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लिस्टिंग विभाग,
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड
एक्सचेंज प्लाजा, प्लॉट नंबर सी/1, जी-ब्लॉक
बांद्रा कुरिया कॉम्प्लेक्स, बांद्रा ईस्ट,
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एनएसई सिंबल: हडको

विषय: सेबी (सूचीबद्धता दायित्व और प्रकटीकरण आवश्यकताएँ) विनियम, 2015 के विनियम 30 के अंतर्गत घोषणा- इंडिया रेटिंग्स द्वारा क्रेडिट रेटिंगजेबीटी रिसर्च प्राइवेट लिमिटेड।

महोदय/महोदया,

सेबी (सूचीबद्धता दायित्व और प्रकटीकरण आवश्यकताएँ) विनियम, 2015 के विनियम 30 के अनुपालन में, यह सूचित किया जाता है कि इंडिया रेटिंग एंड रिसर्च प्राइवेट लिमिटेड को 26 अप्रैल, 2024 की अपनी रेटिंग तर्क के माध्यम से नीचे दिए गए विवरण के अनुसार कंपनी की क्रेडिट रेटिंग सौंपी/पुष्टि की गई है:

क्र सं.	इंस्ट्रुमेंट प्रकार	साइज़ ऑफ़ इशु (बिलियन में)	रेटिंग/आउटलुक	रेटिंग कार्रवाई
1	इश्युर रेटिंग		IND AAA/स्थिर	पुष्टि
2	वित्त वर्ष 25 दीर्घ-अवधि उधार कार्यक्रम	400 रुपये	IND AAA/स्थिर	सौंपा गया
3	प्रस्तावित बैंक ऋण	100 रुपये	IND AAA/स्थिर/IND A1+	सौंपा गया
4	वित्त वर्ष 24 दीर्घ-अवधि उधार कार्यक्रम	INR 15 (INR 180 से कम)	IND AAA/स्थिर	पुष्टि
5	वाणिज्यिक पत्र*	100 रुपये	IND A1+	पुष्टि
6	बांड	INR 206.82 (INR 268.34 से कम)	IND AAA/स्थिर	पुष्टि
7	गैल पूरी तरह से सेवा प्राप्त बांड	INR 200	IND AAA/स्थिर	पुष्टि
8	प्रस्तावित बैंक ऋण	INR 85.69 (INR 123.14 से कम)	IND AAA/stable/IND A1+	पुष्टि
9	दीर्घ-अवधि बैंक ऋण	INR 52.56	IND AAA/स्थिर	सौंपा गया
10	दीर्घ-अवधि बैंक ऋण	INR 195.21	IND AAA/स्थिर	पुष्टि
11	अल्प-अवधि बैंक ऋण	INR 66.55 (INR 81.65 से कम)	IND A1+	पुष्टि
12	सावधि जमा	INR 0.01 (INR 0.1 से कम)	IND AAA/स्थिर	पुष्टि

*अप्रयुक्त

इस संबंध में इंडिया रेटिंग एंड रिसर्च प्राइवेट लिमिटेड द्वारा प्रकाशित रेटिंग तर्क संलग्न है।

उपरोक्त आपकी जानकारी और प्रसार के लिए प्रस्तुत की गई है।

धन्यवाद,

भवदीय,

हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड हेतु

विकास गोयल

कंपनी सेक्रेटरी एवं कंप्लायंस ऑफिस

India Ratings & Research

A Fitch Group Company

India Ratings Affirms HUDCO's Debt and Rates FY25 Borrowing Programme and Additional Bank Loans at 'IND AAA'/Stable

Apr 26, 2024 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has taken the following rating actions on Housing and Urban Development Corporation Limited's (HUDCO) borrowing programmes:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Issuer rating	-	-	-	-	IND AAA/Stable	Affirmed
FY25 long-term borrowing programme				INR400	IND AAA/Stable	Assigned
Proposed bank loans				INR100	IND AAA/Stable/IND A1+	Assigned
FY24 long-term borrowing programme#	-	-	-	INR15 (reduced from INR180)	IND AAA/Stable	Affirmed
Commercial papers*		-	-	INR100	IND A1+	Affirmed
Bonds#				INR206.82(reduced from INR268.34)	IND AAA/Stable	Affirmed
GoI fully serviced bonds#				INR200	IND AAA/Stable	Affirmed
Proposed bank loans				INR85.69 (reduced from INR123.14)	IND AAA/Stable/IND A1+	Affirmed
Long-term bank loans				INR52.56	IND AAA/Stable	Assigned
Long-term bank loans				INR195.21	IND AAA/Stable	Affirmed
Short-term bank loans				INR66.55 (reduced from INR81.65)	IND A1+	Affirmed
Fixed deposit		-	-	INR0.01 (reduced from INR0.1)	IND AAA/Stable	Affirmed

