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

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
Total Assets (A)	318.34	83.71	9.04	411.09
Liabilities				
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
Total liabilities (B)	524.25	50.17	-	574.42
Net deferred tax assets / (liabilities) (A) - (B)	-205.91	33.54	9.04	-163.33

- 21) Disclosure regarding provisions made for loans and depreciation in investments as per National Housing Bank Guidelines on prudential norms applicable to Housing Finance Companies.

(1) **HOUSING FINANCE BUSINESS:**

Loans:

(Rs. in crore)

Assets Classification	Principal outstanding		Provision As per Norms *		Additional provision	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st 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		
Total	7,347.44	7,634.35	413.85	381.58	235.00	100.00

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

Loans:

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st 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		
Total	14,758.02	14,261.87	353.82	312.22	80.00	75.00

(3) **Investments:**

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2008	As at 31 st March 2007	As at 31 st March 2008	As at 31 st 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	-	-
Total	2,065.79	2,453.51	3.23	3.01

* 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 Raghbir 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
Investments					
Balance as at 31.3.2007	2.00	0.13	0.26	-	2.39
Additions during the year				0.013	0.013
Balance as at 31.3.2008	2.00	0.13	0.26	0.013	2.403

(d) 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	-	0.01	-	0.01	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.	0.01	India	26%	Jointly controlled entity
Total	2.40			

(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.

For Fiscal 2006-2007

1) Contingent Liabilities not provided for #:

		(Rs. in crore)	
		2006-2007	2005-2006
A	Claims of Contractors against the Company not acknowledged as debts	18.55	15.23
	Counter claims of the Company	0.92	0.88
B	Brokerage claim for Public Deposit Scheme	0.95	0.89
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.	0.21	0.19
E	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India.	30.09	29.31
F	Disputed Income tax and Interest tax demands. The Company has paid Rs. 172.00 crore (previous year Rs. 164.14 crore) against which the Company has gone in appeal.	179.89	164.17
G	Counter claims of various parties for damages against Company's claim before various Debt Recovery Tribunals	293.10	24.05
H	Estimated amount of commitments remaining to be executed on capital account	8.55	14.03
I	Liability in respect on un-reconciled balances of Banking Sector Loans {Refer Note 4 (b)}	0.60	3.66
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 10}

- 2) Public deposits aggregating to Rs. 31.75 crore in respect of 561 cases (Previous Year Rs. 5.92 crore in respect of 680 cases) and interest thereon of Rs. 30.94 crore (Previous Year Rs. 1.95 crore) were due and unclaimed as on 31st March, 2007.
- 3) Debentures/Bonds aggregating to Rs. 10.69 crore towards interest and principal (Previous Year Rs. 4.28 crore) were due and unclaimed as on 31st March 2007. An amount of Rs. 0.10 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".
- 4) (a) As against the total FCNR (B) / FCTL loan of Rs.387.29 crore (USD 88.84 million) outstanding as on 31.03.2007 (Previous Year Rs. 495 crore/ USD 111.64 million), forward contracts have been taken for Rs.59.90 crore (USD 13.74 million) (Previous Year Rs. 119.53 crore / USD 27.48 million).
- (b) In respect of banking sector loans (Schedule- C & D – Secured & Unsecured loans) amounting to Rs. 6,902.33 crore (Previous Year Rs. 7,380.10 crore), confirmation of balances has been obtained from all the 38 banks (Previous Year 45 banks). Out of this, outstanding balance of Rs. 424.27 crore (Previous Year Rs. 455.98 crore) of 6 Banks (Previous Year 6 banks) have difference (due to debit by banks) of Rs. 0.60 crore (Previous Year Rs. 3.66 crore) and the amount is under reconciliation. Outstanding balance of Rs. 2,530.56 crore (Previous Year Rs.6,584.00 crore) of 10 banks (Previous Year 12 banks) have difference (due to credit by banks) of Rs. 0.43 crore (Previous Year Rs.9.48 crore) and the amount is under reconciliation. Till the matter is resolved the amount of Rs. 0.60 crore has been shown as Contingent Liability.
- 5) The secured and unsecured loans in Schedule-C and D include a sum of Rs. 4,391.73 crore (previous year Rs. 4,609.99 crore) towards repayments due within next 12 months (April 2007 to March 2008).
- 6) Details of various grants/subsidies (net of refunds) as at 31.3.2007 are as under :
 - a) **Receipt and payment of various grants/subsidy**

(Rs. in crore)					
		Grant/Subsidy Received (Cumulative)	Grant/Subsidy Released (Cumulative)	Utilisation certificate Received (Cumulative)	Closing Balance As at 31.03.2007
i)	KfW	37.39	37.18	37.15	0.21
ii)	Building Centre	26.39	24.21	21.47	2.18
iii)	ILCS	302.29	299.67	268.91	2.62
iv)	NRV (Shashu)	41.12	40.72	18.08	0.40
v)	NRV (Training)	17.73	17.71	14.87	0.02
vi)	Night Shelter	19.80	19.80	16.98	-
vii)	Bio Medical Waste Management	0.45	0.40	0.40	0.05
viii)	Vermi Composit Plant	0.85	0.72	0.71	0.13
xi)	Vambay –GOI subsidy	929.48	925.23	615.13	4.25
x)	Heritage Project Subsidy (French Govt.) - RF	0.84	0.09	-	0.75
Total		1,376.34	1,365.73	993.70	10.61

b) Non operational grant/subsidy

(Rs. in crore)				
		Grant/Subsidy Received (Cumulative)	Grant/Subsidy Released (Cumulative)	Closing Balance
i)	Improved Chullahs	0.55	0.39	0.16
ii)	Central Asstt. For Urban Water Supply	3.60	3.23	0.37
Total		4.15	3.62	0.53

- 7) The lease (sub-lease)/ conveyance deeds in respect of certain properties of the value of Rs. 47.91 crore (previous year Rs. 47.91 crore) are yet to be executed.
- 8) (a) Letters seeking confirmation of year end outstanding balances have been sent to all the borrowers except cases in litigations. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is 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, Tamil Nadu Housing Board and Lucknow Development Authority where reconciliation is underway.
- (c) During the year the Company has made an additional provision of Rs. 175 crore (previous year Rs. 75 crore) beyond NHB Norms on loans.
- (d) The Company has undertaken valuation for mortgaged properties in respect of doubtful assets (loans) from the year 2004-2005, through independent Valuers. Valuation Reports of properties covering approximately 99.26 % (previous year 89%) of the value have been received. In 4 cases, (previous year 4 cases), an additional provision of Rs. 2.38 crore (previous year Rs. 3.77 crore) has been made to cover the shortfall. In balance three cases i.e. Saumaya Medicare International Limited (A.P.), Mohini Oracles (Mah.) and Lakshmi Raghuramaia Cooperative Society (A.P.) where valuation report is awaited, action, if any, shall be taken on receipt of the reports.
- (e) At the instance of Government of Kerala the Company had granted a Default Resolution Package to M/s. Cochin International Airport Ltd. (CIAL) and entered into an agreement dated 7.3.2003, according to which, CIAL had agreed to allot equity shares of Rs.52 crore (being 26% of equity share capital of CIAL) at par value of Rs.10/- per equity share. CIAL instead of allotting the shares of Rs.52 crore sent repayment of the entire balance loan together with interest upto 15th September, 2004 vide its letter dated 16.9.2004 amounting to Rs.63.49 crore as per their calculation, which was not accepted by the Company.

Since the CIAL did not agree to the Company's demand of allotting equity shares worth Rs.52 crore (equivalent to 26% of the capital at par) to the Company, the Company filed a case before Debt Recovery Tribunal (DRT) at New Delhi 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. The matter is being followed up with State Government and CIAL for issue of equity shares pending which the total outstanding as on 31.3.2007 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 intregunum period. The loan has been classified as NPA and necessary provision has been made as per NHB norms.

- 9) 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.

- 10) (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/deed 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 4th July, 1997 i.e. upto the execution of perpetual lease deed although there was no liability of property tax on HUDCO. The Hon'ble Supreme Court decided in favour of HUDCO and the entire amount of Rs.17.98 crore alongwith interest amounting to Rs. 13.68 crore is recoverable from MCD, out of which an amount of Rs. 11.46 crore has been refunded by MCD on 3.10.2005 which has been adjusted against interest. No demand has been raised by MCD for payment of property tax for the period after 4th July, 1997. In case of any demand from MCD after 4th July, 1997, the same will be met out of the AGP Surplus Account. Moreover as per opinion of

Solicitor General of India no property tax is payable on 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 3rd 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.
- (d) 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.
- (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 21.07.2006 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. Nov 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 been paying the monthly instalment of Rs. 0.49 crore regularly. 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.

- 11) (a) In accordance with Employees Provident Fund Organisation circular dated 22.8.2005, leave encashment paid on or after 1.10.94 is liable for Provident Fund deductions. However, vide their subsequent letter dated 12.9.2005 action on recovery upto 30.4.2005 has been kept in abeyance and the Company started deducting Employees Provident Fund on leave encashment w.e.f. 1.5.2005. Since the above clarification was received in the month of September, 2005 the Company is paying deductions of Provident Fund on Leave Encashment from 1.11.2005 on regular basis and the payment of arrears for the period from 1.5.2005 to 31.10.2005 has been made in the year 2007-2008.
- (b) The pay revision of Public Sector executives was due w.e.f. 1.1.2007 and a pay revision committee has been appointed by Government of India, the report of which is pending. An adhoc provision of Rs.1.60 crore has been made for pay revision in the accounts of the year 2006-2007.
- 12) Expenditure on leave travel concession to employees is accounted for in the year it is availed/ encashed.
- 13) The Ministry of Housing & Urban Poverty Alleviation vide their DO letter No. I-14012/7/2004-H.II dated 18th July, 2006 has clarified that Special Reserve created by HUDCO under section 36(1)(viii) of Income Tax Act should be treated as Statutory Reserve and should be deducted from the net profit to arrive at distributable profit for the purpose of giving productivity linked incentive to the employees. The clarification received from the Ministry has been considered in the accounts for the year 2006-2007.
- 14) The Company is not able to comply with National Housing Bank's Credit concentration norms which states that a Housing Finance Company's agency wise exposure should not exceed 15% of its net owned funds. HUDCO is not able to comply with these norms in respect of lendings to some State Governments/ Government agencies. The Company had requested NHB for relaxation in complying with credit concentration norms which was declined by the NHB. The Company has again represented the case to NHB, for their consideration.
- 15) 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.
- 16) 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) for Special Reserve under section 36(1)(viii) of Income Tax Act during the year 2004-05 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 2003-04, 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 2004-05. The net deferred tax provision from financial year 2004-05 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. Suitable action shall be taken by the Company on receipt of opinion on the above subject.

- 17) There are no dues to micro, small and medium entities, as defined in Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2007.
- 18) 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.
- 19) 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.
- 20) Change in accounting policies/practices :
- (a) The Company has changed its accounting policy of recognising front end fee, application fee, administrative fees and processing fees on loans on accrual to realisation basis. Consequent upon the change, the profit for the year is lower by Rs. 1.28 crore.
- (b) The Company has changed its accounting policy of providing Depreciation on mobile phones on written down value method, at the rates specified in Schedule XIV of the Companies Act, 1956 to providing depreciation @ of 45% p.a. on straight line method retrospectively. Further, after 2 years residual value of 10% is recovered from employees. Consequent upon the change, the profit for the year is lower by Rs. 0.03 crore.
- (c) The Company has changed its accounting policy of recognising diminution in the value of long term investments. As per the new policy, where there is a decline other than temporary, in the value of a long term investment, the carrying amount is reduced to recognise the decline. Consequent to the change, the profit for the year is lower by Rs. 2.50 crore.

As a result of the above changes in accounting policies the profit for the year is lower by Rs. 3.81 crore with a corresponding effect on reserves and surplus account.

- 21) 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.
- 22) The Company has constituted Audit Committee in compliance of section 292A of the Companies Act, 1956. During the financial year 2006-07, the constitution of the Audit Committee was not in conformity with clause 49/2.18 of the listing provisions. These listing provisions were applicable on HUDCO because of issuance of Public Issue of Infrastructure Bonds Series in 1997. On 24th April 2007, the said Infrastructure Bond Series was redeemed and the listing provisions governing Audit Committee are no longer applicable on HUDCO. However, DPE guidelines for Audit Committee are applicable on HUDCO and the same are not complied since HUDCO is not having sufficient number of Independent Directors on its Board. The company is pursuing the issue of appointment of Independent Directors with the Ministry of Housing & Urban Poverty Alleviation.
- 23) As per One Time Settlement (OTS) package approved by the Company in the year 2002 for Sholapur Municipal Corporation, the Maharashtra Jeewan Pradhikaran a channelising agency nominated by Government of Maharashtra was to issue Bonds which were due for maturity on 1.1.2007. These bonds have not been issued till the date of their maturity. However, the repayment of principal & interest on bonds has been received except last instalment which was due on 1.1.2007.
- 24) Other liabilities shown under Schedule-L include net of Rs. 0.15 crore (credit of Rs. 0.44 crore and debit of Rs. 0.29 crore) lying in Suspense Account. Necessary adjustments will be made on reconciliation.
- 25) **Details of Expenditure/ Earnings in foreign exchange:**

Particulars	(Rs. in crore)	
	2006-2007	2005-2006
Expenditure		
a) Traveling & Entertainment	0.17	0.22

b) Others	0.02	0.10
c) Interest on foreign loan	14.15	8.98
Earnings		
a) Interest on foreign deposit	11.29	7.58

26) **Earning Per Share**

Particulars	Year ended 31.3.2007	Year ended 31.3.2006
Net Profit for the year attributable to equity shareholders (Rs. in crore) (a)	308.38	260.24
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)	154.04	130.00

27) **Deferred Tax**

The deferred tax Assets/Liabilities as on 31.3.2007 comprise of the following:-

Particulars	(Rs. in crore)		
	As at 31.3.2006	Charge/ Credit during the year	As at 31.3.2007
Assets			
Provision for investment	0.17	0.85	1.02
Provision for debtors	0.35	-	0.35
Provision on loans	257.21	38.09	295.30
Provision on Jabalpur Earthquake	1.68	0.02	1.70
Provision on advances	0.12	0.13	0.25
Provision for leave encashment	2.43	0.31	2.74
Provision for retirement benefit	7.69	1.36	9.05
Provision for gratuity	0.27	(0.27)	-
Interest Disallowed u/s. 43-B in current year and claimed in subsequent years	-	7.38	7.38
Provision for Income Tax on profit of Bhikaji Cama Place *	9.00	(9.00)	-
Provision for Revision in Pay	-	0.55	0.55
Total Assets (A)	278.92	39.42	318.34
Liabilities			
Miscellaneous exp. yet to be written off	12.69	(0.70)	11.99
Depreciation	4.52	0.33	4.85
Special Reserve u/s.36(1)(viii) of Income Tax Act **	433.34	74.07	507.41
Total liabilities (B)	450.55	73.70	524.25
Net deferred tax assets/ (liabilities) (A) - (B)	(171.63)	(34.28)	(205.91)

* Adjustment pertaining to Previous Years.

** On balance in "Special Reserve-created A/c." full DTL has been created and on "Special Reserve-created and maintained A/c.", the DTL has been created on that balance on which Income Tax benefit has been allowed/claimed.

28) 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 st March 2007	As at 31 st March 2006	As at 31 st March 2007	As at 31 st March 2006	2006- 2007	2005- 2006
Standard (considered good)	5,949.86	6,894.43	-	-	100.00	50.00
Sub-standard Assets	1,142.97	669.70	114.30	66.97		
Doubtful Assets	552.41	556.07	234.15	242.60		
Loss Assets	33.13	28.41	33.13	28.41		
Total	7,678.37	8,148.61	381.58	337.98	100.00	50.00

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

Loans:

Assets Classification	Principal outstanding		Provision As per Norms		Additional provision	
	As at 31 st March 2007	As at 31 st March 2006	As at 31 st March 2007	As at 31 st March 2006	2006-2007	2005-2006
Standard (considered good)	13,272.53	12,569.35	13.27	-	75.00	
Sub-standard Assets	283.35	307.04	28.34	30.71		25.00
Doubtful Assets	702.22	1,025.13	266.84	320.44		
Loss Assets	3.77	-	3.77	-		
Total	14,261.87	13,901.52	312.22	351.15	75.00	25.00

(3) **Investments:**

Particulars	Principal outstanding		Provision As per Norms	
	As at 31 st March 2007	As at 31 st March 2006	As at 31 st March 2007	As at 31 st March 2006
Equity Shares	4.97	4.97	3.01	0.50
Equity Shares - Joint Venture	2.39	2.38	-	-
Bonds	2,446.15	2,478.88	-	-
Total	2,453.51	2,486.23	3.01	0.50

29) 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.

