

HUDCO/CS/SE/2022

November 01, 2022

Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001 Scrip Code- 540530	Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 NSE Symbol- HUDCO
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Dear Sir/Madam

Sub: Intimation in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI Listing regulations} in respect of Credit Rating.

Pursuant to the provisions of SEBI Listing Regulations, we wish to inform that India Rating and Research Private Limited (IRRPL) have assigned/affirmed their credit rating, as per the details mentioned below:


Instrument/ Facilities	Amount (Rs. in Crores)	Rating (IRRPL)	Rating Action
Long-term borrowing programme (FY 2022-23) (Final)	15,000.00	IND AAA/Stable	Assigned
Long-term borrowing programme (FY 2022-23) (Interim)	7,000.00	IND AAA/Stable	Affirmed
Long-term borrowing programme	46,651.76	IND AAA/Stable	Affirmed
Commercial Paper	10,000.00	IND A1+	Affirmed
Fixed Deposit Programme	25.00	IND AAA/Stable	Affirmed
Long Term/Short Term Bank Facilities (including non-fund-based facilities and proposed bank facilities aggregating to Rs. 9724 Crore)	35,000.00	IND AAA/Stable /IND A1+	Affirmed

Kindly acknowledge the receipt and take the same on your records

Thanking You

Your truly

Harish Sharma
Company Secretary





हाउसिंग एंड अर्बन डेवलपमेंट कॉर्पोरेशन लिमिटेड (भारत सरकार का उपक्रम)
कोर 7ए, हडको भवन, भारत पर्यावास केन्द्र, लोधी रोड, नई दिल्ली-110003
दूरभाष : 011-24649610-21 फैक्स : (011) 24625308, आई.एस.ओ. 9001:2015 प्रमाणित कम्पनी
वेबसाईट : www.hudco.org, सी आई एन : L74899DL1970GOI005276, GST : 07AAACH0632A1ZF

Housing & Urban Development Corporation Ltd., (A Govt. of India Enterprise)
Core-7'A', HUDCO Bhawan, India Habitat Centre, Lodhi Road, New Delhi - 110 003
Tel : 011-24649610-21, Fax : 011-24625308 AN ISO 9001:2015 Certified Company
website : www.hudco.org CIN : L74899DL1970GOI005276 GST : 07AAACH0632A1ZF



Profitability with Social Justice

India Ratings Assigns HUDCO's FY23 Borrowing Programme 'IND AAA'/Stable; Affirms Existing Ratings

Oct 31, 2022 | Public Finance

India Ratings and Research (Ind-Ra) has assigned Housing and Urban Development Corporation Limited's (HUDCO) FY23 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/IND A1+	Affirmed
FY23(final) long-term borrowing programme#	-	-	-	INR150	IND AAA/Stable	Assigned
FY23(interim) long-term borrowing programme#	-	-	-	INR70	IND AAA/Stable	Affirmed
Commercial papers#		-	-	INR100	IND A1+	Affirmed
Bonds#				INR266.51(reduced from INR325.76)	IND AAA/Stable	Affirmed
Gol fully serviced bonds#				INR200	IND AAA/Stable	Affirmed
Proposed bank loans				INR97.24 (increased from INR49.27)	IND AAA/Stable/ IND A1+	Affirmed
Long-term bank loans				INR160.61 (increased from INR118.59)	IND AAA/Stable	Affirmed
Short-term bank loans				INR92.15 (increased from INR82.15)	IND A1+	Affirmed
Domestic term deposit		-	-	INR0.25(reduced from INR0.5)	IND AAA/Stable	Affirmed

#Details in annexure

Analytical Approach: The ratings factor in HUDCO's continued systemic importance to the government of India (Gol), 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 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/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; 'INDAAA/Stable/INDA1+') with regard to loans extended to the 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 96.6% in 1QFY23 (FY20: 96.3%). 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 growing demand in the public sector.

Adequate Capitalisation: 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%). With HUDCO having discontinued fresh disbursements to the private sector, which carries a risk weight of 100%, from FY13, the capital adequacy ratio would remain comfortable in the near- to medium-term. 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 3.96x in 1QFY23 (FY22:4.09x), against an overall gearing of 12.0x, permitted under the NHB norms.

Liquidity Indicator - Adequate: Though HUDCO's liquidity is likely to remain comfortable in the near- to medium-term, significant negative cumulative mismatches of INR82 billion have been seen over the six months-to-one-year bucket beginning March 2022. 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. The same could also help in lowering the cost of funds as the replacement could happen at lower rates. As on 13 October 2022, HUDCO had sanctioned unutilised short-term bank lines of INR108.52 billion, while medium term loans (three-year tenor) worth INR20 billion were also available. Furthermore, HUDCO had significant negative cumulative mismatches of INR56 billion in the six-month period ending September 2022 and largely availed on medium-term loans (INR80 billion outstanding on 13 October 2022) to bridge the same. HUDCO's average maximum utilisation of the sanctioned short-term bank lines was 19% over the 12 months ended September 2022.

Largely Stable Profitability: HUDCO's net interest income and margin declined to INR23.5 billion and 3.11%, respectively, in FY22 (FY21: INR24.1 billion and 3.23%), mainly on account of the general reduction in interest rates, which had to be passed on to borrowers (to counter competition), not being fully offset by the proportionate reduction in cost of funds. Nevertheless, the profit after tax improved 9% yoy to INR17.16 billion in FY22, mainly on account of a large account upgrade which had been fully provided for, leading to an impairment writeback of INR2.45 billion in FY22 (FY21: INR0.73 billion). As per recent results, HUDCO achieved a net interest income and post-tax profit of INR6.2 billion and INR4.11 billion, respectively, in 1QFY23 (1QFY22: INR6.3 billion and INR4.05 billion).

