

RESEARCH REPORT

HUDCO LTD



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About

Housing & Urban Development Corporation Ltd is primarily engaged in the business of financing housing and urban development activities in the country.

Key Business

Housing Finance

Urban Development

Synopsis of Financials

- Achieved milestones during the last financial year.
- Sanctions increased by 235% from INR 24,500 crores to over INR 82,000 crores.
- Disbursements grew by 112% year-on-year, reaching INR 18,000 crores.
- Loan book increased by 15% from INR 80,000 crores to INR 92,000 crores.
- Borrowing side raised around 22,000 crores, with a reduced cost of funds from 7.46% to 7.1%.

Stock data (as 26th Nov 2024)

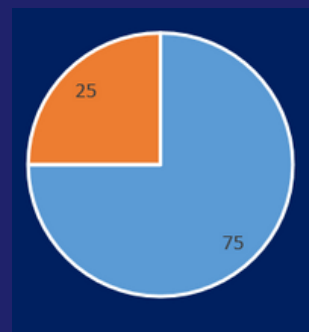
Nifty Price	: 24,182
52 week High (in Rs.)	: 354
52 week Low (in Rs.)	: 81.2
Market Cap. (in Crore)	: ₹ 43,101 Cr.
NSE Code	: HUDCO

Stock data



-NIFTY50
-HUDCO

Shareholding Pattern (March 2024)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	Mar 2022	Mar 2023	Mar 2024
Sales	6,986	7,082	7,829
Interest	4,533	4,507	4,961
Expenses	111	279	134
Financing Profit	2,342	2,296	2,734
FPM%	34%	32%	35%
Net Profit	1,716	1,701	2,117
EPS in Rs	8.57	8.50	10.57

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	1,739	1,710	1,852	1,843	1,865	2,013	2,065
Interest	1,109	1,132	1,150	1,191	1,217	1,313	1,240
Expenses	103	245	-155	60	55	12	8
Financing Profit	527	333	857	592	593	688	817
FPM%	30%	19%	46%	32%	32%	34%	40%
Other Income	8	10	10	9	16	10	129
Depreciation	3	3	3	2	2	2	2
Profit before tax	532	340	864	598	606	696	943
Tax %	26%	25%	26%	25%	26%	25%	26%
Net Profit	396	254	639	446	452	519	700

Source: Screener

Key Ratios

Sr. No.	Particulars	Amount (₹In crore)	% To total public funds	% To total liabilities	% To total assets
1.	Commercial papers	-	-	-	-
2.	Non-convertible debentures (original maturity less than 1 year)	-	-	-	-
3.	Other short-term liabilities*	5761.43	7.79	7.50	6.17

Source: Annual Report

Yearly Results

Particulars	Mar 2022	Mar 2023	Mar 2024
Equity Capital	2,002	2,002	2,002
Reserves	12,465	13,442	14,611
Borrowings	12,465	13,442	14,611
Other Liabilities	2,924	2,621	2,814
Total Liabilities	78,894	80,969	93,422
Fixed Assets	93	90	88
CWIP	25	19	15
Investments	257	630	297
Other Assets	78,518	80,230	93,022
Total Assets	78,894	80,969	93,422

Synopsis Quater Results

Key Highlights

Profitability:

- Return on equity increased from 11% to over 12%.
- Profits increased from INR 1,700 crores in FY 2023 to over INR 2,100 crores, a growth of 24%.
- Gross NPA reduced from 3.42% to 2.71%, with net NPA at 0.36%.

Future Plans:

- Planning to achieve a loan book of INR 1.5 lakh crores by next financial year and INR 3 lakh crores by 2030.
- Focusing on bankable projects such as metro, smart city, and infrastructure schemes.
- Requesting support from the government for funding metro projects and Swachh Bharat Mission.

Regulatory Impact:

- Positive view on RBI's project financing regulation draft, mentioning it will benefit HUDCO as provisioning requirements are manageable.

Capital Adequacy and Growth:

- Capital adequacy ratio decreased from 73% to 57% due to growth and emphasis on higher-risk weightage projects.
- Not foreseeing the need for capital infusion in the near future due to robust business model.

Roadmap to Maharatna Status:

- Working towards Navratna status currently, with a plan for Maharatna status in the future based on set parameters.

Loan Asset Breakdown:

- Affordable housing loans primarily focused on social housing, with 95% being social housing.
- Urban infrastructure loans concentrated on core infrastructure like roads, water supply, sewerage, and transport.