30) **Related parties Disclosure :**

(b) **Joint Ventures**

- (1) Shristi Urban Infrastructure Development Ltd.
- (2) Pragati Social Infrastructure & Development Ltd.
- (3) MCM Infrastructure Pvt. Ltd.

(c) **Key Management Personnel :**

Directors	Status
Dr. P S Rana (upto 30 th Sep 2006)	Chairman and Managing Director
Shri Ranjit Issar (from 30 th Sep 2006)*	Chairman and Managing Director
Shri Pankaj Jain (upto 29 th Sep 2006)	Part Time Official Director
Shri T Prabakaran	Whole Time Director (Director Finance)
Shri R S Solanki	Part-Time Non-Official Director
Shri S K Tripathi (from 14 th Nov. 2006)	Whole Time Director (Director Corporate Planning)
Smt. Neena Garg (upto 5 th Dec. 2006)	Part Time Official Director
Shri Raghubir Singh (from 5 th Dec. 2006)	Part Time Official Director

* Joined as Part-Time Official Director on 29th Sep. 2006.

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

Nature of Transactions	(Rs. in crore)			
	Shristi Urban Infrastructure Development Ltd.	Pragati Social Infrastructure & Development Ltd.	MCM Infrastructure Pvt. Ltd.	Total
Investments				
Balance as at 31.3.2006	2.00	0.12	0.26	2.38
Additions during the year	-	0.01	-	0.01
Balance as at 31.3.2007	2.00	0.13	0.26	2.39

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

(Rs. In crore)

Nature of Transactions	Dr. P.S. Rana	Sh. R. S. Solanki	Total	Dr. P.S. Rana	Sh. R. S. Solanki	Total
2006-2007			2005-2006			
Repayment of Housing & Welfare Advance.	0.07	-	0.07	0.01	-	0.01
Sitting fees	-	0.01	0.01	-	-	-

31) **Information in relation to the interest of the Company in Joint Ventures as required under AS – 27.**

(a)

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
Total	2.39			

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

(Rs. in crore)

Year ending	Shristi Urban Infrastructure Development Ltd.		Pragati Social Infrastructure & Development Ltd.		MCM Infrastructure Pvt. Ltd.	
	Un audited as at 31.3.2007	Audited as at 31.3.2006	Un audited as at 31.3.2007	Audited as at 31.3.2006	Un audited as at 31.3.2007	Audited as at 31.3.2006
Share of Assets	2.41	2.08	0.06	0.14	0.17	0.25
Share of Liabilities	0.41	0.08	0.02	0.01	-	-
Share of Income	0.65	0.04	-	0.01	0.01	-
Share of Expenses	0.65	0.01	0.05	0.01	0.05	-
HUDCO's share in contingent liability of JV Co.	NA	Nil	NA	Nil	NA	Nil
Contingent liability for jointly controlled Company incurred by HUDCO	Nil	Nil	Nil	Nil	Nil	Nil

(c) In addition to the 3 Joint Venture Companies, HUDCO has entered into a Joint Venture agreement with Marg Construction Ltd. to form another Joint Venture Company, namely Signa Infrastructure India Ltd. (SIIL). However, no equity capital has been released in the aforesaid Company till 31.3.2007. The commitment of HUDCO in SIIL is Rs. 2.60 crore, being HUDCO's share of 26% of the authorized and paid up equity capital of SIIL.

- 32) (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.	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
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.	-----

(b) Key Management Personnel during the year

Name of Directos	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	Status				
Shri K. L. Dhingra	Chairman & Managing Director (Whole time Director) (from 24.9.2007 upto 7.4.2010)	Chairman & Managing Director (Whole time Director) (from 24.9.2007)	Chairman & Managing Director (Whole time Director) (from 24.09.2007)	Chairman & Managing Director (Whole time Director) (from 24.09.2007)	-
Shri T. Prabakaran	Director (Finance) (Whole time Director) (from 29.12.2004 upto 29.9.2011)	Director (Finance) (Whole time Director) (from 29.12.2004)	Director (Finance) (Whole time Director) (from 29.12.2004)	Whole time Director (Finance) (from 29.12.2004)	Whole Time Director (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)	Whole Time Director (Corporate Planning) (from 14.11.2006)
Shri Ranjit Issar	-	-	-	Chairman & Managing Director (from 30.09.2006 to 14.05.2007)	Chairman & Managing Director (from 30.09.2006)
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 Director (from 5.12.2006 to 18.05.2007)	Part Time Official Director (from 5.12.2006)
Shri SK Singh	-	-	-	Part Time Official Director (from 06.06.2007 to 2.1.2009)	-
Dr. RK Vats	-	-	-	Part Time Official	-

Name of Directos	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
	Status				
				Director (from 18.05.2007 to 3.12.2009)	
ShriRajpal Singh Solanki	-	-	-	Part Time Non Official Director (from 08.12.2005 to 7.12.2011)	Part Time Non Official Director (from 08.12.2005)
Shri Dinesh Mahajan	-	-	-	Part Time Non Official Director (from 26.12.2007 to 25.12.2010)	-
ShriIshwar Singh	-	-	-	Part Time Non Official Director (from 26.12.2007 to 14.03.2008)	-
Dr. P S Rana	-	-	-	-	Chairman and Managing Director (From 25.11.2003 to 30.9. 2006)
ShriPankaj Jain	-	-	-	-	Part Time Official Director (From 22.1.2004 to 29.9.2006)
Smt. NeenaGarg	-	-	-	-	Part Time Official Director (From 21.3.2005 to 5.12.2006)

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

(Rs. in crore)

S. No.	Name of Joint Venture	Nature of Transactions	(Proportion of ownership)	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
1	Shristi Urban Infrastructure Development Ltd.	Investment	40%	2.00	2.00	2.00	2.00	2.00
2	Pragati Social Infrastructure & Development Ltd.	Investment	26%	0.13	0.13	0.13	0.13	0.13
3	MCM Infrastructure Pvt. Ltd.	Investment	26%	0.26	0.26	0.26	0.26	0.26
4	Signa Infrastructure India Ltd.	Investment	26%	0.013	0.01	0.01	0.01	-

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

(Rs. in crore)

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Dr. P.S. Rana					
Repayment of Staff loans and Interest	-	-	-	-	0.07
Sh. R. S. Solanki					
Sitting fees	-*	-*	-*	-	-
Sh. K. L. Dhingra					
Repayment of Staff loans and Interest	-	-	-	-	-
Sh. Dinesh Mahajan					
Sitting fees	-*	-*	-*	-	-
Sh. Ishwar Singh					
Sitting fees	-*	-*	-*	-	-

* The said person being part time director are not considered as key management personnel.

Statement of Accounting Ratios

PARTICULARS	As of MARCH 31,				
	2011	2010	2009	2008	2007
Earning per share (Basic/Diluted) (Rs.)	274.75	247.42	200.30	186.69	154.04
Return on net worth (%)	9.96	9.72	8.63	8.98	7.95
Net asset value per equity share (Rs.)	2,757.87	2,546.13	2,321.52	2,079.36	1,937.27
Weighted average number of equity shares outstanding during the year / period (in crore)	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
Total number of shares outstanding at the end of the year/period (in crore)	2,001.90	2,001.90	2,001.90	2,001.90	2,001.90
Debt equity Ratio	2.86	3.04	4.14	4.54	5.26

Notes:

The ratios have been computed as below:

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.
Debt equity	=	Total Debt outstanding at the end of the year / Net worth at the end of the year.

Annexure VIII

Statement of Dividend Paid

(Rs. in crore)

PARTICULARS	As at March 31,				
	2011	2010	2009	2008	2007
Equity Share Capital (Issued, Subscribed & Paid up) Face Value (Rs/Share)	1000	1000	1000	1000	1000
Interim Dividend	-	-	-	26.35	-
Final Dividend	110.02	59.08	45.24	41.76	20.68
Total Dividend	110.02	59.08	45.24	68.11	20.68
Dividend Rate (%)	5.5	2.95	2.26	3.4	1.03

Statement of tax shelters

(Rs. In Crore)

Description	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2007
Profit before Tax as per books of accounts (A)	821.19	784.95	771.21	558.39	466.94
(before prior period adjustments)					
Income Tax Rate	33.22%	33.99%	33.99%	33.99%	33.66%
Tax at above rate	272.78	266.80	262.14	189.80	157.17
Adjustments:					
Permanent Differences :					
Profit / Loss on sale of Fixed Assets	(0.01)	(0.03)	(0.04)	(0.03)	0.00
Donations as per books of accounts	-	-	-	-	-
Wealth Tax	-	-	-	-	-
Prior Period Adjustments	0.29	0.87	6.25	(0.29)	(1.67)
Exempted Income u/s 10(34) Dividend Income	-	-	-	-	(0.01)
Reserve for bad & doubtful debts u/s 36(1)(vii)	(35.38)	(41.53)	(28.79)	(32.47)	(18.52)
Special Reserves u/s 36(1)(viii)	-	-	-	-	-
Items to be considered under head House Property	(11.41)	(9.40)	(9.24)	(7.59)	-
Profit on sale of investment	-	-	-	-	-
Disallowance u/s 40A	0.11	0.07	0.05	0.05	0.04
Profit on Construction Project(Bhikaji Cama)	-	-	-	-	(26.76)
Other Income (Special Reserve claimed & written back due to Prepayment of loans)	-	-	-	-	-
Total Permanent Difference (B)	(46.40)	(50.01)	(31.78)	(40.33)	(46.92)
Timing Difference:					
Difference between depreciation as per Companies Act & depreciation as per Income Tax Act, 1961	5.80	(0.01)	(0.37)	(0.98)	(0.84)
Special Reserves u/s 36(1)(viii)	(170.29)	(192.94)	(139.84)	(152.11)	(185.55)
Provision for PF Contribution	13.94	-	-	-	-
Provision for Debtors	1.42	0.11	(0.72)	-	-
Provision for pay revision	-	-	-	-	1.60
Provision on Loans	27.80	210.67	(65.35)	213.68	107.56
Provision for retirement benefits	8.72	(2.11)	4.28	4.75	3.78
Provision for Staff Loan	-	(0.00)	(0.00)	-	-
Provision for gratuity	-	(4.72)	(3.98)	4.77	(0.81)
Provision for welfare expenses	0.00	(0.15)	0.01	0.37	-
Provision for Investments	0.00	-	0.16	0.22	-
Disallowance under section 43 B	5.46	12.56	0.15	5.83	3.74
Provision for LTC	(3.20)	3.79	-	9.86	-
Financial Charges written off	-	20.40	7.61	7.26	2.43
Total Timing Differences (C)	(110.35)	47.58	(198.03)	93.64	(68.09)
Taxable Rental Income(D)	7.84	6.58	6.47	5.31	-
Long Term Capital Gain	-	-	-	-	-
Short Term Capital Gain u/s 111A	-	-	-	-	-
Short Term Capital Gain other than u/s 111A	-	-	-	-	-
Total Capital gain (E)	-	-	-	-	-
Donations u/s 80G (F)	-	-	-	-	-
Taxable Profit (A)+(B)+(C) + (D) + (E) - (F)	672.28	789.10	547.88	617.01	351.93
Tax on Income Other than Capital Gain	223.32	268.21	186.22	209.72	118.46
Tax on Capital Gain	-	-	-	-	-
Total Tax Liability	223.32	268.21	186.22	209.72	118.46
Interest u/s 234B/ 234C	0.21	1.29	1.69	3.93	3.37
Total Tax Liability	223.53	269.51	187.92	213.65	121.83

Capitalization Statement

PARTICULARS	(Rs. In crore)	
	Pre-issue (As on March 31, 2011)	Post-Issue
Debts		
Short term debt	100.00	100
Long term debt	15,678.66	20,363.38*
Total Debt	15,778.66	20463.38
Shareholders Funds		
Share Capital	2,001.90	2,001.90
Reserves & Surplus	3,519.07	3,519.07
Total Shareholders' Fund	5,520.97	5,520.97
Long Term Debt / Equity	2.84	3.69
Total Debt / Equity	2.86	3.71

* This does not include ₹ 315.28 crores raised by way of private placements.

Note:

1. Short term debts represents debts which are due within twelve months from March 31, 2011
2. Long term debt represents debt other than short term debt, as defined above.

3. Long Term debt / Equity:
$$\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$$

4. Total Debt/Equity
$$\frac{\text{Total Debt}}{\text{Shareholders' Funds}}$$

STATEMENT OF CONTINGENT LIABILITIES

(Rs. in crore)

		2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
A	Claims of Contractors not acknowledged as debts	9.16	10.32	8.93	20.64	18.55
	Counter claims of the Company	0.88	1.06	0.75	0.75	0.92
B	Demand (including penalty) on account of payment of guarantee fee on SLR debentures guaranteed by Government of India	31.61	28.99	31.50	30.87	30.09
C	Disputed Income tax and Interest tax demands against which Company has gone in appeal. The Company has paid Rs.229.67 crore in 2010-2011, Rs. 223.88 crore in year 2009-2010, Rs. 217.99 in year 2008-2009, Rs. 202.24 crore in year 2007-2008 and Rs. 172.00 crore in year 2006-2007 under protest.	276.29	256.31	233.31	216.51	179.89
D	Disputed Service tax demands against which Company has gone in appeal. The Company has paid Rs. 0.25 crore in 2010-2011, Rs. 0.04 crore in 2009-2010 and Rs. 0.003 crore in 2008-2009 under protest	4.95	4.15	1.37	-	-
E	Counter claims of various parties for damages against Company's claim in Civil Courts	0.39	142.51	309.22	309.16	293.10
F	Estimated amount of commitments remaining to be executed on capital account	18.13	15.89	2.08	7.97	8.55
G	Demand of maintenance charges & reserve fund in respect of office premises.	-	-	-	0.22	0.21
H	Demands from MCD towards property tax being contested by the Company	-	-	-	2.21	2.21
I	Brokerage claim for PDS	-	-	-	-	0.95
J	Liability in respect on un-reconciled balances of Banking Sector Loans	-	-	-	0.18	0.60
K	The Company is also liable in respect of some pending legal cases and other matters	-	-	-	Amount unascertainable	Amount unascertainable

Note: Contingent liability mentioned 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. 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



Mr. T. Prabakaran
Director Finance
Housing and Urban Development Corporation Ltd.
HUDCO Bhawan, India Habitat Centre
Lodhi Road,
New Delhi - 110 003

CREDIT ANALYSIS & RESEARCH LTD.

4TH Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

December 30, 2011

Dear Sir,

Revalidation of rating for public issue of Tax Free Long Term Bonds

Please refer to your request for revalidation of rating for public issue of tax free long term bonds.

2. CARE hereby reaffirms 'CARE AA+' [**Double A Plus**] rating to Tax free Long Term Bonds of Rs.4684.72 crore of Housing and Urban Development Corporation Ltd. This issue is part of the Rs.6,000 crore of Taxable and Tax free Bonds Programme already rated by CARE. Of this Rs.6000 crore of bonds programme, Tax free bonds account for Rs.5000 crore. (**Details in Annexure I**)
3. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Our rating symbols for various ratings for long & medium term instruments and explanatory notes are given in **Annexure II**.
4. Please inform us the details of the issue [date/s of issue, amounts issued, interest rate/s, date of payment of interest/ repayment, etc] as soon as it is placed.
5. Kindly arrange to submit to us a copy of each of the documents pertaining to the bond issue, including the offer document and the trust deed.
6. Please arrange to get the rating revalidated, in case the issue is not made within a period of six months from the date of this letter.
7. 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.

