

June 2, 2010

CARE REAFFIRMS RATINGS FOR VARIOUS LONG TERM AND SHORT TERM BORROWING PROGRAMMES OF HOUSING & URBAN DEVELOPMENT CORPN LTD.

CARE has retained '**CARE AA+**' [**Double A Plus**] rating of the various unsecured long term bonds programmes of HUDCO.

Year	Amount rated
FY2006-07	Rs 3,500 cr
FY2005-06	Rs 2,000 cr
FY2004-05	Rs 3,000 cr
FY2002-03	Rs 375 cr
FY2001-02	Rs.3,250 cr

Further, CARE has retained '**CARE AAA (SO)**' [**Triple A (Structured Obligation)**] rating for the Long Term Bond Programme aggregating Rs.5,964 cr of HUDCO. Further, '**CAREAA+**' [**Double A Plus**] rating has been reaffirmed for HUDCO's Fixed Deposit Programme upto a limit of Rs.3,000 cr. CARE has also reaffirmed '**PR1+**' [**PR One Plus**] rating to the short term borrowing programme of HUDCO for limit upto Rs.1000 cr.

Instruments	Amount (Rs. crore)	Ratings ¹
Various Annual Long Term Bonds Programmes	12,125.00	'CARE AA+'
Long Term Bonds under umbrella rating (FY'04)	5,964.00	'CARE AAA(SO)'
Fixed Deposit Programme	3,000.00	'CARE AA+'
Short term borrowing Programme	1,000.00	'PR1+'
Total	22,089.00	

Rating Rationale

The ratings continue to factor in 100% GoI ownership of HUDCO, its strategic role in financing housing and urban development projects in the country entailing need based support from GoI. The ratings also derive support from improvement in asset quality and sustained business growth reflected by increase in disbursements. Going forward, HUDCO's ability to sustain growth in its operations and at the same time maintain its asset quality and collection efficiency will have an important bearing on the company's credit risk profile.

The umbrella rating, CARE AAA(SO), for Long Term Bond Programme of Rs.5,964 cr of FY'04 primarily takes into account credit enhancement in the form of 'Letter of Comfort' from Ministry of Urban Development & Poverty Alleviation (MOUD&PA), Government of India (GoI) which states, "The MOUD&PA will ensure that HUDCO meets its obligations on the above mentioned borrowings in a timely manner as it is under the administrative control of the Ministry".

¹Complete definition of the rating assigned is available at www.careratings.com and in other CARE publications.

Company Profile

HUDCO, a wholly owned GoI undertaking, under the Ministry of Housing and Urban Poverty Alleviation (MoHUPA), was set up with the primary objective of extending long term finance for developing housing and urban infrastructure projects. It enjoys 'Mini-Ratna' status which was conferred to it in August 2004. During FY09, overall sanctions increased by 9.3% and disbursements 7.1% over previous year to Rs.14,754 crore and Rs.4,019 crore. Total income stood at Rs.2713 cr and Return on Total Assets (ROTA) increased from 1.4% in FY08 to 2.0% in FY09. Gross NPA and Net NPA ratios stood at 8.6% and 4.87% respectively as on March 31, 2009. In 9MFY2010, HUDCO booked PAT of Rs.366 crore on total income of Rs.1841 crore.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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