Market Outlook:

- Optimistic about the future growth potential and profitability, aiming to provide competitive rates and achieve set targets.

Industry Position:

- Positioned as a key player in the infrastructure lending space, with a focus on diversified sectors and projects.

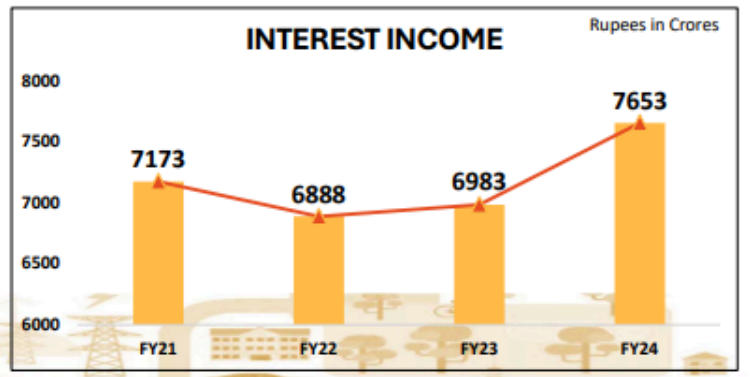
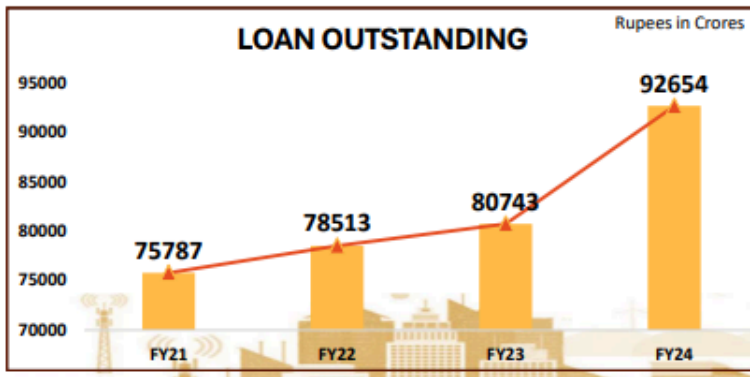
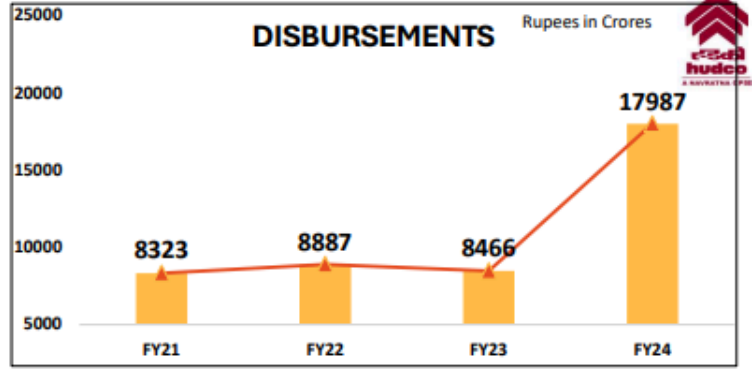
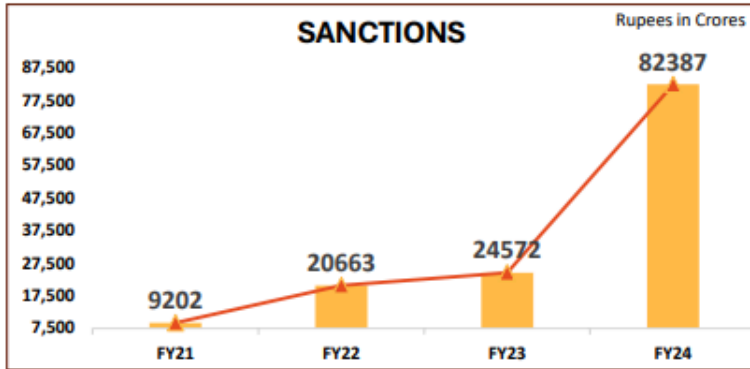
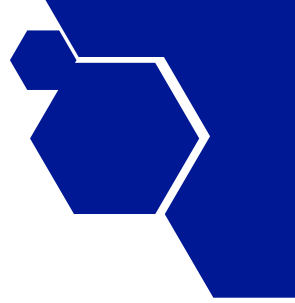
Challenges and Opportunities:

- Resolving stress assets and maintaining a low NPA ratio remains a key focus.
- Opportunities seen in the National Infrastructure Pipeline for potential growth and lending opportunities.