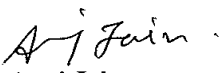
8. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicise/disseminate such suspension/withdrawal/revision in the assigned ratings in any manner considered appropriate by it, without reference to you.
9. 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,

Yours faithfully,


Pankaj Naik
Manager


Anuj Jain
Senior Manager

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

"Credit Analysis and Research Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India (the "SEBI"). The DRHP is available on the website of SEBI at www.sebi.gov.in as well as on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspml.com, www.edelcap.com, www.icicisecurities.com, www.idbicapital.com, and www.sbicaps.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the DRHP."

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Annexure I

Instrument	Rated Amount (Rs. crore)	Amount Outstanding as on December 29, 2011 (Rs. crore)	Unutilized Amount as on December 29, 2011 (Rs. crore)	Rating
Long Term Tax free Bonds	5000	315.28	4684.72	CARE AA+ (Double A Plus)

Annexure II

Explanatory Notes Regarding Rating Symbols of CARE

Long /Medium -term instruments (NCD/FD/CD/SO/CPS/RPS)

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.



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

December 29, 2011

Kind Attn: Housing and Urban Development Corporation Limited (HUDCO)

Dear Sir,

Re: Rating of HUDCO Tax-free Bonds (2011-12)

Fitch (see definition below) communicates the following rating:-

National rating of HUDCO Tax-free bonds (2011-12) of upto INR50bn: 'Fitch AA+(ind)'

HUDCO has already issued INR3.15bn bonds under this rated instrument.

The Outlook on the National long-term rating is 'Stable'.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch 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 Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between Fitch and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

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

Sincerely,



Ananda Bhoomik
Senior Director



Sandeep Singh
Senior Director

ANNEXURE C: TOP TEN HOLDERS OF THE DEBT SECURITIES

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
9.00% TAXFREE (XXI-B)					
1	2,500	25.00	62.50	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
2	205	2.05	5.13	SUNIL DUTT	H.NO. - 4 NEW FRIENDS COLONY MODEL TOWN PANIPAT HARYANA 132103
3	200	2.00	5.00	TILAK RAJ KATHURIA	GLOBE ENTERPRISES 51 52 GEDORE HOUSE NEHRU PLACE NEW DELHI NEW DELHI 110019
4	100	1.00	2.50	RAJIV KRISHAN LUTHRA	103 ASHOKA ESTATE BARAKHAMBIA ROAD NEW DELHI 110001
5	100	1.00	2.50	ARADHANA MULTIMAX LTD	2/1 Russel Street Kolkata 700071
6	69	0.69	1.73	BELIEF IMPEX PVT LTD	A / 510 - 513 CRYSTAL PLAZA NEW LINK ROAD ANDHERI (WEST) MUMBAI 400053
7	50	0.50	1.25	PARVEEN KUMAR	39 1 EAST PATEL NAGAR NEW DELHI 110008
8	50	0.50	1.25	MOHAN T. DARYANANI	C/O PARMANAND EXPORTS PVT LTD 77 NARIMAN BHAVAN NARIMAN POINT MUMBAI 400021
9	40	0.40	1.00	THE TAJ MAHAL HOTEL BOMBAY EMPLOYEES WELFARE TRUST	40 TAJ MAHAL PALACE AND TOWER APOLLO BUNDER GATE WAY OF INDIA MUMBAI 400001
10	40	0.40	1.00	IDEAL SHEET METAL STAMPINGS & PRESSINGS PVT LTD	KALIDAS MILL COMPOUND GOMTIPUR AHMEDABAD 380021
	3,354	33.54	83.85		
9.75% TAXABLE (XXV-B)					
1	500	50.00	30.30	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
2	227	22.70	13.76	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
3	150	15.00	9.09	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
4	100	10.00	6.06	CENTRAL BANK OF INDIA	CENTRAL BANK OF INDIA TREASURY DEPARTMENT CHANDRAMUKHI BUILDING NARIMAN POINT MUMBAI 400021
5	100	10.00	6.06	THE NEW INDIA ASSURANCE COMPANY LIMITED	NEW INDIA ASSURANCE BUILDING 87 M.G.ROAD FORT MUMBAI 400001
6	90	9.00	5.45	PUNJAB NATIONAL BANK EMPLOYEES GRATUITTY FUND	PUNJAB NATIONAL BANK PROVIDENT FUND DEPARTMENT H/O RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
7	60	6.00	3.64	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND	H/O PF DEPTT 3RD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
8	50	5.00	3.03	NATIONAL THERMAL	NTPC BHAWAN SCOPE

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND TRUST	COMPLEX DELHI 110003
9	30	3.00	1.82	IFFCO EMPLOYEES PROVIDENT FUND TRUST	IFFCO EMPLOYEES P F TRUST IFFCO SADAN C 1 DISTT CENTER SAKET NEW DELHI 110017
10	21	2.10	1.27	KRIBHCO EMPLOYEES P F TRUST	A 8 10 SECTOR I NOIDA 201301
	1,328	132.80	80.48		
10.00% TAXABLE (XXV-C)					
1	250	25.00	11.90	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
2	165	16.50	7.86	NATIONAL THERMAL POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND TRUST	NTPC BHAWAN SCOPE COMPLEX DELHI 110003
3	150	15.00	7.14	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
4	100	10.00	4.76	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
5	100	10.00	4.76	NATIONAL THERMAL POWER CORPORATION EMPLOYEES GRATUITY FUND	NTPC SCOPE COMPLEX CORE 7 LODHI ROAD DELHI 110003
6	50	5.00	2.38	OIL AND NATURAL GAS CORPORATION LIMITED EMPLOYEES CONTRIBUTORY PROVIDENT FUND	TEL BHAWAN DEHRADUN 248003
7	50	5.00	2.38	HINDALCO EMPLOYEES PROVIDENT FUND INSTITUTION	HINDALCO EMPLOYEES PROVIDENT FUND PO RENUKOOT DIST SONEBHADRA 231217
8	50	5.00	2.38	FOOD CORPORATION OF INDIA CPF TRUST	KHADYA SADAN 13TH FLOOR 16 20 BARAKHAMBHA LANE NEW DELHI 110001
9	50	5.00	2.38	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND	H/O PF DEPTT 3RD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
10	50	5.00	2.38	PUNJAB NATIONAL BANK EMPLOYEES PENSION FUND	PUNJAB NATIONAL BANK THIRD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
	1,015	101.50	48.33		
9.25% TAXFREE BONDS SERIES (I-C)					
1	506	25.30	19.32	ICICI BANK LTD	TREASURY MIDDLE OFFICE GROUP 2ND FLOOR NORTH TOWER EAST WING ICICI BANK TOWER BKC BANDRA (EAST) MUMBAI 400051
2	200	10.00	7.64	BAJAJ AUTO LIMITED	BOMBAY / PUNE ROAD AKURDI PUNE 411035
3	200	10.00	7.64	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
4	200	10.00	7.64	THE KALUPUR COM.CO.BANK	ALI ROAD NEW DELHI 110002 KALUPUR BANK BHAVAN NEAR INCOME TAX CIRCLE ASHRAM ROAD AHMEDABAD 380014
5	140	7.00	5.35	COLGATE PALMOLIVE INDIA LTD	Colgate Research Centre Hiranandani Gardens Powai Mumbai 400076
6	120	6.00	4.58	TAMILNAD MERCANTILE BANK LTD.	269/2-4 AVVAI SHANMUGAM SALAI ROYAPETTAH CHENNAI 600014
7	100	5.00	3.82	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
8	100	5.00	3.82	DR. NANDLAL P. TOLANI	1100 PRABHU KUTIR 15 ALTAMOUNT ROAD MUMBAI 400026
9	80	4.00	3.05	MANTRARAJ JAYARAJ PANDEY	4252 VARUN CARTER ROAD RAILWAY OFFICERS CLUB BANDRA WEST MUMBAI 400050
10	70	3.50	2.67	KAHAN INTERNATIONAL PVT LTD	10 - B NETAJI SUBHASH MARG DARYAGANJ NEW DELHI 110002
	1,716	85.80	65.52		
10.00% TAXABLE (XXIII-C)					
1	800	40.00	12.80	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
2	400	20.00	6.40	LIFE INSURANCE CORPORATION OF INDIA (EMPLOYEES) PENSION FUND	3rd floor LIFE INSURANCECORP OF INDI CENTRAL OFFICE YOGAKSHEMA WEST WING FIN AND A/CS DEPT JEEVAN BEEMA MARG N PT MUMBAI 400021
3	360	18.00	5.76	FOOD CORPORATION OF INDIA CPF TRUST	KHADYA SADAN 13TH FLOOR 16 20 BARAKHAMBALANE NEW DELHI 110001
4	240	12.00	3.84	NATIONAL THERMAL POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND TRUST	NTPC BHAWAN SCOPE COMPLEX DELHI 110003
5	211	10.55	3.38	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND	H/O PF DEPTT 3RD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
6	200	10.00	3.20	THE PROVIDENT FUND FOR THE EMPLOYEES OF INDIAN OIL CORPORATION LTD.(MARK	(9277) INDIAN OIL BHAVAN G 9 ALI YAVAR JUNG MARG BANDRA (EAST) MUMBAI 400051
7	200	10.00	3.20	OIL AND NATURAL GAS CORPORATION LIMITED EMPLOYEES CONTRIBUTORY PROVIDENT FUND	TEL BHAWAN DEHRADUN 248003
8	200	10.00	3.20	PUNJAB NATIONAL BANK EMPLOYEES PENSION FUND	PUNJAB NATIONAL BANK THIRD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
9	200	10.00	3.20	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
10	200	10.00	3.20	CANARA BANK	HO ANNEX NAVEEN COMPLEX

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				(EMPLOYEES) PENSION FUND	NO 14 M G ROAD BANGALORE 560001
	3,011	150.55	48.17		
9.75% TAXABLE (XXII-C)					
1	40	2.00	66.67	KURMANCHALNAGAR SAHKARI BANK LIMITED	KURMANCHAL BHAWAN TALLITAL NAINITAL UTTARANCHAL 263002
2	20	1.00	33.33	THE URBAN CO OPERATIVE BANK LTD JAIPUR	PARIJATAK NEW COLONY PAANCH BATTI JAIPUR 302001
	60	3.00	100.00		
10.00% TAXABLE (XXIV-C)					
1	208	10.40	14.23	NATIONAL THERMAL POWER CORPORATION EMPLOYEES GRATUITY FUND	NTPC SCOPE COMPLEX CORE 7 LODHI ROAD DELHI 110003
2	200	10.00	13.68	BANK OF BARODA PROVIDENT FUND TRUST	BARODA HOUSE 4TH FLOOR MANDVI BARODA 390006
3	200	10.00	13.68	LIFE INSURANCE CORPORATION OF INDIA (EMPLOYEES) PENSION FUND	3rd floor LIFE INSURANCECORP OF INDI CENTRAL OFFICE YOGAKSHEMA WEST WING FIN AND A/CS DEPT JEEVAN BEEMA MARG N PT MUMBAI 400021
4	156	7.80	10.67	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND	H/O PF DEPTT 3RD FLOOR RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008
5	130	6.50	8.89	THE NEW INDIA ASSURANCE COMPANY EMPLOYEES PENSION FUND	NEW INDIA ASSURANCE BLDG BASEMENT 87 M G ROAD FORT MUMBAI 400001
6	114	5.70	7.80	NATIONAL THERMAL POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND TRUST	NTPC BHAWAN SCOPE COMPLEX DELHI 110003
7	80	4.00	5.47	VIJAYA BANK STAFF PROVIDENT FUND	VIJAYA BANK 41/2 MAHATMA GANDHI ROAD TRINITY CIRCLE BANGALORE 560001
8	60	3.00	4.10	TRUSTEE NEW INDIA ASSURANCE CO. LTD STAFF PROVIDENT FUND	THE NEW INDIA ASSURANCE CO LTD 87 MAHATMA GANDHI ROAD FORT MUMBAI 400023
9	57	2.85	3.90	NUCLEAR POWER CORPORATION OF INDIA LIMITED EMPLOYEES PROVIDENT FUND	6TH FLOOR SOUTH WING VIKRAM SARABHAI BHAVAN ANUSHAKTI NAGAR MUMBAI 400094
10	27	1.35	1.85	THE BALRAMPUR SUGAR COMPANY LIMITED EMPLOYEES GRATUITY FUND	FMC Fortuna 2nd Floor 234/3A A.J. C. Bose Road Kolkata 700020
	1,232	61.60	84.27		
9.00% TAXFREE BONDS SERIES (II-C)					
1	300	15.00	10.09	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
2	200	10.00	6.73	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
3	107	5.35	3.60	K.E.C. INDUSTRIES	616 ANTRIKSH BHAWAN 22 K

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
4	100	5.00	3.36	LIMITED CANARA BANK	G MARG NEW DELHI 110001 4 SIDHARTH ENCLAVE, ASHRAM CHOWK MAHARANI BAGH NEW DELHI 110014
5	69	3.45	2.32	THE CALCUTTA SWIMMING CLUB	1 STRAND ROAD KOLKATA 700001
6	60	3.00	2.02	JAYANT RAMESH PARDIWALA	207 HIGH TECH INDUSTRIAL CENTRE CAVES ROAD JOGESHWARI (E) MUMBAI 400060
7	49	2.45	1.65	RAJESH CHANDRAKANT SHAH	AST-1 SUCCESS CHAMBERS 1232 APTE ROAD DECCAN GYMKHANA PUNE 411004
8	45	2.25	1.51	ALPASSO INDUSTRIES PRIVATE LIMITED	4TH FLOOR MAHINDRA TOWERS 2A BHIKAJI CAMA PLACE NEW DELHI 110066
9	40	2.00	1.35	RANJIT GOBINDRAM MALKANI	C/O RAMI HOLDINGS PVT LTD 73 NCPA APARTMENT NCPA COMPLEX NARIMAN POINT MUMBAI 400021
10	40	2.00	1.35	PUNJAB AND SIND BANK	G Block Cannought Place New Delhi 110001
	1,010	50.50	33.97		
10.15% TAXABLE 2002(SD-II)					
1	500	500.00	100.00	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
	500	500.00	100.00		
7.60% TAXABLE XXVI					
1	500	50.00	22.95	CBT EPF-11-D-DM	Standard Chartered Bank CRESCENZO Securities Services 3rd Floor C-38/39 G-Block BKC Bandra (East) Mumbai India 400051
2	206	20.60	9.45	MTNL - GRATUITY TRUST	6 TH FLOOR MAHANAGAR DOORSANCHAR BHAVAN MINTO ROAD TELEPHONE EXCHANGE BLDG JAWAHARLAL NEHRU MARG NEW DELHI 110002
3	170	17.00	7.80	NUCLEAR POWER CORPORATION OF INDIA LIMITED EMPLOYEES PROVIDENT FUND	6TH FLOOR SOUTH WING VIKRAM SARABHAI BHAVAN ANUSHAKTI NAGAR MUMBAI 400094
4	150	15.00	6.88	DELHI VIDYUT BOARD EMPLOYEES TERMINAL BENEFIT FUNDS 2002	(9277) STATE BANK OF INDIA SECURITIES SERVICES BRANCH E.P.F.O SECTION MUMBAI MAIN BR.BLDG FORT MUMBAI 400023
5	100	10.00	4.59	STATE BANK OF BIKANER & JAIPUR	TREASURY AND INVESTMENT DEPT. 7TH FLOOR SBI L.H.O. BLDG. PLOT C6 BANDRA KURLA COMPLEX G - BLOCK BANDRA (EAST) MUMBAI 400051
6	100	10.00	4.59	EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LIMITED	NIRMAL BLDG 5TH FLOOR 241/242 BACKBAY RECLAMATION NARIMAN POINT MUMBAI 400021
7	90	9.00	4.13	BOARD OF TRUSTEES M .S. R.T.C. CPF	MAHARASHTRA STATE ROAD TRANSPORT CORPORATION MAHARASHTRA VAHATUK

