

हडको/एसई/2024

22/08/2024

लिस्टिंग विभाग
बीएसई लिमिटेड
फ़िरोज़ जीजीभाय टावर्स
दलाल स्ट्रीट
मुंबई - 400001
स्क्रिप कोड-540530

लिस्टिंग विभाग
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
एक्सचेंज प्लाज़ा, प्लॉट नं. सी/1, जी ब्लॉक
बांद्रा-कुर्ली कॉम्प्लेक्स, बांद्रा (पूर्व)
मुंबई - 400051
एनएसई कोड-हडको

विषय: एसईबीआई (लिस्टिंग दायित्व और प्रकटीकरण आवश्यकताएं) विनियम, 2015 के विनियम 30 के अंतर्गत घोषणा क्रेडिट रेटिंग के संबंध में।

महोदय/या,

एसईबीआई लिस्टिंग विनियमों के प्रावधानों के अनुसार, हम आपको सूचित करना चाहते हैं कि जापान क्रेडिट रेटिंग एजेंसी लिमिटेड (जेसीआरए) ने निम्नलिखित विवरण के अनुसार अपनी क्रेडिट रेटिंग प्रदान की है:

उपकरण/सुविधाएं	रेटिंग	आउटलुक
विदेशी मुद्रा दीर्घकालिक जारीकर्ता रेटिंग	बीबीबी+	स्थिर
स्थानीय मुद्रा दीर्घकालिक जारीकर्ता रेटिंग	बीबीबी+	स्थिर

ये रेटिंग भारत गणराज्य की दीर्घकालिक जारीकर्ता रेटिंग के अनुरूप हैं। इस संबंध में जेसीआरए लिमिटेड द्वारा जारी प्रेस विज्ञापित संलग्न है। उपरोक्त जानकारी आपके लिए प्रस्तुत की जा रही है।

धन्यवाद,

कृते हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड

ह./-

विकास गोयल

कंपनी सचिव और कंप्लायंस ऑफिसर

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Housing and Urban Development Corporation Limited (security code: -)

<Assignment>

Foreign Currency Long-term Issuer Rating:	BBB+
Outlook:	Stable
Local Currency Long-term Issuer Rating:	BBB+
Outlook:	Stable

Rationale

- (1) Housing and Urban Development Corporation Limited (HUDCO) is a public financial institution incorporated in 1970 with full funding from the Government of India (GOI) for the purpose of housing construction and urban infrastructure development in India. It plays a very important role in the implementation of GOI's housing supply plans and urban development promotion. The ratings strongly reflect the country's creditworthiness and are in line with the Republic of India's Long-term Issuer Ratings (FC: BBB+/Stable and LC: BBB+/Stable). They are based on HUDCO's solid capital and personal relationship with GOI, its important position as an institution that financially supports the housing construction and urban development across India, and its strong integration with GOI, supported by its position as a Nodal Agency for the domestic housing policy.
- (2) In India, demand for housing construction and urban infrastructure development is very strong as there has been a consistent housing shortage since its independence in 1947. HUDCO was established with the objective of enhancing the supply of housing mainly for low-income groups both in financial and technical aspects. HUDCO has its offices in all areas of India and has provided long-term loans and housing design consultations for the public housing construction projects undertaken by state governments, creating good relationships with those governments, a huge strength for its business operations. In 1989, it began financing water and sewage construction projects related with housing construction, expanding its business scope to infrastructure development.
- (3) JCR considers the relationship between HUDCO and GOI to be tight and practically integrated as HUDCO has taken part in various housing supply projects implemented by GOI. For example, HUDCO has been designated as one of the Nodal Agencies in GOI's flagship project "PMAY-U" (the abbreviation of Pradhan Mantri Awas Yojana-Urban, meaning a government housing scheme) started in 2015 for the purpose of resolving the housing shortage in urban areas with the keyword "Housing for All". In 2024, HUDCO was granted the Navratna status, the second-highest rank in GOI's classification of public companies. The status gives HUDCO discretion to make a specified amount of strategic investments without GOI's permission.
- (4) HUDCO listed its shares on India's National Stock Exchange and Bombay Stock Exchange in May 2017. GOI has been selling its HUDCO shares step by step and its stake is on a downward trend. However, it still held 75.0% at the end of March 2024, retaining its integrated relationship with HUDCO.
- (5) HUDCO's loan portfolio has been on the rise amid the strong demand for housing and urban development projects in India. In FY2024, its housing loans and infrastructure loans grew 13% and 17%, respectively, from the previous year, pushing up both its consolidated total income and net profit to all-time record INR 79.5 billion and INR 21.2 billion. With a large number of housing construction and urban development projects under way in the country, JCR expects that HUDCO's business operations will keep expanding in FY2025.
- (6) HUDCO's loan assets stay sound. While its customer concentration is high, with the top 20 borrowers accounting for some 80% of its overall outstanding loans, approximately 90% of the loan portfolio is guaranteed by central or state governments. Therefore, its credit risk is kept limited. Infrastructure loans made by HUDCO have been significantly increasing in volume in recent years. However, as it has not financed any private infrastructure projects since 2013, JCR holds that the soundness of its assets will continue to be maintained. HUDCO's nonperforming loan ratio has been on the decline as it has been making more infrastructure loans with government guarantees. The ratio stood at 2.71% in gross terms and 0.36% in net terms at the end of March 2024.



(7) HUDCO's interest rate, foreign exchange and liquidity risks are properly controlled through its risk management committee. Although it had primarily relied on corporate bonds for funding, it increased the proportion of bank loans in FY2024 with the aim of cutting funding costs and diversifying funding sources. Its D/E ratio stood at 4.45 times at the end of FY2024, indicating that it had sufficient capital adequacy against risks. Its Tier1 capital adequacy to risk-weighted assets as of the same date stood at 57.5%, well above the 15% required by the domestic regulations. This is because its capital has been accumulated and its risk-weighted loan assets have been significantly compressed as some 90% of its loans has been guaranteed by the central or state governments. As HUDCO accepts almost no deposits, it depends on external funding and is required to keep funding costs under control by maintaining its financial soundness. Thus, not only HUDCO itself has a strong incentive to keep its financial soundness but also GOI, which will need to invest heavily in housing and urban infrastructure in the future, has a similarly strong motivation to retain HUDCO's financial soundness. Therefore, JCR holds that the probability of GOI's support for HUDCO is extremely high.

Hiroshi Tonegawa, Shintaro Ito

Rating

Issuer: Housing and Urban Development Corporation Limited

<Assignment>

Foreign Currency Long-term Issuer Rating: BBB+ Outlook: Stable
Local Currency Long-term Issuer Rating : BBB+ Outlook: Stable

Rating Assignment Date: August 21, 2024

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "Sovereign and Public Sector Entities" (October 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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