

लिस्टिंग विभाग बीएसई लिमिटेड, फ़िरोज़ जीजीभाय टावर्स, दलाल स्ट्रीट, मुंबई – 400001 स्क्रिप कोड: 540530	लिस्टिंग विभाग नेशनल स्टॉक एक्सचेंज ऑफ़ इंडिया लिमिटेड एक्सचेंज प्लाज़ा, सी-1, ब्लॉक-जी, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई – 400051 एनएसई सिम्बल: हडको
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**विषय: सेबी (लिस्टिंग ऑब्लिंगेशन्स एंड डिस्कलोजर रिक्वायरमेंट्स) विनियम, 2015 के विनियमन 30 के अंतर्गत घोषणा — इंडिया रेटिंग एंड रिसर्च प्राइवेट लिमिटेड द्वारा क्रेडिट रेटिंग**

महोदय/या,

सेबी (लिस्टिंग ऑब्लिंगेशन्स एंड डिस्कलोजर रिक्वायरमेंट्स) विनियम, 2015 के विनियमन 30 का अनुपालन करते हुए, आपको यह सूचित किया जाता है कि इंडिया रेटिंग एंड रिसर्च प्राइवेट लिमिटेड ने, अपनी रेटिंग तर्क के माध्यम से दिनांक 27 अप्रैल, 2023 को कंपनी की क्रेडिट रेटिंग निम्नलिखित विवरण के अनुसार सौंप/पुनः पुष्टि की है:

उपकरण	रेटेड राशि (बिलियन में)	रेटिंग एक्शन
इशूअर रेटिंग्स		इंड एए/स्टेबल; पुष्टि की गई
दीर्घकालिक बोरोइंग प्रोग्राम वित्तीय वर्ष 2024	180.00	इंड एए/स्टेबल; सौंपा गया
बॉन्ड (जिसमें पूर्ण रूप से सर्विस्ड भारत सरकार के बॉन्ड शामिल हैं)	468.34	इंड एए/स्टेबल; पुष्टि की गई
दीर्घकालिक/अल्पकालिक बैंक ऋण	400.00	इंड एए/स्टेबल/इंड ए1+; पुष्टि की गई
डोमेस्टिक टर्म डिपॉसिट	0.10	इंड एए/स्टेबल; पुष्टि की गई
वाणिज्यिक पत्र	100.00	इंड ए1+; पुष्टि की गई

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

उपरोक्त जानकारी सूचित और प्रसारित करने हेतु प्रस्तुत कि गई है।

धन्यवाद

भवदीय

**कृते हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड**

**हरीश कुमार शर्मा**

**कंपनी सचिव और कंप्लायंस ऑफिसर**

## India Ratings Assigns HUDCO's FY24 Borrowing Programme 'IND AAA'/Stable; Affirms Existing Ratings

Apr 27, 2023 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has assigned Housing and Urban Development Corporation Limited's (HUDCO) FY24 Borrowing Programme a rating of 'IND AAA'. The Outlook is Stable. The detailed rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Issuer rating	-	-	-	-	IND AAA/Stable	Affirmed
FY24 long-term borrowing programme#	-	-	-	INR180	IND AAA/Stable	Assigned
Commercial papers (CP)#	-	-	-	INR100	IND A1+	Affirmed
Bonds#	-	-	-	INR268.34 *	IND AAA/Stable	Affirmed
Gov fully serviced bonds#	-	-	-	INR200	IND AAA/Stable	Affirmed
Proposed bank loans	-	-	-	INR123.14 (increased from INR97.24)	IND AAA/Stable/IND A1+	Affirmed
Long-term bank loans	-	-	-	INR195.21 (increased from INR160.61)	IND AAA/Stable	Affirmed
Short-term bank loans	-	-	-	INR81.65 (reduced from INR92.15)	IND A1+	Affirmed
Domestic term deposit	-	-	-	INR0.1 (reduced from INR0.25)	IND AAA/Stable	Affirmed

#Details in annexure

Out of INR220 billion previously rated, INR39.7 has been raised for FY23 (final) long-term borrowing programme and FY23 (interim) long-term borrowing programme.

