

Press Release
HOUSING AND URBAN DEVELOPMENT CORPORATION LIMITED
February 06, 2026
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Shc Rating
BOND	4500.00	ACUITE AAA Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	4500.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE AAA**' (read as **ACUITE triple A**) on the Rs. 4500 crore Proposed Perpetual Additional Tier 1 Bonds Facility of Housing and Urban Development Corporation Limited (HUDCO). The outlook is '**Stable**'.

Rationale for the rating

The rating factors in Government of India's (GoI) ownership (GoI holds 75% stake in HUDCO as on Sep 30, 2025) and the strategic role of HUDCO as the nodal agency for key GoI programmes in affordable housing and urban development projects in India. The rating predominantly derives from HUDCO's long track record in housing and urban development projects, diversified resource profile, adequate capitalisation levels and a steady growth in the lending portfolio. The company has a well diversified portfolio which is composed of loans to state governments, state agencies, municipal bodies, and public-sector undertakings, with a large share of exposures backed by state or central government guarantees and for budgetary provisions. HUDCO's borrowing profile with access to funding via Bonds, Banks, FI's. The average cost of funds stood at 7.45% in FY25, which compares well with other public financial institutions. HUDCO's capitalisation profile for FY2025 has gearing of 5.97 times compared to 4.45 times as on FY2024 and 4.07 times as on FY2023. The AUM has grown by ~35% from Rs.92,654 Cr. as on FY2024 to Rs.1,24,828 Cr. as on FY2025. The PAT has improved by 28% on YoY basis from Rs. 2116.74 Cr. during FY2024 to Rs. 2709.14 Cr. during FY2025. The asset quality of the company marked by the GNPA which stood at 1.67% for FY2025 from 2.71% in FY2024 and the NNPA also decreased to 0.25% in FY2025 from 0.36% in FY2024. The rating remains constrained by its concentrated loan book as its top 20 exposures accounted for 79% of its portfolio. Going forward, HUDCO's ability to control slippages on vulnerable assets and expand its loan book profitably would be key rating sensitivity. Any further dilution in GoI's stake or a change in HUDCO's strategic role would also be a key rating sensitivity.

About the company

Housing and Urban Development Corporation Limited is a publicly listed company - incorporated on April 25, 1970 established under the provisions of Companies Act, 1956. The Company is an Infrastructure Finance Company ('IFC') registered with the Reserve Bank of India (RBI). The Company is primarily engaged in the business of financing Infrastructure Projects including Housing and Urban development activities in the country. The directors include Mr. Muniappa Nagaraj, Ms. Bojan Sabitha, Mr. Ravindra Kumar Ray, Mr. Sanjeet, Mr. Baldeo Purushartha, Mr. Kantilal Chaturbhai Patel, Mr. Daljeet Singh Khatri and Mr. Sanjay Kulshrestha. The company is based in New Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has adopted the standalone approach while assessing the business and financial risk profile of HUDCO.

Key Rating Drivers

Strength

Growth in loan portfolio, disbursements & profitability

The company's has a financial performance marked by the increasing PAT from Rs 2,116.74 crore in FY2024 to Rs 2,709.14 crore in FY2025. Furthermore, the net interest income has increased from Rs 2,722.29 crore from FY2024 to Rs 3482.31 crore to FY2025. The company has seen a significant increase in its Assets Under Management (AUM) from Rs 92,654 Cr. in FY2024 to Rs 124828 Cr. in FY2025. Disbursement volumes have also increased from Rs 17987 crore in FY2024 to Rs 40,038 crore in FY2025.

Acuité believes that going forward the ability of the company to maintain the growth momentum in AUM will be key rating sensitivity.

