

June 02, 2022

## Housing and Urban Development Corporation Ltd.: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposit Programme	-	-	[ICRA]AAA (Stable); Migrated from MAAA (Stable)
Long-term Borrowing Programme FY2023	7,000.00	7,000.00	[ICRA]AAA (Stable); outstanding
Long-term Borrowing Programme FY2022	2,500.00	2,500.00	[ICRA]AAA (Stable); outstanding
Long-term Borrowing Programmes up to FY2021 <sup>@</sup>	36,955.00	36,955.00	[ICRA]AAA (Stable); outstanding
Commercial Paper Programme	10,000.00	10,000.00	[ICRA]A1+; outstanding
Long Term/Short Term Fund Based/Non-Fund Based	25,000	25,000	[ICRA]AAA (Stable)/ [ICRA]A1+; outstanding
<b>Total</b>	<b>81,455.00</b>	<b>81,455.00</b>	

\*Instrument details are provided in Annexure-1;

<sup>@</sup>Including GoI fully serviced bonds of Rs. 20,000 crore

### Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD\_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD\_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Housing and Urban Development Company Limited (HUDCO) from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">ICRA's Credit Rating Methodology for Non-Banking Finance Companies Rating approach - Implicit support from parent or group</a>
Parent/Group Support	The ratings derive significant strength from HUDCO's sovereign ownership (81% held by the GoI as of March 31, 2022) and its important role as a nodal agency for the implementation of Government policy in the high-priority sectors of social housing and UI. ICRA expects support from the GoI to be forthcoming, if required.
Consolidation/Standalone	Standalone

## About the company

HUDCO, incorporated in 1970, is a listed Miniratna public sector enterprise under the Ministry of Housing and Urban Affairs, Government of India (GoI). It is a public financial institution and primarily finances social housing and Urban Infrastructure projects. The GoI held a share of 81% in HUDCO, as of March 31, 2022, while the balance was held by the public.

Over the past seven years, HUDCO has been taking incremental exposures exclusively to state governments and public-sector agencies. As a result, the share of its legacy private sector portfolio in the overall portfolio has declined to about 3% and the public-sector loan book accounted for 97% of the company's total advances as on March 31, 2022 compared to 91% as on March 31, 2017. As far as sector-wise portfolio mix is concerned, the Housing segment accounted for ~57% of the loan book as on March 31, 2022, while urban infrastructure accounted for the balance 43% share.

HUDCO reported a profit after tax (PAT) of Rs. 1,719 crore on a total income of Rs. 6,998 crore in FY2022 as compared with a PAT of Rs. 1,579 crore on a total income of Rs. 7,278 crore in FY2021. The company reported a net worth of Rs. 14,468 crore as on March 31, 2022.

## Key financial indicators

	FY2020	FY2021	FY2022
	Audited	Audited	Audited
PAT	1,708	1,579	1,717
Net Worth	12,343	13,189	14,468
Gross Advances	76,565	75,787	78,513
Return on Equity (%)	14.7%	12.4%	12.4%
Gearing (times)	5.1	4.7	4.3
CRAR	57%	64%	65%
Gross Stage 3 (%)	3.8%	4.0%	3.6%
Net Stage 3 (%)	0.2%	0.5%	0.5%
Net Stage 3/Net Worth	1%	3%	3%

*Source: HUDCO, ICRA research; Amount in Rs. crore*

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

	Instrument	FY2023					Chronology of Rating History for the Past 3 Years						
		Type	Amount Rated	Amount Outstanding	Current rating	Previous rating	FY2022	FY2021			FY2020		
					Jun 02, 2022	Apr 18, 2022	Sep 28, 2021	Oct 05, 2020	May 01, 2020	Apr 06, 2020	Jul 29, 2019	Apr 11, 2019	
1	Fixed Deposit Programme	LT	-	NA	[ICRA]AAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)
2	LT Borrowing Programme FY2023	LT	7,000	0	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-
3	LT Borrowing Programme FY2022	LT	2,500	1,000	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-
4	LT Borrowing Programmes up to FY21	LT	36,955	36,955	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
5	Commercial Paper	ST	10,000	0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
6	Long term/short term Fund based/Non-fund based	LT/ST	25,000	5,149.7	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	-	-	-	-	-	-	-
7	Fund Based – TL	LT	0	NA	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
8	Fund Based – CC	LT	0	NA	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
9	Non-fund Based	LT	0	NA	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
10	Short-term Loans	ST	0	NA	-	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
11	Unallocated	LT/ST	0	NA	-	-	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+	[ICRA]AAA (Stable) / [ICRA]A1+