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
					BHAVAN DR ANANDRAO NAIR RD MUMBAI CENTRAL MUMBAI 400008
8	80	8.00	3.67	TATA STEEL LIMITED GRATUITY FUND	BOMBAY HOUSE 24 HOMI MODY STREET FORT MUMBAI 400001
9	53	5.30	2.43	PROVIDENT FUND OF TATA STEEL LIMITED	BOMBAY HOUSE 24 HOMI MODY STREET FORT BOMBAY 400001
10	53	5.30	2.43	THE BANK OF RAJASTHAN LTD. EMPLOYEE'S PROVIDENT FUND	CENTRAL OFFICE SARDAR PATEL MARG . JAIPUR 302001
	1,502	150.20	68.93		
7.10% TAXABLE (XXVIII)					
1	135	13.50	45.30	SAIL EMPLOYEES SUPERANNUATION BENEFIT FUND	C/O STEEL AUTHORITY OF INDIA LIMITED ISPAT BHAWAN LODI ROAD NEW DELHI 110003
2	50	5.00	16.78	TATA STEEL LIMITED GRATUITY FUND	BOMBAY HOUSE 24 HOMI MODY STREET FORT MUMBAI 400001
3	50	5.00	16.78	THE COSMOS CO-OP. BANK LTD	COSMOS HEIGHTS 269/270 SHANIWAR PETH PUNE 411 030
4	10	1.00	3.36	BAJAJ TEMPO LTD PROVIDENT FUND	P O AKURDI PUNE 411035
5	8	0.80	2.68	BALMER LAWRIE AND CO LTD STAFF PROVIDENT FUND	21 NETAJI SUBHAS ROAD CALCUTTA 700001
6	4	0.40	1.34	ICRISAT EMPLOYEES PROVIDENT FUND	PATANCHERU ANDHRA PRADESH 502324
7	4	0.40	1.34	MECL EMPLOYEES PROVIDENT FUND TRUST	DR BABASAHED AMBEDKAR BHAVAN HIGHLAND DRIVE ROAD SEMINARY HILLS NAGPUR (MAHARASTRA) 440006
8	4	0.40	1.34	CISCO SYSTEMS (INDIA) EMPLOYEES PROVIDENT FUND	DIVYA SHREE CHAMBERS NO 11 B WING O SHAUGNESSEY ROAD OFF LANGFORD ROAD BANGALORE 560027
9	3	0.30	1.01	COCA-COLA INDIA INC PROVIDENT FUND	ENKAY TOWER UDYOG VIHAR 5 GURGAON (HARYANA) 122106
10	3	0.30	1.01	HAL (BC) PROVIDENT FUND TRUST	VIMANAPURA BANGALORE 560017
	271	27.10	90.94		
7.40% TAXABLE (XXIX-A)					
1	100	10.00	31.85	TATA CONSULTANCY SERVICES EMPLOYEES PROVIDENT FUND	HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF. FLR 8 NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI 400042
2	100	10.00	31.85	VIJAYA BANK	TREASURY MANAGEMENT DEPARTMENT HEAD OFFICE 41/2. M G ROAD TRINITY CIRCLE BANGALORE 560001
3	50	5.00	15.92	DELHI VIDYUT BOARD EMPLOYEES TERMINAL BENEFIT FUNDS 2002	(9277) STATE BANK OF INDIA SECURITIES SERVICES BRANCH E.P.F.O SECTION MUMBAI MAIN BR.BLDG FORT MUMBAI 400023
4	50	5.00	15.92	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
5	10	1.00	3.18	ASSAM GRAMIN VIKASH BANK	HEAD OFFICE SHANTI COMPLEX G S ROAD BHANGAGARH GUWAHATI KAMRUP 781005
6	4	0.40	1.27	BANK OF AMERICA EMPLOYEES PROVIDENT FUND TRUST	EXPRESS TOWER NARIMAN POINT MUMBAI 400021
314		31.40	100.00		
7.60% TAXABLE (XXIX-B)					
1	200	20.00	52.08	NATIONAL INSURANCE COMPANY LTD	INV DEPT EVEREST HOUSE 4 TH FLOOR 46 C J. N. ROAD CAL CUTTA 700071
2	50	5.00	13.02	UCO BANK (EMPLOYEES) PENSION FUND	3RD FLOOR 3-4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA 700064
3	50	5.00	13.02	STATE BANK OF PATIALA EMPLOYEES PROVIDENT FUND TRUST	STATE BANK OF PATIALA PPFG. DEPTT. H. O. THE MALL PATIALA 147001
4	21	2.10	5.47	KRIBHCO EMPLOYEES P F TRUST	A 8 10 SECTOR I NOIDA 201301
5	20	2.00	5.21	HIMACHAL GRAMIN BANK	HIMACHAL GRAMIN BANK HEAD OFFICE JAWAHAR NAGAR MANDI H.P. 175001
6	10	1.00	2.60	STATE BANK OF PATIALA EMPLOYEES' PENSION FUND TRUST	CHIEF MANAGER STATE BANK OF PATIALA PPFG DEPTT. HEAD OFFICE PATIALA 147001
7	4	0.40	1.04	ALEMBIC PHARMACEUTICALS LIMITED PROVIDENT FUND	ALEMBIC PHARMACEUTICALS LIMITED ALEMBIC ROAD VADUDARA 390003
8	3	0.30	0.78	TRUSTEES BOMBAY TEXTILE RESEARCH ASSOCIATION CONTRIBUTORY PROVIDENT FUND	LAL BHADUR SHASTRI MARG GHATKOPAR WEST MUMBAI 400086
9	3	0.30	0.78	MTNL EMPLOYEES PROVIDENT FUND TRUST	MTNL CORPORATE OFFICE 6 TH FLOOR MAHANAGAR DOORSANCHAR BHAVAN JAWAHARLAL NEHRU MARG NEAR ZAKIR HUSSAIN COLLEGE NEW DELHI 110002
10	3	0.30	0.78	JK TYRE & INDUSTRIES LTD EMPLOYEES PROVIDENT FUND OPTIONAL SCHEME	LINK HOUSE 3 BAHADURSHAH ZAFAR MARG NEW DELHI 110002
364		36.40	94.79		
7.80% TAXABLE (XXIX-C)					
1	180	18.00	28.85	BANK OF BARODA (EMPLOYEES) PENSION FUND	BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006
2	100	10.00	16.03	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
3	50	5.00	8.01	TRUSTEES CENTRAL BANK OF INDIA EMPLOYEES PROVIDENT FUND	PROVIDENT FUND DEPARTMENT NCL BUILDING 4TH FLOOR BANDRA KURLA COMPLEX BANDRA (EAST) MUMBAI 400051
4	50	5.00	8.01	ORIENTAL BANK OF COMMERCE EMPLOYEES	F 14 15 SHIVAM HOUSE CONNAUGHT PLACE NEW DELHI 110001

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
5	50	5.00	8.01	PROVIDENTFUND TRUST ORIENTAL BANK OF COMMERCE EMPLOYEES PENSION FUND	IST FLOOR F 14/15 SHIVAM HOUSE CONNAUGHT PLACE NEW DELHI 110001
6	50	5.00	8.01	CANARA BANK STAFF PROVIDENT FUND	NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD BANGALORE 560001
7	40	4.00	6.41	BANK OF BARODA GRATUITY FUND	BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006
8	34	3.40	5.45	BAJAJ AUTO LIMITED PROVIDENT FUND	BOMBAY PUNE ROAD AKURDI POONA 411035
9	27	2.70	4.33	SAIL EMPLOYEES SUPERANNUATION BENEFIT FUND	C/O STEEL AUTHORITY OF INDIA LIMITED ISPAT BHAWAN LODI ROAD NEW DELHI 110003
10	20	2.00	3.21	VIJAYA BANK STAFF PROVIDENT FUND	VIJAYA BANK 41/2 MAHATMA GANDHI ROAD TRINITY CIRCLE BANGALORE 560001
	601	60.10	96.31		
5.90% TAX FREE BONDS SERIES (III-B)					
1	75	7.50	100.00	ANDHRA BANK	FUNDS FOREX DEPARTMENT 82 83 MAKERS TOWERS 8 'F' BLOCK CUFFE PARADE MUMBAI 400005
	75	7.50	100.00		
6.40% TAX FREE BONDS SERIES (IV-A)					
1	450	45.00	90.00	THE HONGKONG AND SHANGHAI BANKING CORP.LTD.	HSBC SECURITIES SERVICES 2ND FLOOR SHIV PLOT NO 139-140 B WESTERN EXP. HIGHWAY SAHAR RD JUNCT VILE PARLE-E MUMBAI 400057
2	50	5.00	10.00	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
	500	50.00	100.00		
6.80% TAX FREE BONDS SERIES (IV-B)					
1	100	10.00	62.50	BAJAJ AUTO LIMITED	BOMBAY / PUNE ROAD AKURDI PUNE 411035
2	50	5.00	31.25	ANDHRA BANK	FUNDS FOREX DEPARTMENT 82 83 MAKERS TOWERS 8 'F' BLOCK CUFFE PARADE MUMBAI 400005
3	10	1.00	6.25	K.E.C. INDUSTRIES LIMITED	616 ANTRIKSH BHAWAN 22 K G MARG NEW DELHI 110001
	160	16.00	100.00		
6.15% TAX FREE (XXX)					
1	300	30.00	100.00	HDFC BANK LTD	HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8 NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI 400042
	300	30.00	100.00		
7.90% TAXABLE 2003(SD-II)					
1	500	50.00	10.64	CENTRAL BANK OF INDIA	CENTRAL BANK OF INDIA TREASURY DEPARTMENT CHANDRAMUKHI BUILDING NARIMAN POINT MUMBAI 400021
2	400	40.00	8.51	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
3	346	34.60	7.36	TATA STEEL LIMITED	BOMBAY HOUSE 24 HOMI

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				GRATUITY FUND	MODY STREET FORT MUMBAI 400001
4	300	30.00	6.38	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
5	254	25.40	5.40	PROVIDENT FUND OF TATA STEEL LIMITED	BOMBAY HOUSE 24 HOMI MODY STREET FORT BOMBAY 400001
6	200	20.00	4.26	THE B. E. S. AND T. UNDERTAKING PROVIDENT FUND	CASH DEPARTMENT B E S T UNDERTAKING BEST BHAVAN BEST MARG COLABA BOMBAY 400001
7	160	16.00	3.40	HINDUSTAN PETROLEUM CORPORATION LIMITED EMPLOYEES SUPERANNUATION BENEFIT FUND SC	HPCL EMP SUPERANNUATION FUND 17 J TATA ROAD P O BOX NO 11041 BOMBAY 400020
8	154	15.40	3.28	BOARD OF TRUSTEES M .S. R.T.C. CPF	MAHARASHTRA STATE ROAD TRANSPORT CORPORATION MAHARASHTRA VAHATUK BHAVAN DR ANANDRAO NAIR RD MUMBAI CENTRAL MUMBAI 400008
9	150	15.00	3.19	OIL AND NATURAL GAS CORPORATION LIMITED EMPLOYEES CONTRIBUTORY PROVIDENT FUND	TEL BHAWAN DEHRADUN 248003
10	129	12.90	2.74	TATA STEEL LIMITED EMPLOYEES PENSION SCHEME	BOMBAY HOUSE 24 HOMI MODY STREET FORT MUMBAI 400001
	2,593	259.30	55.17		
7.70% TAXABLE 2003(SD-IV)					
1	150	15.00	30.00	THE B. E. S. AND T. UNDERTAKING PROVIDENT FUND	CASH DEPARTMENT B E S T UNDERTAKING BEST BHAVAN BEST MARG COLABA BOMBAY 400001
2	92	9.20	18.40	BOARD OF TRUSTEES M .S. R.T.C. CPF	MAHARASHTRA STATE ROAD TRANSPORT CORPORATION MAHARASHTRA VAHATUK BHAVAN DR ANANDRAO NAIR RD MUMBAI CENTRAL MUMBAI 400008
3	50	5.00	10.00	PUNJAB NATIONAL BANK	HSBC SECURITIES SERVICES 2ND FLOOR SHIV PLOT NO 139-140 B WESTERN EXPRESS HIGHWAY SAHAR RD JUNCT VILE PARLE-E MUMBAI 400057
4	50	5.00	10.00	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
5	50	5.00	10.00	THE NEW INDIA ASSURANCE COMPANY LIMITED	NEW INDIA ASSURANCE BUILDING 87 M.G.ROAD FORT MUMBAI 400001
6	19	1.90	3.80	BHARAT HEAVY ELECTRICALS LIMITED NEW DELHI EMPLOYEES PROVIDENT FUND	BHEL HOUSE SIRI FORT NEW DELHI 110049
7	14	1.40	2.80	THE PROVIDENT FUND OF THE ASSOCIATED CEMENT COS. LTD.	FINANCIAL DIVISION 3RD FLOOR CEMENT HOUSE 121 M KARVE ROAD MUMBAI 400020

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
8	13	1.30	2.60	CITIBANK N.A. EMPLOYEES GROUP GRATUITY SCHEME	CITIBANK N.A. - HRD 3RD FLOOR CITITOWER 61 DR.S.S.RAO ROAD PAREL MUMBAI 400012
9	12	1.20	2.40	BOARD OF TRUSTEES M.S.R.T.C GRATUITY FUND	MAHARASHTRA STATE ROAD TRANSPORT CORPORATION MAHARASHTRA VAHATUK BHAVAN DR ANANDRAO NAIR MARG MUMBAI CENTRAL MUMBAI 400008
10	11	1.10	2.20	TATA STEEL LIMITED EMPLOYEES PENSION SCHEME	BOMBAY HOUSE 24 HOMI MODY STREET FORT MUMBAI 400001
	461	46.10	92.20		
6.10% TAX FREE (XXXII-A)					
1	10	1.00	100.00	RAMESH NARAYANDAS PARDIWALA	C/O NIPPON ENTERPRISES 218 HIGH TECH INDUSTRIAL CENTRE CAVES ROAD JOGESHWARI E MUMBAI 400060
	10	1.00	100.00		
6.50% TAX FREE (XXXII-B)					
1	30	3.00	85.71	BANK OF MAHARASHTRA EMPLOYEES PENSION FUND	1501 LOKMANGAL SHIVAJINAGAR PUNE 411005
2	5	0.50	14.29	CHELMSFORD CLUB LTD	1 Raisina Road New Delhi 110001
	35	3.50	100.00		
7.40% TAXABLE 2003 (SD-I)					
1	1000	100.00	100.00	CBT EPF-11-A-DM	Standard Chartered Bank CRESCENZO Securities Services 3rd Floor C-38/39 G-Block BKC Bandra (East) Mumbai India 400051
	1,000	100.00	100.00		
7.70% TAXABLE 2003 (SD-III)					
1	1459	145.90	100.00	NUCLEAR POWER CORPORATION OF INDIA LTD.	424 425 WORLD TRADE CENTRE BARAKHAMBALANE CANNAUGHT PLACE NEW DELHI 110001
	1,459	145.90	100.00		
7.10% TAXABLE (XXXI-A)					
1	13	1.30	86.67	GENPACT INDIA EMPLOYEES PROVIDENT FUND TRUST	AIFACS BUILDING 1 RAFI MARG NEW DELHI 110001
2	2	0.20	13.33	GE CAPITAL EMPLOYEES PROVIDENT FUND	BLOCK 4A DLF CORPORATE PARK PHASE III MEHRAOLI GURGAON RD HARYANA 122022
	15	1.50	100.00		
7.30% TAXABLE (XXXI-B)					
1	7	0.70	70.00	CHENNAI PETROLEUM CORPORATION LTD EMPLOYEES PROVIDENT FUND	C/O CHENNAI PETROLEUM CORPORATION LT MANALI CHENNAI 600068
2	3	0.30	30.00	HEWLETT - PACKARD GLOBALSOFT LTD PROVIDENT FUND TRUST	HP AVENUE 39/40 ELECTRONICS CITY - 2 HOSUR ROAD BANGALORE 560100
	10	1.00	100.00		
7.50% TAXABLE (XXXI-C)					
1	100	10.00	22.03	THE LIFE INSURANCE CORPORATION OF INDIA PROVIDENT FUND NO 1	3RDFLOOR FINANCE AND ACCOUNTS DEPT CENTRAL OFFICE YOGAKSHEMA WEST