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

### Key Rating Drivers

**Sustained Policy Support:** HUDCO is a public policy institution 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 Gov 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/giving relaxation in levying government guarantee fee applicable on certain sovereign foreign currency loans. It provides relaxation in the credit concentration norms of the National Housing Bank (NHB; 'IND AAA/Stable/'IND A1+') with regard to the loans extended to government and public agencies.

**Funding Public Sector:** 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 96.8% in 3QFY23 (FY22: 96.7%). 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:** With HUDCO 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 have been provided to state government agencies, and hence, are backed by the respective 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 (FY22: 64.79%). The Miniratna status conferred to HUDCO has led to the prevention of equity infusions by the GoI; however, the corporation maintained a debt/equity ratio of 3.92x in 3QFY23 (FY22:4.09x), against an overall gearing of 12.0x, permitted under the NHB norms.

**Liquidity Indicator - Adequate:** Although HUDCO's liquidity is likely to remain comfortable in the near- to medium-term, reasonable negative cumulative mismatches of INR49 billion were visible over the six months-to-one-year bucket beginning March 2023. The higher quantum of these mismatches was due to the redemption of many three-year bonds issued in the past. 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 2023, HUDCO had sanctioned unutilised revolving/short-term bank lines of INR97.9 billion available at its disposal. HUDCO's average maximum utilisation of the sanctioned revolving/short-term bank lines was 26% over the 12 months ended March 2023.

**Stable Absolute Profitability due to Limited Growth in Loan Book:** HUDCO's net interest income remained almost flat in 9MFY23 on a yoy basis at INR17.95 billion (9MFY22: INR17.48 billion). However, rationalisation of some operating expenses coupled with marginally lower incremental provisioning charges (9MFY23: INR2.02 billion; 9MFY22: INR2.22 billion) led to a higher pre-tax profit (INR14.25 billion; INR13.02 billion). HUDCO's absolute profitability has not experienced 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.

**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 and net non-performing asset (NPA) ratios experienced a marginal improvement to 4.27% in 9MFY23 (9MFY22: 4.92%) and 0.96% (1.05%), respectively. However, the gross and net NPA ratios declined sequentially from 3.58% and 0.51%, respectively, in FY22. 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:** HUDCO's loan book remains concentrated with the top 20 borrowers, accounting for 83.8% of the outstanding loan book as on 31 December 2022 (FY22: 82.7%). Given such high concentration, any slippage in any of the larger accounts could lead to steep deterioration in its asset quality. However, as a major chunk (85-90%) of HUDCO's entire asset book is secured with state government guarantees, the concentration risk is mitigated.

**Conversion into Non-Banking Finance Company-Infrastructure Finance Company Awaited:** As per the Reserve Bank of India (RBI) notification dated 22 October 2020 on the regulatory framework for housing finance companies (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-infrastructure finance company from an HFC. The RBI approval on the said matter is awaited. Till then, HUDCO would retain its status of an HFC.

## Rating Sensitivities

**Negative:** The following developments, individually or collectively, could be negative for the ratings:

- a dilution in HUDCO's role as a public policy institution,
- a dilution in HUDCO's role as a funding agency for the GoI's development projects in the core sectors,
- a significant reduction in the GoI's stake in HUDCO to the extent that it would weaken the linkages, and
- the net NPA exceeding 3% on a sustained basis.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on HUDCO, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## Company Profile

HUDCO was incorporated in 1970 as a 100% Govt-owned company. Apart from financing low-cost social housing and non-commercial urban infrastructure projects, HUDCO offers consultancy services in cost-effective and innovative construction technologies. It is regulated by the RBI through supervision of NHB and administered by the Ministry of Housing and Urban Affairs.

### FINANCIAL SUMMARY

Particulars	FY21	FY22
Total assets (INR billion)	769.59	788.95
Net interest income (INR billion)	24.11	23.55
Net income (INR billion)	15.78	17.16
Gross NPA (%)	4.03	3.58
Capital to risk weighted assets ratio (%)	61.81	64.79

Source: HUDCO, Ind-Ra

### Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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.

### Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (billion)	Rating	31 October 2022	22 April 2022	3 September 2021	30 June 2021
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Stable/IND A1+	IND AAA/Stable/IND A1+	IND AAA/Stable/IND A1+	IND AAA/Stable/IND A1+
FY24 Long-term Borrowing Programme	Long-term	INR180	IND AAA/Stable	-	-	-	-
CP	Short-term	INR100	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+
Bonds	Long-term	INR268.34	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Govt-fully serviced bonds	Long-term	INR200	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Proposed bank loans	Long-term/Short-term	INR123.14	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	INR195.21	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Short-term bank loans	Short-term	INR81.65	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+
Domestic term deposit	Long-term	INR0.10	IND AAA/Stable	IND AAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable

### Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook
Bonds	INE031A07AE6	24 March 2014	8.71	24 March 2034	INR0.0876	IND AAA/Stable

Bonds	INE031A07AH9	24 March 2014	8.96	24 March 2034	INR0.4154	IND AAA/Stable
Bonds	INE031A07980	13 January 2014	8.76	13 January 2034	INR2.8654	IND AAA/Stable
Bonds	INE031A07AB2	13 January 2014	9.01	13 January 2034	INR6.7116	IND AAA/Stable
Bonds	INE031A07923	25 October 2013	8.49	25 October 2033	INR0.3551	IND AAA/Stable
Bonds	INE031A07956	25 October 2013	8.74	25 October 2033	INR0.8885	IND AAA/Stable
Bonds	INE031A07AR8	15 March 2016	7.39	15 March 2031	INR10.2494	IND AAA/Stable
Bonds	INE031A07AT4	15 March 2016	7.69	15 March 2031	INR6.1005	IND AAA/Stable
Bonds	INE031A07AP2	22 February 2016	7.39	22 February 2031	INR2.115	IND AAA/Stable
Bonds	INE031A07AM9	8 February 2016	7.39	8 February 2031	INR9.0969	IND AAA/Stable
Bonds	INE031A07AO5	8 February 2016	7.64	8 February 2031	INR5.5615	IND AAA/Stable
Bonds	INE031A07AD8	24 March 2014	8.73	24 March 2029	INR0.2847	IND AAA/Stable
Bonds	INE031A07AG1	24 March 2014	8.98	24 March 2029	INR1.2842	IND AAA/Stable
Bonds	INE031A07972	13 January 2014	8.58	13 January 2029	INR1.2739	IND AAA/Stable
Bonds	INE031A07AA4	13 January 2014	8.83	13 January 2029	INR1.2375	IND AAA/Stable
Bonds	INE031A07915	25 October 2013	8.51	25 October 2028	INR7.9927	IND AAA/Stable
Bonds	INE031A07949	25 October 2013	8.76	25 October 2028	INR8.15	IND AAA/Stable
Bonds	INE031A07899	2 September 2013	8.56	2 September 2028	INR1.908	IND AAA/Stable
Bonds	INE031A07881	28 March 2013	7.19	28 March 2028	INR1.0939	IND AAA/Stable
Bonds	INE031A07865	16 February 2013	7.51	16 February 2028	INR12.7424	IND AAA/Stable
Bonds	INE031A07840	5 March 2012	8.2	5 March 2027	INR25.183	IND AAA/Stable
Bonds	INE031A09FG6	22 December 2011	8.16	22 December 2026	INR0.4767	IND AAA/Stable
Bonds	INE031A09FD3	11 November 2011	7.83	11 November 2026	INR0.6651	IND AAA/Stable
Bonds	INE031A09FB7	21 October 2011	7.75	21 October 2026	INR0.1081	IND AAA/Stable
Bonds	INE031A07AQ0	15 March 2016	7.04	15 March 2026	INR0.4816	IND AAA/Stable
Bonds	INE031A07AS6	15 March 2016	7.29	15 March 2026	INR1.0535	IND AAA/Stable
Bonds	INE031A07AL1	8 February 2016	7.02	8 February 2026	INR1.1721	IND AAA/Stable
Bonds	INE031A07AN7	8 February 2016	7.27	8 February 2026	INR1.2845	IND AAA/Stable
Bonds	INE031A07AK3	9 October 2015	7	9 October 2025	INR1.085	IND AAA/Stable
Bonds	INE031A07AJ5	1 October 2015	7.07	1 October 2025	INR10.29	IND AAA/Stable
Bonds	INE031A07AI7	31 July 2015	7.19	31 July 2025	INR1.51	IND AAA/Stable
Bonds	INE031A07AC0	24 March 2014	8.29	24 March 2024	INR0.1837	IND AAA/Stable
Bonds	INE031A07AF3	24 March 2014	8.54	24 March 2024	INR0.4736	IND AAA/Stable
Bonds	INE031A07964	13 January 2014	8.51	13 January 2024	INR5.0493	IND AAA/Stable
Bonds	INE031A07998	13 January 2014	8.76	13 January 2024	INR4.3963	IND AAA/Stable
Bonds	INE031A07907	25 October 2013	8.14	25 October 2023	INR2.6958	IND AAA/Stable
Bonds	INE031A07931	25 October 2013	8.39	25 October 2023	INR3.6179	IND AAA/Stable
Bonds	INE031A07873	28 March 2013	7.03	28 March 2023	INR0.9762	WD (paid in full)
Bonds	INE031A07857	16 February 2013	7.34	16 February 2023	INR9.201	WD (paid in full)
GoI-fully serviced bonds	INE031A08673	30 January 2019	8.38	30 January 2029	INR20.669	IND AAA/Stable
GoI-fully serviced bonds	INE031A08616	12 November 2018	8.6	12 November 2028	INR30.00	IND AAA/Stable
GoI-fully serviced bonds	INE031A08624	28 November 2018	8.52	28 November 2028	INR20.50	IND AAA/Stable