Source: ICRA research; Amount in Rs. Crore; Note: LT: Long term, ST: Short term

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Borrowing Programmes	Simple
Commercial Paper Programme	Very Simple
Fixed Deposit Programme~	Very Simple
Long term/Short term Fund Based/Non-fund based Bank facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [www.icra.in](http://www.icra.in)

**Annexure-1: Instrument details as on February 28, 2022**

ISIN / Bank Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated	Current Rating
INE031A08616	Gol FSB*	Nov-12-18	8.60%	Nov-12-28	3,000	[ICRA]AAA (Stable)
INE031A08624	Gol FSB*	Nov-28-18	8.52%	Nov-28-28	2,050	[ICRA]AAA (Stable)
INE031A08640	Taxable Bond#	Dec-11-18	8.40%	Apr-11-22	980	[ICRA]AAA (Stable)
INE031A08657	Taxable Bond#	Dec-28-18	8.23%	Apr-15-22	930	[ICRA]AAA (Stable)
INE031A08665	Taxable Bond	Jan-11-19	8.34%	Jul-11-22	1000	[ICRA]AAA (Stable)
INE031A08673	Gol FSB*	Jan-30-19	8.38%	Jan-30-29	2,066.9	[ICRA]AAA (Stable)
INE031A08681	Gol FSB*	Feb-14-19	8.58%	Feb-14-29	2,563.1	[ICRA]AAA (Stable)
INE031A08699	Gol FSB*	Mar-15-19	8.41%	Mar-15-29	5,320	[ICRA]AAA (Stable)
INE031A08707	Gol FSB*	Mar-25-19	8.37%	Mar-25-29	5,000	[ICRA]AAA (Stable)
INE031A08715	Taxable Bond	Jun-7-19	7.61%	Jun-22-22	1,485	[ICRA]AAA (Stable)
INE031A08723	Taxable Bond	Jun-20-19	7.62%	Jul-15-22	1,000	[ICRA]AAA (Stable)
INE031A08731	Taxable Bond	Jul-18-19	7.34%	Sep-16-22	1,250	[ICRA]AAA (Stable)
INE031A08749	Taxable Bond	Aug-13-19	7.05%	Oct-13-22	1,190	[ICRA]AAA (Stable)
INE031A08756	Taxable Bond	Sep-11-19	6.99%	Nov-11-22	1,370	[ICRA]AAA (Stable)
INE031A08764	Taxable Bond	Jan-17-20	6.79%	Apr-14-23	1,400	[ICRA]AAA (Stable)
INE031A08772	Taxable Bond	Apr-15-20	6.65%	Jun-15-23	600	[ICRA]AAA (Stable)
INE031A08780	Taxable Bond	Apr-24-20	6.09%	Jun-24-23	1,500	[ICRA]AAA (Stable)
INE031A08798	Taxable Bond	May-12-20	5.95%	Aug-11-23	1,470	[ICRA]AAA (Stable)
INE031A08806	Taxable Bond	May-29-20	6.75%	May-29-30	1,040	[ICRA]AAA (Stable)
INE031A08814	Taxable Bond	Aug-4-20	5.35%	Apr-11-25	800	[ICRA]AAA (Stable)
INE031A08822	Taxable Bond	Dec-28-20	4.78%	Feb-28-24	940	[ICRA]AAA (Stable)
INE031A08830	Taxable Bond	Feb-22-22	5.59%	Mar-4-25	1,000	[ICRA]AAA (Stable)
NA^	LT Borrowing Programme FY23	-	-	-	7,000	[ICRA]AAA (Stable)
NA^	LT Borrowing Programme FY22	-	-	-	1,500	[ICRA]AAA (Stable)
NA^	Commercial Paper	-	-	7-365 days	10,000	[ICRA]A1+
NA	Fixed Deposits	-	-	-	-	[ICRA]AAA (Stable)
Term Loan 1	Long Term/Short Term Fund Based/Non-Fund Based Bank Facilities	NA	NA	NA	6.36	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loan 2		NA	NA	NA	750	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loan 3		NA	NA	NA	2,500	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loan 4		NA	NA	NA	1,000	[ICRA]AAA (Stable)/ [ICRA]A1+
Term Loan 5		NA	NA	NA	2,000	[ICRA]AAA (Stable)/ [ICRA]A1+
NA	Long Term/Short Term Fund Based/Non-Fund Based Bank Facilities	-	-	-	18,743.64	[ICRA]AAA (Stable)/ [ICRA]A1+

Source: ICRA, HUDCO; \*Government of India fully serviced bonds (taxable); ^Yet to be placed #To be withdrawn later

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure-2: List of entities considered for consolidated analysis: Not applicable**

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