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
					WING JEEVAN BIMA MARG NARIMAN POINT MUMBAI 400021
2	70	7.00	15.42	STATE BANK OF TRAVANCORE EMPLOYEES PROVIDENT FUND	STATE BANK OF TRAVANCORE HEAD OFFICE POOJAPPURA TRIVANDRUM 695012
3	70	7.00	15.42	BHARAT HEAVY ELECTRICALS EMPLOYEES GRATUITY FUND	BHEL HOUSE SIRI FORT NEW DELHI 110049
4	60	6.00	13.22	MTNL EMPLOYEES PROVIDENT FUND TRUST	MTNL CORPORATE OFFICE 6 TH FLOOR MAHANAGAR DOORSANCHAR BHAVAN JAWAHARLAL NEHRU MARG NEAR ZAKIR HUSSAIN COLLEGE NEW DELHI 110002
5	44	4.40	9.69	PROVIDENT FUND OF TATA STEEL LIMITED	BOMBAY HOUSE 24 HOMI MODY STREET FORT BOMBAY 400001
6	27	2.70	5.95	POWERGRID EMPLOYEE PROVIDENT FUND TRUST	SAUDAMINI PLOT NO 2 SECTOR 29 NEAR IFFCO CHOWK GURGAON HARYANA 122001
7	25	2.50	5.51	STATE BANK OF TRAVANCORE (EMPLOYEES) PENSION FUND	HEAD OFFICE STATE BANK OF TRAVANCORE P B NO 34 POOJAPPURA THIRUVANANTHAPURAM 695012
8	15	1.50	3.30	GODREJ AND BOYCE MFG CO LTD EMPLOYEES PROVIDENT FUND	PLANT 11 3RD FLOOR CORPORATE ACCOUNT PIROJSHANAGAR VIKHROLI WEST MUMBAI 400079
9	15	1.50	3.30	NATIONAL INSURANCE COMPANY LIMITED EMPLOYEES GRATUITY FUND	EVEREST HOUSE 46 C JAWAHARLAL NEHRU ROAD KOLKATA 700071
10	10	1.00	2.20	BANK OF MAHARASHTRA EMPLOYEES PENSION FUND	1501 LOKMANGAL SHIVAJINAGAR PUNE 411005
	436	43.60	96.04		
7.10% TAXABLE (XXXI-D)					
1	50	5.00	71.43	THE COSMOS CO-OP. BANK LTD	COSMOS HEIGHTS 269/270 SHANIWAR PETH PUNE 411 030
2	20	2.00	28.57	THE VISHWESHWAR SAHAKARI BANK LTD	H O 471 472 MARKET YARD GULTEKADI PUNE 411037
	70	7.00	100.00		
7.30% TAXABLE (XXXI-E)					
1	10	1.00	40.00	LILUAH CO OPERATIVE BANK LTD	51/4D RABINDRA SARANI LILUAH HOWRAH 711204
2	10	1.00	40.00	THE COSMOS CO-OP BANK LTD	269/270 COSMOS HEIGHTS 2ND FLOOR SHANIWAR PETH PUNE 411030
3	5	0.50	20.00	THE URBAN CO OPERATIVE BANK LTD	PARIJATAK NEW COLONY PAANCH BATTI JAIPUR 302001
	25	2.50	100.00		
7.35% TAXABLE 2003(SD-V)					
1	500	50.00	14.29	LIC OF INDIA MONEY PLUS	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
2	380	38.00	10.86	PROVIDENT FUND OF TATA STEEL LIMITED	BOMBAY HOUSE 24 HOMI MODY STREET FORT BOMBAY 400001
3	250	25.00	7.14	SBI GENERAL INSURANCE COMPANY LIMITED	HDFC BANK LTD CUSTODY SERVICES LODHA-I THINK TECHNO CAMPUS BLDG-ALPHA 8TH FLOOR KANJUR MARG E MUMBAI 400042
4	250	25.00	7.14	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 170 J. TATA ROAD CHURCH GATE MUMBAI 400020
5	250	25.00	7.14	SAHARA INDIA FINANCIAL CORPORATION LTD	25 28 ATLANTA NARIMAN POINT NARIMAN POINT MUMBAI 400021
6	107	10.70	3.06	KENDRIYA VIDYALAYA SANGATHAN EMPLOYEES PROVIDENT FUND ACCOUNT	KENDRIYA VIDYALAYA SANGATHAN 18 INSTITUTIONAL AREA SHAHID JEET SINGH MARG NEW DELHI 110016
7	101	10.10	2.89	VISAKHAPATNAM STEEL PROJECT EMPLOYEES PROVIDENT FUND TRUST	PAY AND PF SECTIONS BEHIND ED WORKS BUILDINGS VISAKHAPATNAM STEEL PLANT VISAKHAPATNAM 530031
8	100	10.00	2.86	BANK OF INDIA PROVIDENT FUND	TERMINAL BENEFITS DIV. H.R.DEPT 3RD FLR STAR HOUSE C-5 'G' BLOCK H.O B.K.C. BANDRA(E) MUMBAI 400051
9	100	10.00	2.86	BANK OF INDIA (EMPLOYEES) PENSION FUND	TERMINAL BENEFITS DIV. HR DEPT 3RD FLOOR H.O.STAR HOUSE C-5 'G' BLOCK B.K.C. BANDRA (E) MUMBAI 400051
10	95	9.50	2.71	BOARD OF TRUSTEES M.S. R.T.C. CPF	MAHARASHTRA STATE ROAD TRANSPORT CORPORATION MAHARASHTRA VAHATUK BHAVAN DR ANANDRAO NAIR RD MUMBAI CENTRAL MUMBAI 400008
	2,133	213.30	60.94		
6.70% TAXABLE (XXXIII-A)					
1	1250	125.00	39.67	LIC A/C VARISHTHA PENSION BIMA YOJANA	LIC OF INDIA INVESTMENT DEPT CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
2	320	32.00	10.16	BANK OF INDIA PROVIDENT FUND	TERMINAL BENEFITS DIV. H.R.DEPT 3RD FLR STAR HOUSE C-5 'G' BLOCK H.O B.K.C. BANDRA(E) MUMBAI 400051
3	250	25.00	7.93	BANK OF INDIA (EMPLOYEES) PENSION FUND	TERMINAL BENEFITS DIV. HR DEPT 3RD FLOOR H.O.STAR HOUSE C-5 'G' BLOCK B.K.C. BANDRA (E) MUMBAI 400051
4	200	20.00	6.35	BANK OF BARODA (EMPLOYEES) PENSION FUND	BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006
5	150	15.00	4.76	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
6	120	12.00	3.81	THE UNION PROVIDENT FUND	HINDUSTAN UNILEVER LIMITED UNILEVER HOUSE DEPT HO FUND B 1 L 1 B D SAWANT MARG CHAKALA ANDHERI EAST MUMBAI 400099

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
7	100	10.00	3.17	BANK OF INDIA GRATUITY FUND	TERMINAL BENEFITS DIV H.R.DEPT 3RD. FLR. H.O. STAR HOUSE C-5 'G'BLOCK B.K.C. BANDRA (E) MUM. 400051
8	100	10.00	3.17	COLGATE - PALMOLIVE (INDIA) LIMITED	COLGATE RESEARCH CENTRE MAIN STREET HIRANANDANI GARDENS POWAI - MUMBAI 400076
9	90	9.00	2.86	HAL (BC) PROVIDENT FUND TRUST	VIMANAPURA BANGALORE 560017
10	50	5.00	1.59	CITIBANK N.A.(INDIAN BRANCHES) PROVIDENT FUND	CITIBANK N.A. - HRD 3RD FLOOR CITITOWER 61 DR.S.S.RAO ROAD PAREL MUMBAI 400012
	2,630	263.00	83.47		
6.80% TAXABLE (XXXIII-B)					
1	500	50.00	39.37	BANK OF BARODA	DGM BANK OF BARODA SPECIALIZED INTEGRATED TREASURY BR. BST 4TH AND 5TH FLOOR C-34 G-BLOCK BANDRA KURLA COMPLEX MUMBAI 400051
2	400	40.00	31.50	BANK OF BARODA (EMPLOYEES) PENSION FUND	BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006
3	200	20.00	15.75	BANK OF BARODA GRATUITY FUND	BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006
4	50	5.00	3.94	ANDHRA BANK EMPLOYEES PROVIDENT FUND	C/O ANDHRA BANK HEAD OFFICE SAIFABAD HYDERABAD 500004
5	50	5.00	3.94	NATIONAL INSURANCE COMPANY EMPLOYEES PENSION FUND	ROYAL INSURANCE BUILDING 2ND FLOOR 5 NETAJI SUBHAS ROAD KOLKATA 700001
6	30	3.00	2.36	NATIONAL INSURANCE CO LTD EMPLOYEES PROVIDENT FUND	NATIONAL INSURANCE BUILDING 8 INDIA EXCHANGE PLACE 7TH FLOOR KOLKATA 700001
7	12	1.20	0.94	EPI EPF TRUST	CORE 3 SCOPE COMPLEX 7 INSTITUTIONAL AREA LODHI ROAD NEW DELHI 110003
8	10	1.00	0.79	PUNJAB GRAMIN BANK KAPURTHALA	JALANDHAR ROAD KAPURTHALA 144601
9	10	1.00	0.79	REWA SIDHI GRAMIN BANK	H.O. 2ND FLOOR MARTAND COMPLEX PILI KOTHI REWA 486001
10	5	0.50	0.39	BARODA UTTAR PRADESH GRAMIN BANK	A-1 CIVIL LINES RAEBARELI 229001
	1,267	126.70	99.76		
6.90% TAXABLE (XXXIII-C)					
1	160	16.00	8.23	MTNL EMPLOYEES PROVIDENT FUND TRUST	MTNL CORPORATE OFFICE 6 TH FLOOR MAHANAGAR DOORSANCHAR BHAVAN JAWAHARLAL NEHRU MARG NEAR ZAKIR HUSSAIN COLLEGE NEW DELHI 110002
2	154	15.40	7.93	KASHI GOMTI SAMYUT GRAMIN BANK	HEAD OFFICE C 19/40 FAATMAN ROAD SIGRA VARANASI 221002
3	150	15.00	7.72	TRUSTEES CENTRAL BANK OF INDIA EMPLOYEES PROVIDENT FUND	PROVIDENT FUND DEPARTMENT NCL BUILDING 4TH FLOOR BANDRA KURLA COMPLEX BANDRA (EAST) MUMBAI 400051
4	150	15.00	7.72	UCO BANK (3RD FLOOR 3-4 DD BLOCK

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				EMPLOYEES) PENSION FUND	SECTOR 1 SALT LAKE KOLKATA 700064
5	100	10.00	5.15	THE KARUR VYSYA BANK LTD	THE KARUR VYSYA BANK LTD TREASURY & FUNDS MANAGEMENT DEPT CENTRAL OFFICE ERODE ROAD KARUR 639002
6	100	10.00	5.15	UNION BANK OF INDIA EMPLOYEES' GRATUITY FUND	Union Bank Bhavan HRMD Terminal Benefit Division Gratuity Section 8th Floor 239 Vidhan Bhavan Marg Nariman Point Mumbai 400021
7	100	10.00	5.15	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
8	100	10.00	5.15	PUNJAB AND SIND BANK EMPLOYEES PENSION FUND	H.O. PROVIDENT FUND DEPARTMENT COMMERCIAL COMPLEX SIDDHARTHA ENCLAVE NEW DELHI 110014
9	100	10.00	5.15	INDIAN OVERSEAS BANK	TREASURY (DOMESTIC) CENTRAL OFFICE 763 ANNA SALAI CHENNAI 600002
10	100	10.00	5.15	UNION BANK OF INDIA (EMPLOYEES') PENSION FUND	8 TH FLOOR UNION BANK BHAVAN 239 VIDHAN BHAVAN MARG NARIMAN POINT MUMBAI 400021
	1,214	121.40	62.48		
5.15% TAXFREE (XXXIV)					
1	100	10.00	20.00	THE J AND K BANK LTD.	Investment Department (DEBT) 5th Floor Merchant Chambers 41 New Marine Lines Mumbai 400020
2	69	6.90	13.80	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
3	50	5.00	10.00	ALLAHABAD BANK	ALLAHABAD BANK TREASURY BRANCH ALLAHABAD BANK BUILDING 3RD FLOOR 37 MUMBAI SAMACHAR MARG FORT MUMBAI 400023
4	32	3.20	6.40	PHONOGRAPHIC PERFORMANCE LIMITED	CRESCENT TOWER 7TH FLOOR B 68 VEERA ESTATE OFF NEW LINK ROAD ANDHERI WEST MUMBAI 400053
5	30	3.00	6.00	PARLE PRODUCTS PRIVATE LIMITED	PARLE PRODUCTS PVT LTD V S KHANDEKAR MARG VILE PARLE EAST MUMBAI 400057
6	26	2.60	5.20	PUNJAB STATE ELECTRICITY BOARD	PUNJAB STATE ELECTRICITY BOARD H O THE MALL PATIALA 147001
7	22	2.20	4.40	PARLE BISCUITS PRIVATE LIMITED	PARLE BISCUITS PVT LTD V S KHANDEKAR MARG VILE PARLE EAST MUMBAI 400057
8	21	2.10	4.20	KOKILABEN K PATEL	118 P D'MELLO RD NR. CARNAC BRIDGE MUMBAI 400009
9	17	1.70	3.40	SECRETARY BOARD OF TRUSTEES MPEB EMPLOYEES PROVIDENT FUND	BLOCK NO 9 1ST FLOOR SHAKTI BHAWAN JABALPUR 482008
10	15	1.50	3.00	MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO	4TH FLOOR HONGKONG BANK BUILDING MAHATMA GANDHI ROAD FORT MUMBAI 400051
	382	38.20	76.40		
7.00% TAXABLE (XXXVI-A)					

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
1	500	50.00	80.39	ALLAHABAD BANK	ALLAHABAD BANK TREASURY BRANCH ALLAHABAD BANK BUILDING 3RD FLOOR 37 MUMBAI SAMACHAR MARG FORT MUMBAI 400023
2	30	3.00	4.82	TRUSTEES OF IDBI PENSION FUND	C/O IDBI CAPITAL MARKET SERVICES LTD 5TH FLOOR MAFATLAL CENTRE NARIMAN POINT MUMBAI 400021
3	30	3.00	4.82	CITY UNION BANK LIMITED - MOUNT BRANCH	TREASURY DIVISION INTERNATIONAL BANKING DIVISION 706 ANNA SALAI CHENNAI 600006
4	30	3.00	4.82	BEL GRATUITY TRUST FUND	JALAHALLI BANGALORE 560013
5	20	2.00	3.22	BHARAT ELECTRONICS LIMITED PROVIDENT FUND	BHARAT ELECTRONICS LTD JALAHALLI POST BANGALORE 560013
6	10	1.00	1.61	IDBI BANK LIMITED - TBO	IDBI LIMITED IDBI TOWER 17TH FLOOR WORLD TRADE CENTRE COMPLEX CUFFE PARADE MUMBAI 400005
7	2	0.20	0.32	FACT COCHIN DIVISION EMPLOYEES' PROVIDENT FUND	AMBALAMEDU COCHIN ERNAKULAM 682303
	622	62.20	100.00		
7.30% TAXABLE (XXXVI-C)					
1	200	20.00	20.30	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
2	100	10.00	10.15	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 170 J. T A T A ROAD CHURCH GATE MUMBAI 400020
3	100	10.00	10.15	AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED	13th FLOOR AMBADEEP BUILDING KASTURBA GANDHI MARG CONNAUGHT PLACE NEW DELHI. 110001
4	61	6.10	6.19	TRUSTEES GEB'S C P FUND	SARDAR PATEL VIDYUT BHAVAN RACE COURSE BARODA 390007
5	51	5.10	5.18	GRIDCO PENSION TRUST	GRIDCO HQRS OFFICE JANPATH BHOINAGAR FINANCE WING FUNDS SECTION BHUBANESWAR 751022
6	50	5.00	5.08	TRUSTEES HEC LTD EMPLOYEES CONTRIBUTORY PROVIDENT FUND	HEC LTD FINANCE DIVISION HEAD QTRS PO DHURWA RANCHI 834004
7	50	5.00	5.08	ANDHRA BANK EMPLOYEES PROVIDENT FUND	C/O ANDHRA BANK HEAD OFFICE SAIFABAD HYDERABAD 500004
8	50	5.00	5.08	THE ORIENTAL INSURANCE COMPANY (EMPLOYEES) PENSION FUND TRUST	PENSION FUND SECTION ORIENTAL HOUSE 1ST FLOOR A 25/27 ASAJALI ROAD DELHI 110002
9	50	5.00	5.08	BHEL EMPLOYEES PROVIDENT FUND TRUST BHOPAL	ADMINISTRATIVE BUILDING BHEL RAISEN ROAD PIPLANI BHOPAL 462022
10	35	3.50	3.55	THE ORIENTAL INSURANCE EMPLOYEES GRATUITY FUND	ORIENTAL HOUSE A 25/27 ASAF ALI ROAD NEW DELHI 110002
	747	74.70	75.84		