#Details in annexure

*unutilised

Analytical Approach

The ratings factor in HUDCO's continued systemic importance to the government of India (GoI), as issues related to the financing of housing and urban infrastructure projects would remain important to the government in the foreseeable future.

Detailed Rationale of the Rating Action

The ratings reflect HUDCO's continued strong financial performance in 9MFY24, led by the rise in its net interest income, adequate liquidity profile, and an improvement in its net non-performing assets (NPAs) and gross NPA position. Furthermore, Ind-Ra expects HUDCO's linkage with the GoI to remain strong over the long term. In addition, the rating continues to draw comfort.

List of Key Rating Drivers

Strengths

- Sustained policy support
- Funding public sector
- Adequate capitalisation
- Stable absolute profitability due to limited growth in loan book
- Largely stable asset quality metrics

Weaknesses

- Concentration in Portfolio
- Conversion into non-banking finance company-infrastructure finance company awaited

Detailed Description of Key Rating Drivers

Sustained Policy Support: Ind-Ra expects HUDCO's role as a public policy institution is likely to continue. HUDCO is engaged in the development of affordable housing and sustainable urban infrastructure. It has a social mandate of funding the housing needs of the economically weaker section/low-income group category, along with uplifting the non-commercial urban infrastructure. Since its inception, HUDCO had funded more than 20.05 million dwelling units, about 86% of which belong to the economically weaker section. Its importance is reflected in the operational and financial support extended by the GoI in the form of allowing it access to low-cost funds, extending guarantees, easing various norms, and guiding its broad policies and contours.

Moreover, the GoI provides support to HUDCO by waiving off/giving relaxation in levying government guarantee fee applicable on certain sovereign foreign currency loans. It also provides relaxation in the credit concentration norms of the National Housing Bank (NHB; 'IND AAA/Stable) with regard to the loans extended to government and public agencies.

Funding Public Sector: Ind-Ra expects the proportion of HUDCO's loans to the government sector to remain in excess of 90% in the short- to medium-term. Since FY13, HUDCO's loan portfolio and disbursements have been skewed towards funding state government agencies' housing and urban infrastructure projects, with their share in the loan book rising to 97.17% in 3QFY24 (FY23: 96.93%). Ind-Ra believes HUDCO's emphasis on loan disbursements to state government agencies engaged in the core sector development will continue in the near- to medium-term, as a measure to safeguard its credit profile and meet the growing demand in the public sector.

Adequate Capitalisation: Ind-Ra expects HUDCO's capitalisation to be much higher than the regulatory norms of 12%. With the institution having discontinued fresh disbursements to the private sector, which carries a risk weight of 100%, from FY13, Ind-Ra expects the capital adequacy ratio would remain comfortable in the near- to medium-term. Majority of HUDCO's outstanding loans are backed by state government guarantees. As per the prescribed norms, a risk weight of 20% for such exposures helps maintain a comfortable capital to risk weighted assets ratio (FY23: 73.79% FY22: 74.29%). Recently, HUDCO's status has been changed to Navratna from Miniratna; however,

the corporation maintained a debt/equity ratio of 3.87x in 3QFY24 (FY23: 3.96x, FY22:4.09x), as against an overall gearing of 12.0x, permitted under the NHB norms.

Stable Absolute Profitability due to Limited Growth in Loan Book: Ind-Ra expects HUDCO's profitability (net interest margin) to remain in the 3.0%-3.5% range till FY27. Its net interest margin (net interest income/average earning assets) improved marginally to 3.19x in FY23 (FY22: 3.16x). The net interest income grew in 9MFY24 on a yoy basis to INR19.31 billion (9MFY23: INR17.95 billion). However, the rationalisation of some operating expenses coupled with marginally lower incremental provisioning charges to negative INR1.10 billion in 9MFY24 (9MFY23: INR2.02 billion) led to a higher pre-tax profit of INR19.01 billion (INR14.25 billion). HUDCO's absolute profitability has not experienced a major improvement in recent years, mainly on account of the limited growth in its loan book. Given HUDCO faces competition from banks in lending to state agencies, particularly those not backed by budgetary provisions, sustained and healthy growth in the outstanding loan book over the medium- to long-term would remain critical for the corporation. The loan book in 9MFY24 grew 4.56% over FYE23 (9MFY23 over FYE22: 0.98%) as against 1.36% annual growth during FY20-FY23. Ind-Ra expects the loan book to increase significantly in the next couple of years.

