

| Issue Details | |
|-------------------------------|-----------|
| Issue Opens | 08-May-17 |
| Issue Closes | 11-May-17 |
| Issue Size (Rs. Crore) | 1,224 |
| Face value (per equity share) | 10 |
| Price Band (Rs.) | 56-60 |
| Lot Size (No of Share) | 200 |
| No of Shares on Offer (crore) | 20.40 |
| QIB (%) | 50% |
| Non-Institutional (%) | 15% |
| Retail (%) | 35% |
| Commencement of Trading | 19-May-17 |

Issue Date: 8th May - 11th May
Price Band (Rs.) : 56 -60
Lot Size (No. of Share) : 200

Company Background

Incorporated in 1970, 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. They provides long term finance for construction of houses and to undertake housing and urban infrastructure development programs. Apart from the financing operations, Hudco offers consultancy services, promotes research and studies and help propagate use of local building materials, cost-effective and innovative construction technologies.

Financials

| Particulars | For the year/period ended (in Rs. Million) | | | | |
|-------------------------|--|---------|---------|---------|---------|
| | FY-16 | FY-15 | FY-14 | FY-13 | FY-12 |
| Total Assets | 358,816 | 331,137 | 302,244 | 269,489 | 274,952 |
| Total Revenue | 33,501 | 34,278 | 30,029 | 29,213 | 27,786 |
| Profit After Tax | 8,106 | 7,683 | 7,340 | 6,997 | 6,216 |

| Shareholding pattern | Pre Issue (%) | Post Issue (%) |
|--|---------------|----------------|
| Promoters and Promoter Group | 100.0 | 89.8 |
| Public (incl institutions and employees) | 0.0 | 10.2 |
| Total | 100.0 | 100.0 |

Concerns

- Volatility in the interest rates could adversely affects affect its business.
- Unable to secure funding on commercial acceptable terms and at competitive rates.
- If its borrowers default on their obligations, they may be unable to foreclose on their loans on timely basis.

Strengths

- High credit rating.
- Established track record, profitable since inception and a strong financial position.
- Pan-India presence and strong relationships with state governments and their agencies.

Our View

On the higher price band of Rs.60 and on FY16 EPS of Rs.3.87, P/E ratio works out to 15x. Even based on last 3 years EPS of Rs.3.83, P/E ratio works out to be 15.6x. Means the company is asking higher price band of Rs60 in the P/E ratio of 13x to 13.6x. There are no listed peers to compare, hence we cannot say whether the issue is highly priced or under priced. However, considering P/E ratio, it looks the issue price is reasonably priced.

Company revenues grew at 4.4% CAGR in last 5 years which is very low. However, it earned decent profits of over 22% in last 5years. Company is set to play vital role in Pradhan Mantri Awas Yojna (PMAY) under Housing for All (HFA) by 2022 along with its Pan India presence and bright potential for this segment in the upcoming years, we suggest our investors to invest for medium to long term.

Objects of the Issue

The object of the issue are to:

1. 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; and
2. To achieve the benefits of listing the Equity Shares on the Stock Exchanges.