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
7.30% TAXABLE (XXXVII-A)					
1	100	10.00	28.90	THE MAHARASHTRA STATE CO- OPERATIVE BANK LIMITED	THE MAHARASHTRA STATE CO OP BANK LTD 9 MAHARASHTRA CHAMBERS OF COMMERCE FORT MUMBAI 400023
2	100	10.00	28.90	STATE BANK OF HYDERABAD	TREASURY DEPARTMENT 7TH FLOOR SBI LHO BUILDING BANDRA-KURLA COMPLEX BANDRA (EAST) MUMBAI 400051
3	50	5.00	14.45	VISVESVARAYA IRON AND STEEL PLANT EMPLOYEES PROVIDENT FUND TRUST	BHADRAVATI KARNAKATA 577301
4	30	3.00	8.67	HAL- LD EPF TRUST	HINDUSTAN AERONAUTICS LTD LUCKNOW DIVISION FAIZABAD ROAD LUCKNOW 226016
5	30	3.00	8.67	BHARAT ELECTRONICS LIMITED PROVIDENT FUND	BHARAT ELECTRONICS LTD JALAHALLI POST BANGALORE 560013
6	20	2.00	5.78	SHARDA GRAMIN BANK	HEAD OFFICE GOPAL COMPLEX NEAR BUS STAND SATNA 485001
7	5	0.50	1.45	U P SCHEDULED CASTE FINANCE AND DEVELOPMENT CORPORATION LIMITED - CPF TRUST	B-912 SECTOR-C MAHANAGAR LUCKNOW 226006
8	5	0.50	1.45	JAYA HIND INDUSTRIES LTD PROVIDENT FUND	C/O JAYA HIND INDUSTRIES LTD BOMBAY PUNE ROAD AKURDI PUNE 411035
9	5	0.50	1.45	THE T.I.I.C. LTD. EMPLOYEES PROVIDENT FUND	NO.692 ANNA SALAI NANDANAM CHENNAI 600035
10	1	0.10	0.29	DEVON EMPLOYEES GRATUITY TRUST	NO 29 EMPIRE INFANTRY 3RD FLOOR INFANTRY ROAD BANGALORE 560001
	346	34.60	100.00		
7.50% TAXABLE (XXXVII-B)					
1	60	6.00	35.71	RAJASTHAN RAJYA VIDYUT KARAMCHARI GENERAL PROVIDENT FUND	RAJASTHAN RAIYA VIDYUT PRASARAN NIG SHED NO 11 VIDYUT BHAVAN JYOTI NAGAR JAIPUR 302005
2	30	3.00	17.86	RAJASTHAN RAJYA VIDYUT KARAMCHARI GRATUITY TRUST	C/O RAJASTHAN RAJYA VIDYUT PRASARAN SHED NO 11 VIDYUT BHAVAN JYOTI NAGAR JAIPUR 302005
3	22	2.20	13.10	THE TRUSTEES THE KARUR VYSYA BANK LIMITED EMPLOYEES' PROVIDENT FUND	C/O THE KARUR VYSYA BANK LIMITED PERSONNEL ADMINSTRATION DEPARTMENT CENTRAL OFFICE ERODE ROAD KARUR(PO) KARUR DT 639002
4	10	1.00	5.95	BAJAJ TEMPO LTD PROVIDENT FUND	P O AKURDI PUNE 411035
5	10	1.00	5.95	FUND ACCOUNT JAWAHARLAL NEHRU UNIVERSITY	J N U MEHRAULI ROAD NEW DELHI 110067
6	6	0.60	3.57	TAMIL NADU CEMENTS CORPORATION LTD EPF TRUST	735 ANA SALAI CHENNAI 600002

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
7	5	0.50	2.98	THE TRUSTEES SALEM STEEL PROVIDENT FUND	SALEM STEEL PLANT ALAGUSAMUDRAM SALEM 636013
8	5	0.50	2.98	THE T.I.I.C. LTD. EMPLOYEES PROVIDENT FUND	NO.692 ANNA SALAI NANDANAM CHENNAI 600035
9	5	0.50	2.98	H M T LIMITED PROVIDENT FUND KALAMASSERY	H M T COLONY P O KALAMASSERY ERNAKULAM ERNAKULAM 683503
10	4	0.40	2.38	SRAVASTI KISAN SAHKARI CHINI MILLS LTD ECPF TRUST	SRAVSTI KISAN SAHKARI CHINI MILLS LTD NANPARA BAHRAICH UTTAR PRADESH 226001
	157	15.70	93.45		
7.80% TAXABLE (XXXVII-C)					
1	500	50.00	8.47	DAMODAR VALLEY CORPORATION G P F	DAMODAR VALLEY CORPORATION CENTRAL ACCOUNTS OFFICE 4TH FLOOR D V C TOWERS V I P ROAD KOLKATA 700054
2	500	50.00	8.47	THE LIFE INSURANCE CORPORATION OF INDIA PROVIDENT FUND NO 1	3RDFLOOR FINANCE AND ACCOUNTS DEPT CENTRAL OFFICE YOGAKSHEMA WEST WING JEEVAN BIMA MARG NARIMAN POINT MUMBAI 400021
3	370	37.00	6.27	FOOD CORPORATION OF INDIA CPF TRUST	KHADYA SADAN 13TH FLOOR 16 20 BARAKHAMBA LANE NEW DELHI 110001
4	250	25.00	4.24	THE NEW INDIA ASSURANCE COMPANY LIMITED	NEW INDIA ASSURANCE BUILDING 87 M.G.ROAD FORT MUMBAI 400001
5	203	20.30	3.44	AXIS BANK LIMITED	TREASURY OPS NON SLR DESK CORP OFF AXIS HOUSE LEVEL 4 SOUTH BLK WADIA INTERNATIONAL CENTRE P B MARG WORLI MUMBAI 400025
6	200	20.00	3.39	BANK OF INDIA PROVIDENT FUND	TERMINAL BENEFITS DIV. H.R.DEPT 3RD FLR STAR HOUSE C-5 'G' BLOCK H.O B.K.C. BANDRA(E) MUMBAI 400051
7	200	20.00	3.39	AIR- INDIA EMPLOYEES PROVIDENT FUND	AIR INDIA EMPLOYEES PROVIDENT FUND ACCOUNT OLD AIR PORT SANTACRUZ MUMBAI 400029
8	200	20.00	3.39	INDIAN OVERSEAS BANK EMPLOYEES' PENSION FUND	IOB EMPLOYEES' PENSION FUND 762 ANNA SALAI CENTRAL OFFICE CHENNAI 600002
9	200	20.00	3.39	UCO BANK EMPLOYEES PROVIDENT FUND	UCO BANK PERSONNEL DEPTT P F SECTION NEW ADMN BLDG 3RD FLR 3 AND 4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA 700064
10	190	19.00	3.22	TRUSTEES GEB'S C P FUND	SARDAR PATEL VIDYUT BHAVAN RACE COURSE BARODA 390007
	2,813	281.30	47.68		
8.05% TAXABLE (XXXIX-A)					
1	37	3.70	25.17	BHEL EMPLOYEES PROVIDENT FUND TRUST JHANSI	P O BHEL JHANSI 284129
2	21	2.10	14.29	THE ARVIND MILLS EMPLOYEES	THE ARVIND MILLS PREMISES NARODA ROAD AHMEDABAD

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				PROVIDENT FUND	380025
3	20	2.00	13.61	BHARAT ELECTRONICS LIMITED PROVIDENT FUND	BHARAT ELECTRONICS LTD JALAHALLI POST BANGALORE 560013
4	12	1.20	8.16	HNL ECPF TRUST	NEWSPRINT NAGAR KOTTAYAM DIST KOTTAYAM KERALA 686616
5	10	1.00	6.80	TAMILNADU STATE TRANSPORT CORPORATION (MADURAI) LIMITED EMPLOYEES PROVIDENT FUND	BYE-PASS ROAD MADURAI 625010
6	6	0.60	4.08	KESORAM SUPERANNUATION FUND	BIRLA BUILDING 8TH FLOOR 9/1 R N MUKERJEE ROAD CALCUTTA 700001
7	6	0.60	4.08	MARUDHU PANDIYAR TRANSPORT CORPORATION LTD EMPLOYEES PROVIDENT FUND	MANAGIRI ROAD KARAUKUDI 630307
8	5	0.50	3.40	HMTL PROVIDENT FUND ACCT NO I	HMT P O BANGALORE 560031
9	5	0.50	3.40	INGERSOLL- RAND (INDIA) LTD. PROVIDENT FUND	UNIT 31 2ND LEVEL KALPATARU SQUARE OFF ANDHERI KURLA RD ANDHERI (EAST) MUMBAI 400059
10	5	0.50	3.40	MAHARASHTRA GRAMIN BANK	MARATHWADA GRAMIN BK HEAD OFFICE-SHIVAJI NAGAR NANDED NANDED 431602
	127	12.70	86.39		
8.12% TAXABLE (XXXIX-B)					
1	10	1.00	52.63	HINDUSTAN CABLES EMPLOYEES PROVIDENT FUND TRUST	P O HINDUSTAN CABLES HYDERABAD 500051
2	4	0.40	21.05	BEL (MC UNIT) PF TRUST	C/O BHARAT ELECTRONICS LIMITED P B NO 26 RAVINDRANATH TAGORE ROAD MACHILIPATNAM (A P) 521001
3	4	0.40	21.05	ASTRAZENECA PHARMA INDIA LIMITED MANAGEMENT STAFF PROVIDENT FUND TRUST	OFF BELLARY ROAD HEBBAL BANGALORE 560024
4	1	0.10	5.26	SHRIRAM INSTITUTE FOR INDUSTRIAL RESEARCH PROVIDENT FUND TRUST	19 UNIVERSITY ROAD DELHI 110007
	19	1.90	100.00		
8.35% TAXABLE (XXXIX-C)					
1	163	16.30	10.16	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 1 7 0 J. T A T A ROAD CHURCH GATE MUMBAI 400020
2	150	15.00	9.35	PUNE DISTRICT CENTRAL CO OPERATIVE BANK LTD	4 B B J RD PUNE 411001
3	86	8.60	5.36	NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND	SECRETARY EPF NHPC LTD EMPLOYEES PROVIDENT FUND 4TH FLR F AND A WING NHPC OFFICE COMPLEX SEC 33 FARIDABAD HARYANA 121003
4	70	7.00	4.36	INDIAN OIL	IOC LIMITED 1ST FLOOR CORE

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				CORPORATION LTD EMPLOYEES SUPERANNUATION BENEFIT FUND	2 SCOPE COMPLEX LODHI ROAD NEW DELHI 110003
5	60	6.00	3.74	AIRPORTS AUTHORITY OF INDIA EMPLOYEES PROVIDENT FUND TRUST	AIRPORTS AUTHORITY OF INDIA - EPF TRUST RAJIV GANDHI BHAWAN ROOM NO 246 SAFDARJUNG AIRPORT NEW DELHI 110003
6	60	6.00	3.74	VIJAYA BANK STAFF PROVIDENT FUND	VIJAYA BANK 41/2 MAHATMA GANDHI ROAD TRINITY CIRCLE BANGALORE 560001
7	50	5.00	3.12	STATE BANK OF TRAVANCORE	INTEGRATED TREASURY 6TH FLOOR SBI LHO BUILDING BANDRA KURLA COMPLEX G BLOCK BANDRA EAST MUMBAI 400051
8	50	5.00	3.12	BASSEIN CATHOLIC COOP.BANK LTD	PAPDY NAKA TALUKA VASAI VASAI (WEST) 401207
9	50	5.00	3.12	ANDHRA BANK EMPLOYEES PROVIDENT FUND	C/O ANDHRA BANK HEAD OFFICE SAIFABAD HYDERABAD 500004
10	50	5.00	3.12	INDIAN PROVIDENT FUND OF BHARAT PETROLEUM CORPORATION LIMITED	BHARAT BHAVAN 4 AND 6 CURRIMBOHOY ROAD BALLARD ESTATE MUMBAI 400001
	789	78.90	49.19		
8.30% TAXABLE 2006(SD-II)					
1	5000	500.00	100.00	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
	5,000	500.00	100.00		
8.60% TAXABLE (I-A) 2006-07					
1	200	20.00	52.36	GENERAL INSURANCE CORPORATION OF INDIA	SURAKSHA. 170 J. TATA ROAD CHURCH GATE MUMBAI 400020
2	40	4.00	10.47	DURG RAJNANDGAON GRAMIN BANK	H.O. . M.P. H.B. SHOPPING CENTRE G.E. ROAD RAJNANDGAON CHHATTISGARH 491441
3	30	3.00	7.85	KPTCL AND ESCOMS PENSION TRUST	6TH FLOOR KAVERI BHAVAN KEMPEGOWDA ROAD BANGALORE 560009
4	20	2.00	5.24	JANATA SAH. BNK LTD PUNE	1360 SHUKRAWAR PETH BHARAT BHAVAN BEHIND SARASWATI PRASHALA BAJIRAO ROAD PUNE 411002
5	20	2.00	5.24	THE MAHANAGAR CO- OPERATIVE BANK LIMITED	GR.FLR HIRAMANI SUPER MARKET BLDG DR B A ROAD LALBAUG MUMBAI 400012
6	20	2.00	5.24	MAHARASHTRA GRAMIN BANK	MARATHWADA GRAMIN BK HEAD OFFICE-SHIVAJI NAGAR NANDED NANDED 431602
7	12	1.20	3.14	P C D F LTD E P F TRUST	29 PARK ROAD LUCKNOW 226001
8	10	1.00	2.62	NAINITAL - ALMORA KSHETRIYA GRAMIN BANK	H.O UTTARAYAN PRAKASHAN PARISAR IST FLOOR NAINITAL ROAD HALDWANI DISTT. NAINITAL. UTTARANCHAL 263139
9	10	1.00	2.62	MUDRA COMMUNICATIONS	MUDRA TOWER SHANTI SADAN SOCIETY OFF C G ROAD

