

## Housing and Urban Development Corporation Ltd : Good Issue IPO Note : Mini Ratna status, Retail discount and reasonable offer price : Ranking\*\*\*



### Issue details

Price band (Rs)	Rs.56-60
IPO Opening Date	08/04/17
IPO Closing Date	11/04/17
Issue Size	Rs. 1201 Cr.

### Recommendation

Total revenue grew at a **CAGR of 4.79%** from Rs.2778.64 Cr for the FY 2012 to Rs.3350.08 Cr for FY 2016 and **Net Profit grew at a CAGR of 6.83%** in the same period. For the first nine months ended on 31.12.16 it has posted net profit of Rs. 496.86 crore on a turnover of Rs.2677.99 crore. Based on 31.3.16 performance, the asking price is at a **P/E of 14** plus. This being an offer for sale (secondary offer) the equity capital of the company remains same at Rs. 2001.90 crore. **It has no listed peer to compare with.** Company is set to play vital role in Pradhan Mantri Awas Yojna (PMAY) under Housing for All (HFA) by 2022 and thus has bright prospects going forward. It will have synergy with National Housing Bank for doing the needful in this segment. With Pan India presence, company is set to explore growth potentials. **Being PSU offer and bright prospects for the segment in coming years, invest for long term.**

### Highlights

- **Housing and Urban Development Corporation Ltd (HUDCO) is a wholly-owned Government company with more than 46 years experience in providing loans for housing and urban infrastructure projects in India**
- **HUDCO enjoying “Mini Ratna” status among PSUs**
- **Retail investors and eligible employees will get Rs. 2 discount on the final offer price**
- **Company is set to play vital role in Pradhan Mantri Awas Yojna (PMAY) under Housing for All (HFA) by 2022**
- **As at December 31, 2016, gross NPAs were 6.80% and net NPAs were 1.51%.**

### Company Introduction

Housing & Urban Development Corp Ltd, popularly known as “HUDCO” that recently celebrated its 47th anniversary on 25th April 2017 and enjoying “Mini Ratna” status among PSUs. This wholly owned GoI Company is engaged in urban and rural housing as well as infrastructure project financing and has a track record of profit generation and dividend distribution since inception. It enjoys AAA rating for its debt plans from rating agencies like CARE, ICRA and IND Ra to have low cost debts.. Its housing finance loan is classified as social housing, residential real estate and retail finance (branded as Hudco Niwas). Under social housing Hudco is financing economically weaker sections/ lower income groups of the society.

For urban infrastructure finance, Hudco distributes loans relating to water supply, roads and transport (including railways and ports), power, SEZs, gas pipelines, oil terminals, telecom network, market complex, shopping centres, hotels, office buildings, sewerage, drainage, solid waste management etc.

Company provide loans for implementing agencies comprising state government bodies, co-operative societies, corporate employers, and community sectors; and building technology and rent to own schemes. It also provides finance for infrastructure projects in the sectors of water supply, sewerage, drainage, solid waste management, roads and transport, and



www.hudco.org

### Financial Summary (Rs. In Crore)

Particulars	nine month ended Dec. 2016	FY2016	FY2015	FY2014
<b>Total Income</b>	2677.99	3350.08	3427.85	3002.88
<b>Net Profit</b>	496.86	809.61	768.32	733.97
<b>EPS (Rs)</b>	2.48*	4.04	3.83	3.66

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

electricity in the urban areas; and social infrastructure component, such as play/primary schools, working women hostels, health centers, play grounds, police stations, courts, jails, crematorium, etc. In addition, the company offers consultancy services, including URP services, environmental engineering, and government programs consultancy services; and disaster mitigation services. Further it provides home loans for individual.

### Company Promoters:

Company's Promoter is the President of India, acting through the Ministries.

### The object of the issue

- Carry out the disinvestment of 200,190,000 Equity Shares by the Selling Shareholder constituting 10% of the Company's pre-Offer paid up Equity Share capital Company
- To achieve the benefits of listing the Equity Shares on the Stock Exchanges.

### IPO Issue Proceed

With this maiden IPO GoI is diluting 10.19 per cent by way of offer for sale of 204058747 equity share of Rs. 10 each in a price band of Rs. 56-60 per share to mobilize Rs. 1142.73 - 1224.35 crore (on the basis of lower and upper price bands). Issue opens for subscription on 08.05.2017 and will close on 11.05.2017. Minimum application is to be made for 200 shares and in multiples thereon, thereafter. Retail investors and eligible employees will get Rs. 2 discount on the final offer price. Post issue, shares will be listed on BSE and NSE. This being an offer for sale (secondary offer) the equity capital of the company remains same at Rs. 2001.90 crore. Its entire paid up equity has been issued at par since inception till July 2004.

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