GoI fully serviced bonds	INE031A08681	14 February 2019	8.58	14 February 2029	INR25.631	IND AAA/Stable
GoI fully serviced bonds	INE031A08699	15 March 2019	8.41	15 March 2029	INR53.2	IND AAA/Stable
GoI fully serviced bonds	INE031A08707	25 March 2019	8.37	25 March 2029	INR50	IND AAA/Stable
Bonds	INE031A08756	11 September 2019	6.99	11 November 2022	INR13.70	WD (paid in full)
Bonds	INE031A08764	17 January 2020	6.79	14 April 2023	INR14.00	WD (paid in full)
Bonds	INE031A08772	15 April 2020	6.65	15 June 2023	INR6.00	IND AAA/Stable
Bonds	INE031A08780	24 April 2020	6.09	24 June 2023	INR15.00	IND AAA/Stable
Bonds	INE031A08798	12 May 2020	5.95	11 August 2023	INR14.70	IND AAA/Stable
Bonds	INE031A08806	29 May 2020	6.75	29 May 2030	INR10.40	IND AAA/Stable
Bonds	INE031A08814	04 August 2020	5.35	11 April 2025	INR8.00	IND AAA/Stable
Bonds	INR031A08822	28 December 2020	4.78	28 February 2024	INR9.4	IND AAA/Stable
Bonds	INE031A08830	22 February 2022	5.59	4 March 2025	INR10	IND AAA/Stable
Bonds	INE031A08848	25 March 2022	5.62	25 May 2025	INR15	IND AAA/Stable
Bonds	INE031A08855	11 November 2022	7.54	11 February 2026	INR15	IND AAA/Stable
Bonds	INE031A08863	19 December 2022	7.52	15 April 2033	INR4.7	IND AAA/Stable
Bonds	INE031A08871	16 February 2023	7.68	16 May 2026	INR20	IND AAA/Stable
FY24 Long-term borrowing programme Bonds	INE031A08889	20 April 2023	7.48	20 August 2026	INR15	IND AAA/Stable
FY24 Long-term borrowing programme (unutilised)					INR165	IND AAA/Stable
	Total				INR648.34	

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating
CP	Unutilised	-	-	-	INR100	IND A1+
	Total				INR100	

## Bank wise Facilities Details

Click here to see the details

## Complexity Level of Instruments

Instrument Type	Complexity Indicator
FY24 long-term borrowing programme	Low
CP	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>.

## Contact

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**APPLICABLE CRITERIA**

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**Rating of Public Sector Entities**

**Revenue-Supported Rating Criteria**

**Evaluating Corporate Governance**

**The Rating Process**

**Short-Term Ratings Criteria for Non-Financial Corporates**

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