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
10	10	1.00	2.62	LIMITED EMPLOYEES PROVIDENT FUND TOLANI EDUCATION FOUNDATION	ELLISBRIDGE AHMEDABAD 380006 10-A BAKHTAWAR NARIMAN POINT MUMBAI 400021
	372	37.20	97.38		
8.85% TAXABLE (1-B) 2006-07					
1	65	6.50	48.15	BARODA GUJARAT GRAMIN BANK	HEAED OFFICE PANCH BATTI BUDDHDEV MARKET BHARUCH 392001
2	20	2.00	14.81	HNL ECPF TRUST	NEWSPRINT NAGAR KOTTAYAM DIST KOTTAYAM KERALA 686616
3	20	2.00	14.81	KPTCL AND ESCOMS PENSION TRUST	6TH FLOOR KAVERI BHAVAN KEMPEGOWDA ROAD BANGALORE 560009
4	20	2.00	14.81	NATIONAL INSURANCE COMPANY LIMITED EMPLOYEES GRATUITY FUND	EVEREST HOUSE 46 C JAWAHARLAL NEHRU ROAD KOLKATA 700071
5	5	0.50	3.70	HINDUSTAN CABLES EMPLOYEES PROVIDENT FUND TRUST	P O HINDUSTAN CABLES HYDERABAD 500051
6	5	0.50	3.70	MAHARASHTRA GRAMIN BANK	MARATHWADA GRAMIN BK HEAD OFFICE-SHIVAJI NAGAR NANDED NANDED 431602
	135	13.50	100.00		
9.10% TAXABLE (1-C) 2006-07					
1	30	3.00	34.48	BHARAT ELECTRONICS LIMITED PROVIDENT FUND	BHARAT ELECTRONICS LTD JALAHALLI POST BANGALORE 560013
2	20	2.00	22.99	U P STATE BRIDGE CORPORATION LTD E P F TRUST LUCKNOW	16 M M MARG LUCKNOW UTTAR PRADESH 226001
3	12	1.20	13.79	THE INDIAN IRON AND STEEL CO LTD PROVIDENT INSTITUTION	BURNPUR WORKS BURNPUR 713325
4	10	1.00	11.49	NESCO EMPLOYEES PROVIDENT FUND TRUST	NESCO LTD CORPORATE OFFICE JANUGANJ BALASORE 756019
5	8	0.80	9.20	NESCO EMPLOYEES REHABILITATION ASSISTANCE FUND TRUST	NESCO LTD JANUGANJ BALASORE 756019
6	7	0.70	8.05	NESCO EMPLOYEES PENSION FUND TRUST	NESCO LTD CORPORATE OFFICE JANUGANJ BALASORE 756019
	87	8.70	100.00		
9.30% TAXABLE (1-D) 2006-07					
1	150	15.00	11.65	TRUSTEES HINDUSTAN STEEL LIMITED CONTRIBUTORY PROVIDENT FUND ROURKELA	SAIL ROURKELA ROURKELA 769001
2	100	10.00	7.76	THE ORIENTAL INSURANCE COMPANY LIMITED	THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE P B 7037 A-25/27 ASAF ALI ROAD NEW DELHI 110002
3	100	10.00	7.76	NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED EMPLOYEES PROVIDENT FUND	SECRETARY EPF NHPC LTD EMPLOYEES PROVIDENT FUND 4TH FLR F AND A WING NHPC OFFICE COMPEX SEC 33 FARIDABAD HARYANA 121003
4	100	10.00	7.76	INDIAN OVERSEAS	IOB EMPLOYEES' PENSION

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				BANK EMPLOYEES' PENSION FUND	FUND 762 ANNA SALAI CENTRAL OFFICE CHENNAI 600002
5	100	10.00	7.76	INDIAN OVERSEAS BANK STAFF GRATUITY FUND	762 ANNA SALAI CHENNAI 600002
6	70	7.00	5.43	PASCHIM BANGA GRAMIN BANK	239 PANCHANANTALA ROAD HOWRAH 711101
7	60	6.00	4.66	INDIAN TELEPHONE INDUSTRIES LTD PROVIDENT FUND TRUST	ITI LTD MANKAPUR DIST GONDA UP 271308
8	50	5.00	3.88	KENDRIYA VIDYALAYA SANGATHAN EMPLOYEES PROVIDENT FUND ACCOUNT	KENDRIYA VIDYALAYA SANGATHAN 18 INSTITUTIONAL AREA SHAHID JEET SINGH MARG NEW DELHI 110016
9	50	5.00	3.88	THE ORIENTAL INSURANCE EMPLOYEES GRATUITY FUND	ORIENTAL HOUSE A 25/27 ASAF ALI ROAD NEW DELHI 110002
10	50	5.00	3.88	HINDUSTAN ZINC LTD EMPLOYEES CONTRIBUTORY PROVIDENT FUND TRUST	YASHAD BHAWAN UDAIPUR 313004
	830	83.00	64.44		
8.65% TAXABLE (2-A) 2006-07					
1	200	20.00	36.36	CANARA BANK-MUMBAI	DOMESTIC TREASURY (BACK OFFICE) MAKER CHAMBER III 7TH FLOOR NARIMAN POINT MUMBAI 400021
2	100	10.00	18.18	STATE BANK OF HYDERABAD	TREASURY DEPARTMENT 7TH FLOOR SBI LHO BUILDING BANDRA-KURLA COMPLEX BANDRA (EAST) MUMBAI 400051
3	50	5.00	9.09	GURGAON GRAMIN BANK	CHAIRMAN GURGAON GRAMIN BANK 36 P PRAGATI BHAWAN SECTOR 44 GURGAON 122001
4	50	5.00	9.09	STATE BANK OF INDIA	SBI SG Global Secu. Serv. P. L. Jeevan Seva Extension Bldg.Gr. Floor S.V. Road Santacruz W Mumbai 400054
5	30	3.00	5.45	BHARAT ELECTRONICS LIMITED PROVIDENT FUND	BHARAT ELECTRONICS LTD JALAHALLI POST BANGALORE 560013
6	20	2.00	3.64	U P STATE BRIDGE CORPORATION LTD E P F TRUST LUCKNOW	16 M M M MARG LUCKNOW UTTAR PRADESH 226001
7	20	2.00	3.64	CANARA BANK EMPLOYEES GRATUITY FUND	CANARA BANK NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD BANGALORE 560001
8	10	1.00	1.82	THE JALGAON DISTRICT CENTRAL CO-OPERATIVE BANK LTD	HEAD OFFICE 27 RING ROAD JALGAON 425001
9	10	1.00	1.82	YULE GROUP GRATUITY FUND	8 RAJENDRA PRASAD SARANI KOLKATA 700001
10	10	1.00	1.82	KARNATAKA STATE FINANCIAL CORPORATION EPF TRUST	NO 1/1 K S F C BHAVAN THIMMAIAH ROAD BANGALORE 560052
	500	50.00	90.91		
8.75% TAXABLE (2-B) 2006-07					

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
1	100	10.00	37.74	BARODA UTTAR PRADESH GRAMIN BANK	HEAD OFFICE A 1 CIVIL LINES RAEBARELI 229001
2	50	5.00	18.87	NEYVELI LIGNITE CORPORATION EMPLOYEES PROVIDENT FUND TRUST	NO-2 MUSEUM ROAD BLOCK 2 NEYVELI 607801
3	30	3.00	11.32	NATIONAL FERTILIZERS LIMITED EMPLOYEES PROVIDENT FUND TRUST	PROVIDENT FUND SECTION NATIONAL FERTILIZER LTD A 11 SECTOR 24 NOIDA DISTT GAUTAM BUDH NAGAR UP 201301
4	20	2.00	7.55	FERRO SCRAP NIGAM LIMITED STAFF PROVIDENT FUND	FSNL BHAWAN CENTRAL AVENUE EQUIPMENT CHOWK BHILAI 490001
5	10	1.00	3.77	THE KANGRA CO OPERATIVE BANK LTD	C/29 JANAKPURI COMMUNITY CENTRE PANKHA ROAD JANAKPURI NEW DELHI 110058
6	10	1.00	3.77	THE MAHARASHTRA MANTRALAYA AND ALLIED OFFICESCO-OP BANK LTD	MANTRALAYA COMPOUND MANTRALAYA MUMBAI 400032
7	10	1.00	3.77	KARNATAKA STATE FINANCIAL CORPORATION EPF TRUST	NO 1/1 K S F C BHAVAN THIMMAIAH ROAD BANGALORE 560052
8	8	0.80	3.02	THE INSTITUTE OF COMPANY SECRETARIES OF INDIA	ICSI HOUSE 22 INSTITUTIONAL AREA LODI ROAD NEW DELHI 110003
9	7	0.70	2.64	WESCO EMPLOYEES GRATUITY FUND TRUST	WESCO CORPORATE OFFICE BURLA DISTRICT SAMBALPUR ORISSA 768017
10	5	0.50	1.89	PPL EMPLOYEES PROVIDENT FUND TRUST	BAYAN BHAWAN PT J N MARG BHUBANESWAR 751001
	250	25.00	94.34		
9.05% TAXABLE (2-C) 2006-07					
1	590	59.00	15.95	LIFE INSURANCE CORPORATION OF INDIA	INVESTMENT DEPARTMENT 6TH FLOOR WEST WING CENTRAL OFFICE YOGAKSHEMA JEEVAN BIMA MARG MUMBAI 400021
2	255	25.50	6.90	COAL MINES PENSION FUND	STATE BANK OF INDIA SECURITIES SERVICES BRANCH MAIN BRANCH BLDG 2ND FL FORT Mumbai 400001
3	250	25.00	6.76	UNITED INDIA INSURANCE COMPANY LIMITED	24 WHITES ROAD CHENNAI 600014
4	174	17.40	4.71	COAL MINES PROVIDENT FUND	C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE H. T. PAREKH MARG CHURCHGATE MUMBAI 400020
5	150	15.00	4.06	DURGAPUR STEEL PLANT PROVIDENT FUND	ISPAT BHAWAN PROVIDENT FUND SECTION ROOM NO- 501 DURGAPUR STEEL PLANT DURGAPUR. 713203
6	130	13.00	3.52	DELHI DEVELOPMENT AUTHORITY	VIKAS SADAN INA NEW DELHI NEW DELHI 110023
7	100	10.00	2.70	FOOD CORPORATION OF INDIA CPF TRUST	KHADYA SADAN 13TH FLOOR 16 20 BARAKHAMBA LANE NEW DELHI 110001
8	100	10.00	2.70	AGRICULTURE	13th FLOOR AMBADEEP

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				INSURANCE COMPANY OF INDIA LIMITED	BUILDING KASTURBA GANDHI MARG CONNAUGHT PLACE NEW DELHI. 110001
9	100	10.00	2.70	ALLAHABAD BANK STAFF PROVIDENT FUND	2 NETAJI SUBHAS ROAD KOLKATA 700001
10	100	10.00	2.70	ANDHRA BANK EMPLOYEES PENSION FUND	C/O ANDHRA BANK HEAD OFFICE DR PATTABHI BHAVAN SAIFABAD HYDERABAD 500004
	1,949	194.90	52.70		
12.00% Debentures series (39-A)					
1	10	5.00	16.95	THE SURAT PEOPLE'S CO-OP. BANK LTD.	'VASUDHARA' P.B.NO.269 PARSI SHERI NAVAPURA SURAT. 395003
2	10	5.00	16.95	THE B. E. S. AND T. UNDERTAKING PROVIDENT FUND	CASH DEPARTMENT B E S T UNDERTAKING BEST BHAVAN BEST MARG COLABA BOMBAY 400001
3	10	5.00	16.95	STATE BANK OF INDIA	SBI SG Global Secu. Serv. P. L. Jeevan Seva Extension Bldg.Gr. Floor S.V. Road Santaacruz W Mumbai 400054
4	6	3.00	10.17	BANK OF INDIA	TREASURY BRANCH HEAD OFFICE STAR HOUSE 7th FLOOR C-5 'G' BLOCK BANDRA KURLA COMPLEX BANDRA EAST MUMBAI 400051
5	4	2.00	6.78	CANARA BANK	74 JANPATH NEW DELHI 110001
6	4	2.00	6.78	INDIAN BANK	DDA MARKET SHANTI NIKETAN NEW DELHI 110021
7	4	2.00	6.78	BANK OF BARODA	DGM BANK OF BARODA SPECIALIZED INTEGRATED TREASURY BR. BST 4TH AND 5TH FLOOR C-34 G-BLOCK BANDRA KURLA COMPLEX MUMBAI 400051
8	3	1.50	5.08	UNITED BANK OF INDIA	106 109 ANSAL TOWER 38 NEHRU PLACE NEW DELHI 110019
9	2	1.00	3.39	ANDHRA BANK	FUNDS FOREX DEPARTMENT 82 83 MAKERS TOWERS 8 'F' BLOCK CUFFE PARADE MUMBAI 400005
10	2	1.00	3.39	CORPORATION BANK	CORPORATION BANK GENERAL ACCOUNT INVESTMENT DIVISION 15 MITTAL CHAMBERS 1ST FLOOR NARIMAN POINT MUMBAI 400021
	55	27.50	93.22		
12.00% Debentures series (39-B)					
1	50	5.00	42.37	UNION BANK OF INDIA	C/o. ILFS ILFS House Plot No.14 Raheja Vihar Chandivali Andheri (E) Mumbai 400072
2	10	1.00	8.47	INDIAN OVERSEES BANK	F-47 MALHOTRA BUILDING JANPATH NEW DELHI 110001
3	10	1.00	8.47	SYNDICATE BANK	F I M DEPARTMENT MAKER TOWERS E II FLOOR CUFFE PARADE COLABA MUMBAI 400005
4	10	1.00	8.47	VIJAYA BANK	TREASURY MANAGEMENT DEPARTMENT HEAD OFFICE 41/2. M G ROAD TRINITY

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
5	10	1.00	8.47	THE BANK OF RAJASTHAN LTD. EMPLOYEE'S PROVIDENT FUND	CIRCLE BANGALORE 560001 CENTRAL OFFICE SARDAR PATEL MARG . JAIPUR 302001
6	5	0.50	4.24	UNITED BANK OF INDIA	106 109 ANSAL TOWER 38 NEHRU PLACE NEW DELHI 110019
7	5	0.50	4.24	THE B. E. S. AND T. UNDERTAKING PROVIDENT FUND	CASH DEPARTMENT B E S T UNDERTAKING BEST BHAVAN BEST MARG COLABA BOMBAY 400001
8	4	0.40	3.39	ORIENTAL BANK OF COMMERCE	4TH FLR COMPETENT HOUSE F- 14 CONNAUGHT PLACE NEW DELHI 110001
9	3	0.30	2.54	CORPORATION BANK	CORPORATION BANK GENERAL ACCOUNT INVESTMENT DIVISION 15 MITTAL CHAMBERS 1ST FLOOR NARIMAN POINT MUMBAI 400021
10	3	0.30	2.54	BANK OF MAHARASHTRA TIBD	APEEJAY HOUSE 1ST FLOOR 130 DR. V.B. GANDHI MARG FORT MUMBAI 400001
	110	11.00	93.22		
12.00% Debentures series (39-C)					
1	25	0.25	35.71	TEXTILE TRADERS CO-OP. BANK LTD	6 VASANT VIHAR SOCIETY NEAR MITHAKHALI SIX ROADS NAVARANGPURA AHMEDABAD 380009
2	20	0.20	28.57	STAFF PROVIDENT FUND OF NICHOLAS PIRAMAL INDIA LTD	CORPORATE FINANCE DEPT 2ND FLOOR MORARJI MILLS COMPOUND DR AMBEDKAR ROAD PAREL MUMBAI 400012
3	7	0.07	10.00	CORPORATION BANK	CORPORATION BANK GENERAL ACCOUNT INVESTMENT DIVISION 15 MITTAL CHAMBERS 1ST FLOOR NARIMAN POINT MUMBAI 400021
4	5	0.05	7.14	PUNJAB AND SIND BANK	H.O. FUNDS MANAGEMENT DEPT 1ST FLOOR 'BANK HOUSE' 21 RAJENDRA PALACE NEW DELHI 110008
5	5	0.05	7.14	THE INDIAN HOTELS CO. LTD EMPLOYEES PROVIDENT FUND	THE INDIAN HOTELS CO LTD MANDLIK HOUSE 1ST FLOOR MANDLIK ROAD MUMBAI 400001
6	5	0.05	7.14	KARNATAKA BANK	PB No 11517 107-109 1st floor Raheja Centre Free Press Jour Marg Nariman Point MUMBAI 400021
7	3	0.03	4.29	THE B. E. S. AND T. UNDERTAKING PROVIDENT FUND	CASH DEPARTMENT B E S T UNDERTAKING BEST BHAVAN BEST MARG COLABA BOMBAY 400001
	70	0.70	100.00		
9.40% Taxable (A) 2011					
1	450	450000000.00	17.75	POSTAL LIFE INSURANCE FUND A/C SBIFMPL	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI
2	450	450000000.00	17.75	POSTAL LIFE	HDFC BANK LTD, CUSTODY