Likely Growth in Loan Book: After registering a 0.2% yoy decline in the outstanding loan book in FY21, HUDCO registered modest 3% yoy growth in loan its book to INR795 billion in FY22. The COVID-19-led disruptions, which limited incremental disbursements, were a major factor for the modest growth in its loan book over FY21-FY22. Nevertheless, Ind-Ra expects its loan book growth to pick up some steam in the near term, on the back of the substantial sanctions of INR207 billion in FY22 (FY21:INR92 billion). Given that HUDCO faces competition from banks in lending to state agencies, particularly those not backed by budgetary provisions, a sustained and healthy growth in the outstanding loan book over the medium- to long-term would remain critical for the corporation.

Improvement in Asset Quality: With one minor slippage coupled with a reasonable upgrade in one account led to the corporation's gross non-performing asset (NPA) ratio reducing to 3.58% in FY22 (FY21: 4.03%). The gross NPA ratio inched up marginally in 1QFY23 to 3.63%, mainly on account of a slight decline in the outstanding loan book. The net NPA ratio remained flat at 0.51% in 1QFY23 (FY22:0.51%; FY21:0.5%). Lending predominantly to the government sector has helped HUDCO in largely maintaining its asset quality.

Concentration in Portfolio: HUDCO's loan book remained concentrated with the top 20 borrowers accounting for 82.7% of the outstanding loan book as on 31 March 2022 (FY21: 81.1%). Given such high concentration, any slippage in any of the larger accounts could lead to a 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 to some extent. Ind-Ra notes that there have been instances where entities having the state government guarantee have slipped, although many of them have later reverted to the standard category within a year.

Conversion into Non-Banking Finance Company-Infrastructure Finance Company: As per the RBI notification dated 22 October 2020, on 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 RBI in March 2022 to convert to a non-banking financial company-infrastructure finance company from an HFC. The management expects the RBI approval in by end-FY23. 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 increasing above 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. 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	22 April 2022	3 September 2021	30 June 2021	24 December 2020	3 April 2020	5 July 2019	10 April 2019
Issuer rating	Long-term/ Short-term	-	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+	IND AAA/Stable/ IND A1+	IND AAA/Stable/ IND A1+
FY23(Final) Long Term Borrowing Programme	Long-term	INR150	IND AAA/Stable/	-	-	-	-	-	-	-
FY23(interim) Long Term Borrowing Programme	Long-term	INR70	IND AAA/Stable	IND AAA/Stable	-	-	-	-	-	-
CP	Short-term	INR100	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+
Bonds	Long-term	INR266.51	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	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	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Proposed bank loans	Long-term/ Short-term	INR97.24	IND AAA/Stable/ IND A1+	IND AAA/Stable/IND A1+	IND AAA/Stable/IND A1+	IND AAA/Stable/ IND A1+	Provisional IND AAA/ Stable/ Provisional IND A1+	Provisional IND AAA/ Stable/ Provisional IND A1+	Provisional IND AAA/Stable/ Provisional IND A1+	Provisional IND AAA/Stable/ Provisional IND A1+
Long-term bank loans	Long-term	INR160.61	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Short-term bank loans	Short-term	INR92.15	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+

Domestic term deposit	Long-term	INR0.25	IND AAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable	IND tAAA/Stable
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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	08 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	01 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	IND AAA/Stable
Bonds	INE031A07857	16 February 2013	7.34	16 February 2023	INR9.201	IND AAA/Stable
Bonds	INE031A08665	11 January 2019	8.34	11 July 2022	INR10.00	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	INE031A08715	7 June 2019	7.61	22 June 2022	INR14.85	WD (paid in full)
Bonds	INE031A08723	20 June 2019	7.62	15 July 2022	INR10	WD (paid in full)
Bonds	INE031A08731	18 July 2019	7.34	16 September 2022	INR12.50	WD (paid in full)
Bonds	INE031A08749	13 August 2019	7.05	13 October 2022	INR11.90	WD (paid in full)
Bonds	INE031A08756	11 September 2019	6.99	11 November 2022	INR13.70	IND AAA/Stable
Bonds	INE031A08764	17 January 2020	6.79	14 April 2023	INR14.00	IND AAA/Stable
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	4 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
FY23(interim) long-term borrowing programme	Unutilised				INR70	IND AAA/Stable
FY23(final) long-term borrowing programme	Unutilised				INR150	IND AAA/Stable
	Total				INR686.51	

CP

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
FY23(final) long-term borrowing programme	Low
FY23(interim) long-term borrowing programme	Low
CP	Low
Bonds	Low
Govt 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

Primary Analyst

Bijoy Thomas
Senior Analyst
India Ratings and Research Pvt Ltd
DLF Epitome, Level 16, Building No. 5, Tower B DLF Cyber City, Gurugram Haryana - 122002
0124 6687247
For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Paras Jasrai
Analyst
124 6687264

Chairperson

Dr. Sunil Kumar Sinha
Principal Economist and Senior Director Public Finance
+91 124 6687255

Media Relation

Ankur Dahiya
Senior Manager – Corporate Communication
+91 22 40356121

APPLICABLE CRITERIA

Evaluating Corporate Governance

Rating of Public Sector Entities

Revenue-Supported Rating Criteria

The Rating Process

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