Largely Stable Asset Quality Metrics: Ind-Ra expects HUDCO's asset quality metrics to remain largely stable in the near to medium term. The corporation's gross NPA and net NPA ratios experienced a marginal improvement to 3.14% in 9MFY24 (9MFY23: 4.27%; FY23: 3.42%; FY22: 3.58%) and 0.44% (0.96%; 0.52%; 0.51%), respectively. The provision coverage ratio remained high at 86.26% in 9MFY24 (FY23: 85.24%). As HUDCO has lent predominantly to the government sector, any slippage in the same generally reverts to the standard category within a year or so, which accounts for the marginal variability seen in the asset quality metrics across quarters.

Concentration in Portfolio: Ind-Ra expects the loan book concentration to remain elevated in FY25. HUDCO's loan book remains concentrated with the top 20 borrowers, accounting for 83.32% of the outstanding loan book as on 31 December 2023 (FY22: 83.9%). Given such high concentration, any slippage in any of the larger accounts could lead to steep deterioration in its asset quality. However, the concentration risk is mitigated as a major portion (79-80%) of HUDCO's asset book is secured with state government guarantees.

Conversion into Non-Banking Finance Company-Infrastructure Finance Company Awaited: HUDCO has applied for its recognition as infrastructure finance company (IFC). While the conversion of its status to IFC from a housing finance company (HFC) will allow it to fund all sectors classified as infrastructure, it will require underwriting skills in the sectors where HUDCO has not operated till date. As per the Reserve Bank of India (RBI) notification dated 22 October 2020 on the regulatory framework for HFCs, the definition of HFCs had undergone a change. As per a condition in the notification, out of the total assets of an HFC, not less than 50% should be by way of housing finance for individuals. As HUDCO does not fulfil the said criteria, it has applied to the RBI in March 2022 to convert its status to a non-banking financial company-IFC from an HFC. The RBI approval on the said matter is awaited. Till then, HUDCO would retain its status of an HFC.

Liquidity

Adequate: HUDCO's liquidity is likely to remain comfortable in the near- to medium-term. As on 31 December 2023, it had minor positive cumulative mismatch in up to one-year bucket (INR50 million); however, it has significant negative mismatch in the one- to three-year bucket (INR93.67 billion). HUDCO may consider redeeming these with similar tenor instruments (bonds/term loans) or short-term bank lines with the objective to replace them later with longer tenor instruments. As on 31 March 2024, HUDCO had sanctioned unutilised revolving/short-term bank lines of INR106.67 billion available at its disposal. HUDCO's average maximum utilisation of the sanctioned revolving/short-term bank lines was 46% over the 12 months ended March 2024.

Rating Sensitivities

Positive: Not applicable

GoI-fully serviced bonds	Long-term	INR200	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Proposed bank loans	Long-term/Short-term	INR185.68	IND AAA/Stable /IND A1+	IND AAA/Stable/ IND A1+	IND AAA/Stable/ IND A1+	IND AAA/Stable/ IND A1+	IND AAA/Stable/ IND A1+	IND AAA/Stable/ IND A1+
Long-term bank loans	Long-term	INR247.77	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Short-term bank loans	Short-term	INR66.55	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+
Fixed deposit	Long-term	INR0.01	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable

Bank wise Facilities Details

Click here to see the details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
FY25 long-term borrowing programme	Low
FY24 long-term borrowing programme	Low
Commercial papers	Low
Bonds	Low
GoI-fully serviced bonds	Low
Proposed bank loans	Low
Long-term bank loans	Low
Short-term bank loans	Low
Domestic term deposits	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date
Bonds	INE031A09FB7	21 October 2011	7.75	21 October 2020
Bonds	INE031A09FD3	11 November 2011	7.83	11 November 2020
Bonds	INE031A09FG6	22 December 2011	8.16	22 December 2020
Bonds	INE031A07840	5 March 2012	8.2	5 March 2020
Bonds	INE031A07865	16 February 2013	7.51	16 February 2020
Bonds	INE031A07881	28 March 2013	7.19	28 March 2020
Bonds	INE031A07899	2 September 2013	8.56	2 September 2020
Bonds	INE031A07923	25 October 2013	8.49	25 October 2020
Bonds	INE031A07956	25 October 2013	8.74	25 October 2020
Bonds	INE031A07915	25 October 2013	8.51	25 October 2020
Bonds	INE031A07949	25 October 2013	8.76	25 October 2020
Bonds	INE031A07907	25 October 2013	8.14	25 October 2020
Bonds	INE031A07931	25 October 2013	8.39	25 October 2020
Bonds	INE031A07980	13 January 2014	8.76	13 January 2020
Bonds	INE031A07AB2	13 January 2014	9.01	13 January 2020
Bonds	INE031A07972	13 January 2014	8.58	13 January 2020
Bonds	INE031A07AA4	13 January 2014	8.83	13 January 2020
Bonds	INE031A07964	13 January 2014	8.51	13 January 2020

Bonds	INE031A07998	13 January 2014	8.76	13 January 2020
Bonds	INE031A07AE6	24 March 2014	8.71	24 March 2020
Bonds	INE031A07AH9	24 March 2014	8.96	24 March 2020
Bonds	INE031A07AD8	24 March 2014	8.73	24 March 2020
Bonds	INE031A07AG1	24 March 2014	8.98	24 March 2020
Bonds	INE031A07AC0	24 March 2014	8.29	24 March 2020
Bonds	INE031A07AF3	24 March 2014	8.54	24 March 2020
Bonds	INE031A07A17	31 July 2015	7.19	31 July 2020
Bonds	INE031A07AJ5	1 October 2015	7.07	1 October 2020
Bonds	INE031A07AK3	9 October 2015	7	9 October 2020
Bonds	INE031A07AM9	8 February 2016	7.39	8 February 2020
Bonds	INE031A07AO5	8 February 2016	7.64	8 February 2020
Bonds	INE031A07ALI	8 February 2016	7.02	8 February 2020
Bonds	INE031A07AN7	8 February 2016	7.27	8 February 2020
Bonds	INE031A07AP2	22 February 2016	7.39	22 February 2020
Bonds	INE031A07AR8	15 March 2016	7.39	15 March 2020
Bonds	INE031A07AT4	15 March 2016	7.69	15 March 2020
Bonds	INE031A07AQ0	15 March 2016	7.04	15 March 2020
Bonds	INE031A07AS6	15 March 2016	7.29	15 March 2020
GoI-fully serviced bonds	INE031A08616	12 November 2018	8.6	12 November 2020
GoI-fully serviced bonds	INE031A08624	28 November 2018	8.52	28 November 2020
GoI-fully serviced bonds	INE031A08673	30 January 2019	8.38	30 January 2020
GoI fully serviced bonds	INE031A08681	14 February 2019	8.58	14 February 2020
GoI fully serviced bonds	INE031A08699	15 March 2019	8.41	15 March 2020
GoI fully serviced bonds	INE031A08707	25 March 2019	8.37	25 March 2020
Bonds	INE031A08772	15 April 2020	6.65	15 June 2020
Bonds	INE031A08780	24 April 2020	6.09	24 June 2020
Bonds	INE031A08798	12 May 2020	5.95	11 August 2020
Bonds	INE031A08806	29 May 2020	6.75	29 May 2020
Bonds	INE031A08814	4 August 2020	5.35	11 April 2021
Bonds	INE031A08822	28 December 2020	4.78	28 February 2021
Bonds	INE031A08830	22 February 2022	5.59	4 March 2022
Bonds	INE031A08848	25 March 2022	5.62	25 May 2022
Bonds	INE031A08855	11 November 2022	7.54	11 February 2023
Bonds	INE031A08863	19 December 2022	7.52	15 April 2023
Bonds	INE031A08871	16 February 2023	7.68	16 May 2023
FY24 long-term borrowing programme bonds	INE031A08889	20 April 2023	7.48	20 August 2023
FY25 long-term borrowing programme bonds (unutilised)				
Total				

Source: HUDCO

Contact

APPLICABLE CRITERIA

Rating of Public Sector Entities

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

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