Sovereign ownership and strategic importance to Govt., Adequate Capitalisation level and borrowing profile

HUDCO is a Government of India-owned public sector financial institution that holds over 75% equity in the company making it a strategically important institution for national policy implementation in housing and urban development. HUDCO's growth plans is to develop 25 smart cities within the next 5 years. HUDCO will try to reach around 3 lakh crores loan book from the overall national infrastructure space of 111 lakh crore as of FY2030. Disbursements planned end of FY26 is Rs.52,000 crore and as of FY2025 it was Rs.40,038 crore. For FY2025, HUDCO's loan book is Rs.1,24,828 crore and it is expected to increase sanctioned approved borrowings of Rs.65,000 crore of which overall borrowings for FY2026 is expected to be Rs.80,000 crore through banks, bonds, etc. The CAR of the company stood at 46.60% in FY25 as against 57.64% for FY24. The net worth of the company has increased from Rs 16614.30 Cr. in FY 24 to Rs 17969.79 Cr. in FY 25. The total debt for the company for FY 25 stood at Rs 107296.76 Cr. as against Rs 73995.86 Cr. in FY 24 and Rs 62903.37 Cr. in FY 23.

Acuité believes the ability of the company to maintain adequate levels of capitalisation remains a key rating monitorable

Moderate Asset Quality

The asset quality of the company remains moderate YoY as the GNPA stood at 1.67% for FY2025 from 2.71% in FY2024 and the NNPA also decreased to 0.25% in FY2025 from 0.36% in FY2024. In FY2025 for standard assets provisions were of 0.02%, in case of doubtful assets 85.34% provisions were made and for loss assets overall 100% provisions were made. HUDCO's collections efficiency as of March 2025 was 98.13% and as of September 2025 it was 91.35%. The company legacy portfolio were consortium loans where HUDCO's stake was estimated to be around 5% of the entire project lending, these were few clients with book size of Rs 1000-1200 crores for which healthy provisions were made & is under resolution through NCLT & post resolution it will add to the companies profitability.

Acuité believes the ability of the company to maintain adequate provisions levels & moderate asset quality yet its performance shall remain monitorable.

Weakness

Concentrated loan book

The loan book has high concentration as its top 20 borrowers accounts for 79% of its overall portfolio. Acuite understands that retail portfolio will reduce further as the company focuses majorly on urban infrastructural development projects.

ESG Factors Relevant for Rating

HUDCO is a government-owned infrastructure finance company which complements bank lending in India. Some of the material governmental factors are Govt. ownership & oversight, board independence, transparency, risk management & disclosure practices. The environmental factors it impacts on is the financed projects which will require climate risk

integration, green lending & compliance frameworks. On the social aspect, some of the critical issues are impact on affordable housing & urban infrastructure benefits, resettlement safeguards & employee policies.

Rating Sensitivity

- Any unexpected reduction of support from Gol.
- Any significant deterioration in asset quality and profitability
- Changes in the regulatory requirement

All Covenants

As the facility is proposed, covenants are not available

Liquidity Position

Adequate

Acuite believes HUDCO's will maintain adequate liquidity profile as it has sufficient long-term banking credit lines with Cash & Cash Equivalents as of March 2025 stood at Rs.44.07 crore from Rs.369.88 crore as of March 2024. As of Sep 2025, total inflows have been Rs.207786.74 Cr, and the total outflows have been Rs.175594.52 Cr. The company's Capital Adequacy as of March 2025 is 46.60%. Operating Expense to Earning Assets for the company decreased from 0.38% in FY2024 to 0.30% in FY2025 which indicates improved operational efficiency, higher profitability & better cost management. Acuite considers the financial flexibility available due to Gol ownership & undrawn sanctioned bank lines.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs Cr.	128497.39	93424.08
Total Income*	Rs Cr.	3598.27	2984.16
PAT	Rs Cr.	2709.14	2116.74
Networth	Rs Cr.	17969.79	16614.30
Return on Average Assets (ROAA)	(%)	2.44	2.43
Return on Net Worth (RoNW)	(%)	15.67	13.21
Total Debt/Tangible Net Worth (Gearing)	Times	5.97	4.45
Gross NPA	(%)	1.67	2.71
Net NPA	(%)	0.25	0.36

*Total income equals to Net Interest Income plus other income

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Hybrid Instruments Issued By NBFCs & HFCs: <https://www.acuite.in/view-rating-criteria-56.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Perpetual Additional Tier I Bonds	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4500.00	Highly Complex	ACUITE AAA Stable Assigned

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About Acuité Ratings & Research

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