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
		0		INSURANCE FUND A/C UTI AMC	SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI
3	377	377000000.00	14.87	RURAL POSTAL LIFE INSURANCE FUND A/C SBIFMPL	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI
4	250	250000000.00	9.86	AAI EPF TRUST	RAJIV GANDHI BHAWAN SAFDARJUNG AIRPORT NEW DELHI PIN : 110003
5	200	200000000.00	7.89	APNPDCL PENSION AND GRATUITY TRUST	1-1-478/503 AND504 OPP. REC PETROL PUMP CHAITANYAPURI, HANAMKONDA WARANGAL PIN : 506004
6	150	150000000.00	5.92	DELHI DEVELOPMENT AUTHORITY	VIKAS SADAN INA NEW DELHI NEW DELHI
7	130	130000000.00	5.13	HINDUSTAN PETROLEUM CORPORATION LIMITED PROVIDENT FUND	17 J TATA ROAD P O BOX NO 11041 MUMBAI PIN : 400020
				17 J TATA ROAD	
8	100	100000000.00	3.94	RURAL POSTAL LIFE INSURANCE FUND A/C UTI AMC	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI
9	50	50000000.00	1.97	VASAI VIKAS SAHAKARI BANK LTD	SAMAJ MANDIR M G ROAD OPP NEW ENGLISH SCHOOL VASAI THANE
10	50	50000000.00	1.97	HVPNL EMPLOYEES PENSION FUND TRUST	SHAKTI BHAWAN, SECTOR 6 PANCHKULA PIN : 134109
	2,207	220.70	87.06		
7.51% TAXFREE HBS 2011 SERIES A (Option-I)					
1	50	0.50	3.20	BINDAL D. SHAH	3-C,LANSEND, 29/D,DOONGERSY ROAD, NEPEANSEA ROAD MUMBAI MAHARASHTRA
2	50	0.50	3.20	MALINI PRADIP SHROFF	1802 WALLACE APARTMENTS SLEATER ROAD MUMBAI
3	50	0.50	3.20	PRADEEP AHUJA	28 SEEPZ SDF 1 ANDHERI (E) MUMBAI PIN : 400096
4	35	0.35	2.24	RUSTOM FREDOON NARIMAN	ROXANA 2ND FLOOR M KARVE ROAD MUMBAI
5	25	0.25	1.60	DILIPBHAI KANTILAL SONI	597, 4TH FLOOR, SUTARIA HOUSE NEAR PATDI DARBAR BUNGLOW LAW GARDEN AHMEDABAD (GUJARAT)
6	20	0.20	1.28	TRANSGENE TRADING AND INVESTMENT COMPANY PVT LTD	C/O FDC LTD 142-48, S V ROAD JOGESHWARI(WEST) MUMBAI
7	20	0.20	1.28	SHROFF BOMI JEHangIR	NESS BAUG ANN 3 FLAT NO 10 NANA CHOWK MUMBAI MAHARASHTRA
8	15	0.15	0.96	NISHA BHUPENDRA DESAI	73/74, CAMA LANE, 9, VAISHABHI BLDG., GHATKOPER (WEST) MUMBAI
9	15	0.15	0.96	KUMI GUSTAD KOTWAL	101C,POONAM APTS, DR.ANNIE BESANT ROAD, MUMBAI PIN : 400018
10	10	0.10	0.64	VINEET DARSHANKUMAR	16,VIJAY MAHAL, D-ROAD, CHURCHGATE MUMBAI

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
				AGGARWAL	MAHARASHTRA
	290	3.00	19.00		
7.75% TAXFREE HBS 2011 SERIES A (Option-II)					
1	500	0.50	32.09	HARSHAD HARILAL PONDA	FLAT NO 32 SUNITA 6TH FLOOR 98 CUFFPARADE BEHIND PRESIDENT HOTEL MUMBAI
2	100	0.10	6.41	SANTOSH K MODI	36/28 INFANTRY ROAD CANTONMENT BELLARY BELLARY PIN : 583104
3	100	0.10	6.41	MANJU MODI	36/28 INFANTRY ROAD CANTONMENT BELLARY, BELLARY PIN : 583104
4	40	0.04	2.56	KALPANA GIRISH PATEL	BEHIND SHATA BUNGLOW OPP HIRA RUPA HALL NEXT TO NATURE CORNER AMBLI BOPAL AHMEDABAD PIN : 380058 AMBLI BOPAL AHMEDABAD
5	25	0.02	1.60	VISHWANATH N. SHENOY	4 C-902, WHISPERING PALMS, LOKHANDWALA COMPLEX, AKURLI ROAD, KANDIVALI (E), MUMBAI MAHARASHTRA PIN : 400101 MUMBAI MAHARASHTRA
6	25	0.02	1.60	VIPUL C JHAVERI	NIRMAL NIVAS NO 2 SIXTH FLOOR FLAT 56 GOWALIA TANK JN MUMBAI PIN : 400036 PIN : 400036
7	25	0.02	1.60	LATIFA TAHER TYABJI	24, RAKHI MAHAL, 209, DINSHAW VACCHA ROAD, MUMBAI PIN : 400020 PIN : 400020
8	25	0.02	1.60	THE TAJ MAHAL HOTEL BOMBAY EMPLOYEES WELFARE TRUST	40, TAJ MAHAL PALACE AND TOWER APOLLO BUNDER GATE WAY OF INDIA MUMBAI PIN : 400001 MUMBAI
9	15	0.01	0.96	SUDHA SHRIRAM KURDUKAR	FIVE PRACHI CHS G V SCHEME ROAD NO 2 MULUND E MUMBAI PIN : 400081 MUMBAI
10	15	0.01	0.96	TUSHAR KHETSHI CHHEDA	101 ARADHANA AMBIKA NAGAR M G ROAD DOMBIVLI WEST PIN : 421202 DOMBIVLI WEST
	870	1.00	56.00		
7.62% TAXFREE HBS 2011 SERIES B (Option-I)					
1	2,700	27.00	13.22	FDC LIMITED	142-48, S. V. ROAD JOGESHWARI WEST MUMBAI MAHARASHTRA PIN : 400102
2	2,262	22.62	11.07	AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED	13th FLOOR, AMBADEEP BUILDING KASTURBA GANDHI MARG CONNAUGHT PLACE NEW DELHI. PIN : 110001
3	1,550	15.50	7.59	JYOTIRADITYA MADHAVRAO SCINDIA	B 431 PHOENIX HOUSE 462 SENAPATI BAPAT MARG LOWER PAREL MUMBAI PIN : 400013
4	1,000	10.00	4.89	UCO BANK	TREASURY BRANCH UCO BANK BUILDING MEZZANINE FLOOR 359 DR D N ROAD FORT MUMBAI PIN : 400001
5	1,000	10.00	4.89	STATE BANK OF TRAVANCORE	INTEGRATED TREASURY, 6TH FLOOR, SBI LHO BUILDING, BANDRA KURLA COMPLEX, G BLOCK, BANDRA EAST,

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
6	500	5.00	2.44	TAMILNAD MERCANTILE BANK LTD	MUMBAI PIN : 400051 TREASURY DEPARTMENT, 269/2/4, AVVAI SHANMUGAM SALAI, ROYAPETTAH, CHENNAI PIN : 600014
7	500	5.00	2.44	ARUP KUMAR SARKAR	20, MADAN MOHAN TALA STREET KOLKATA. PIN : 700005 INOX LEASING AND FINANCE LTD.
8	250	2.50	1.22	INOX LEASING AND FINANCE LTD.	INOX GROUP 612-618 , 6th FLOOR , NARAIN MANZIL 23 , BARAKHAMBIA ROAD NEW DELHI PIN : 110001
9	250	2.50	1.22	ANALAX CHEMIFARMA PRIVATE LTD	A 101 1 ST FLOOR KALPITA ENCLAVE SAHAR ROAD ANDHERI EAST MUMBAI PIN : 400069
10	200	2.00	0.97	THE HINDUSTAN TIMES LIMITED	'HINDUSTAN TIMES HOUSE' 18 - 20, K. G. MARG NEW DELHI PIN : 110001
10,012		100	49		
7.83% TAXFREE HBS 2011 SERIES B (Option-II)					
1	1,000	10.00	4.89	IFFCO-TOKIO GENERAL INSURANCE CO. LTD.	5th Floor,IFFCO TOWER PLOT NO 3,SECTOR 29 GURGAON HARYANA PIN : 122001
2	500	5.00	2.44	MEGHAL BAKULESH SHAH	VRINDAVAN ANNEXE, 32, MOUNT MARY ROAD, BANDRA (WEST), MUMBAI MAHARASHTRA PIN : 400050
3	500	5.00	2.44	BAKULESH TRAMBAKLAL SHAH	VRINDAVAN ANNEXE, 32, MOUNT MARY ROAD, BANDRA (WEST) MUMBAI MAHARASHTRA PIN : 400050
4	500	5.00	2.44	KHUSHBOO RAJIV PODDAR	MOUNT UNIQE FLAT NO 95 12TH FLOOR 62 A PEDDAR ROAD MUMBAI PIN : 400026
5	500	5.00	2.44	BHAKTI MANOJ MODI	10A AND 10B 10TH FLOOR SUDHAKAR CO OP SOC LTD 26 NARAYAN DABHOLKAR ROAD MUMBAI PIN : 400006
6	200	2.00	0.97	RANJITSINH NATVERSINH VANSIA	1/133.RANGANURAG, B/S SHIVALAYA, MAIN ROAD, AT&PO : SACHIN SURAT GUJARAT PIN : 394230
7	200	2.00	0.97	CHIMANLAL UJAMSHI SHAH	HAGUE BUILDING SPROTT ROAD BALLARD ESTATE MUMBAI PIN : 400001
8	200	2.00	0.97	CHEVIOT COMPANY LIMITED	24 PARK STREET MAGMA HOUSE 9TH FLOOR KOLKATA PIN : 700016
9	200	2.00	0.97	NEELAM MUNJAL	S 323 A PANCHSHEEL PARK NEW DELHI PIN : 110017 SIDDHARTH ASHOKBHAI MEHTA
10	100	1.00	0.48	SIDDHARTH ASHOKBHAI MEHTA	76 A SIDDHARTH ADARSH SOCIETY ATHWA LINES SURAT GUJARAT PIN : 395007
3,900		39	39.00		
9.75% TAXABLE HBS 2011 SERIES B					
1	550	55.00	13.29	POSTAL LIFE INSURANCE FUND A/C UTI AMC	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
2	545	54.50	13.17	CBT EPF-05-C-DM	PIN : 400042 Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor C-38/39 G-Block, BKC Bandra (East) Mumbai India PIN : 400051
3	350	35.00	8.46	POSTAL LIFE INSURANCE FUND A/C SBIFMPL	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI PIN : 400042
4	290	29.00	7.01	CBT EPF-05-B-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor C-38/39 G-Block, BKC Bandra (East) Mumbai India PIN : 400051
5	200	20.00	4.83	RURAL POSTAL LIFE INSURANCE FUND A/C SBIFMPL	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI PIN : 400042
6	200	20.00	4.83	RURAL POSTAL LIFE INSURANCE FUND A/C UTI AMC	HDFC BANK LTD, CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI PIN : 400042
7	160	16.00	3.87	CBT EPF-05-D-DM	Standard Chartered Bank, CRESCENZO Securities Services, 3rd Floor C-38/39 G-Block, BKC Bandra (East) Mumbai India PIN : 400051
8	150	15.00	3.62	BANK OF INDIA PROVIDENT FUND	TERMINAL BENEFITS DIV. H.R.DEPT, 3RD FLR,STAR HOUSE, C-5,'G' BLOCK H.O, B.K.C. BANDRA(E) MUMBAI PIN : 400051
9	150	15.00	3.62	DELHI DEVELOPMENT AUTHORITY	VIKAS SADAN INA NEW DELHI NEW DELHI PIN : 110023
10	100	10.00	2.42	IFFCO EMPLOYEES PROVIDENT FUND TRUST	IFFCO EMPLOYEES P F TRUST IFFCO SADAN C 1 DISTT CENTER SAKET NEW DELHI PIN : 110017
	2,695	269.5000	65.11		
8.09% TAXFREE HBS 2011 SERIES C (Option-I)					
1	500	5.00	10.45	TAMILNADU MERCANTILE BANK LTD	269/2-4 AVVAI SHANMUGAM SALAI ROYAPETTAH CHENNAI TAMILNADU 600014
2	250	2.50	5.22	PAWAN MUNJAL	B-109 GREATER KAILASH 1 NEW DELHI NEW DELHI 110048
3	125	1.25	2.61	ANU MEHRA	K-132 IIND FLOOR KIRTI NAGAR NEW DELHI 110015
4	125	1.25	2.61	BRIJESH JAYSINH VED	FLAT NO 9 AJIT VILLA 4TH FLOOR 7 KRISHNA SANGHI PATH GAMDEVI MUMBAI

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
5	100	1.00	2.09	RADHESHYAM T AGRAWAL HUF	MAHARASHTRA 400007 40 SUMADHUR SOCIETY NEHRU NAGAR CHAR RASTA AMBAWADI AHMEDABAD GUJARAT 380015
6	100	1.00	2.09	INDU RADHESHYAM AGRAWAL	40 SUMADHUR SOCIETY NEHRUNAGAR CHAR RASTA AMBAWADI AHMEDABAD GUJARAT 380015
7	100	1.00	2.09	BHARAT INVESTMENTS GROWTH LTD	40-41 COMMUNITY CENTRE NEW FRIENDS COLONY NEW DELHI NEW DELHI 110025
8	100	1.00	2.09	NITTANY CREATIVE SOLUTIONS PVT LTD	32 JOSAK ARTEK APARTMENT MADHUSUDAN KALELKAR MARG BANDRA EAST MUMBAI MAHARASHTRA 400051
9	75	0.75	1.57	GEETA ISHWARDAS BHATIA	1201 12TH FLOOR DIVYALOK L D RUPAREL ROAD MUMBAI MAHARASHTRA 400006
10	60	0.60	1.25	BADRUDDIN E DHARIWALA	213 MAULANA AZAD ROAD DUNLAN ROAD MASKAWALA BLDG MUMBAI MAHARASHTRA 400008
	1,535	15.35	32.07		
8.16% TAXFREE HBS 2011 SERIES C (Option-II)					
1	550	5.50	11.54	SATISH V DARYANANI	BUILDING NO 1 FLAT NO 9 AMAR JYOTHI SOCIETY HOUSE NO 815 BHAVANI PETH PUNE MAHARASHTRA 411002
2	500	5.00	10.49	ULHAS SECURITIES PVT LTD	83/1 SAMRAT NAGAR ISANPUR AHMEDABAD GUJARAT 382443
3	400	4.00	8.39	AJAY S DESAI	A/702 NEW GOKUL HEAVEN THAKUR COMPLEX KANDIVALI E MUMBAI MAHARASHTRA 400101
4	225	2.25	4.72	RENUKA RAMNATH	D-4701/2 47TH FLOOR ASHOK TOWER 63/74 DR S S RAO PAREL MUMBAI MAHARASHTRA 400012
5	150	1.50	3.15	SHRIRAM SCIENTIFIC & INDUSTRIAL RESEARCH FOUNDATION	DIAMOND PRESS BUILDING 2ND FLOOR 8E RANI JHANSI ROAD JHANDEWALAN EXTN NEW DELHI NEW DELHI 110055
6	100	1.00	2.10	SHRIRAM SCIENTIFIC & INDUSTRIAL RESEARCH FOUNDATION	DIAMOND PRESS BUILDING 2ND FLOOR 8E RANI JHANSI ROAD JHANDEWALAN EXTN NEW DELHI NEW DELHI 110055
7	100	1.00	2.10	KEWAL KUMAR VOHRA	7/1 OLD SURVEY ROAD DEHRADUN

S. No.	No. of Bonds	Amount (₹ in Crore)	Percentage of holding	Name of the first applicant	Address
					UTTARANCHAL 248001
8	100	1.00	2.10	JAYESHBHAI J SHAH	JAYESHBHAI JAYANTILAL SHAH AJI GIDC II PLOT NO 370-371 RAJKOT GUJARAT 360003
9	100	1.00	2.10	VINOD M AMBANI	7-D LANDS END 29-D DOONGERSY ROAD MALABAR HILL MUMBAI MAHARASHTRA 400006
10	100	1.00	2.10	DEEPAK VOHRA	7/1 OLD SURVEY ROAD DEHRADUN UTTAR PRADESH 248001
	2,325	23.25	48.77		