Conclusion:

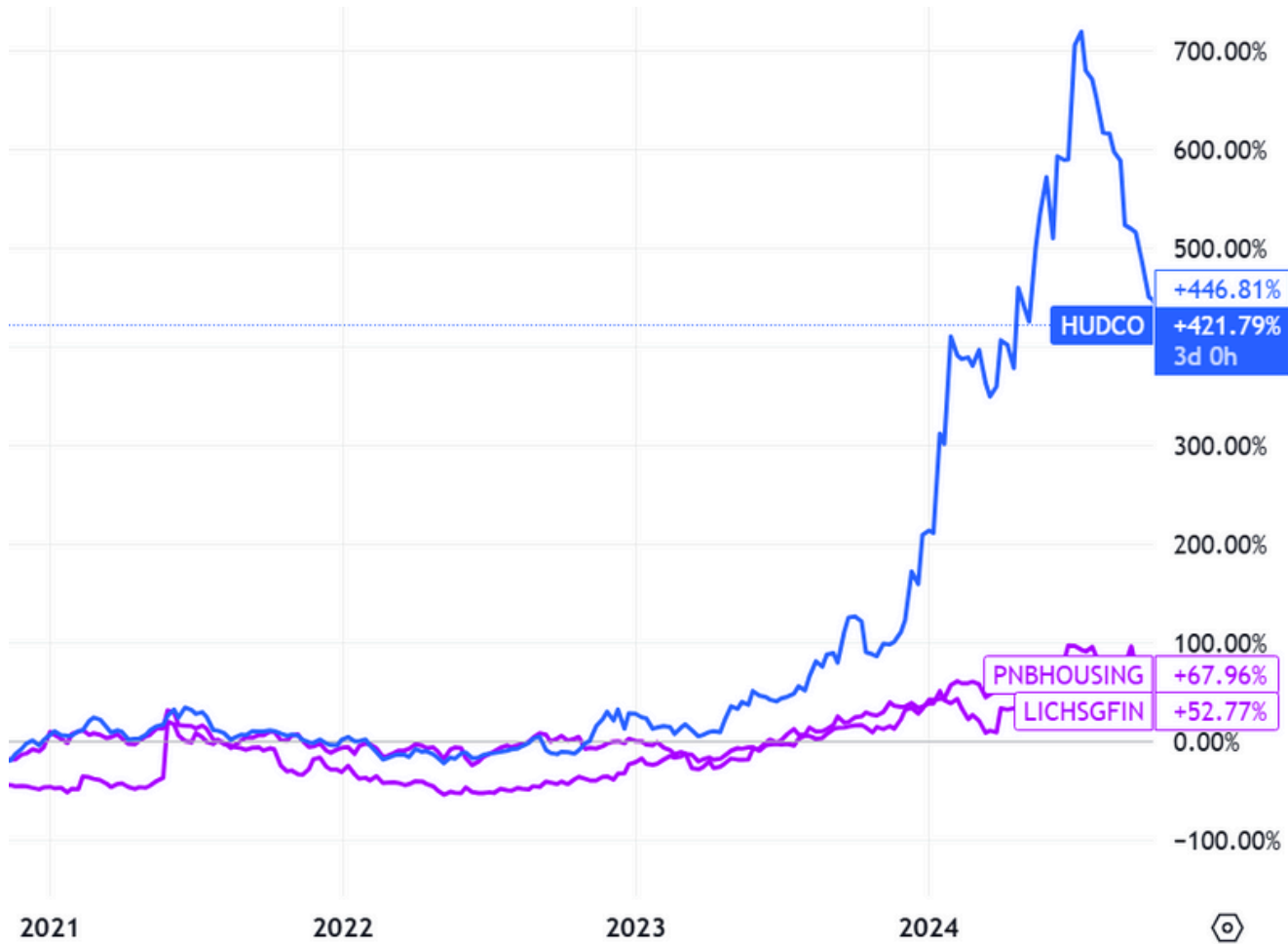
- Management is confident about the company's performance and future prospects, aiming for sustainable growth and value creation for stakeholders.

Revenue Highlights



Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	Bajaj Housing	128.90	62.04	107349.82	0.00	545.60	20.95	2410.15	26.09	9.42
2.	HUDCO	212.70	17.27	42580.40	1.91	688.62	52.47	2517.72	35.01	9.23
3.	LIC Housing Fin.	621.45	7.01	34183.68	1.43	1327.79	11.41	6937.72	2.55	8.79

Source: Screener

Final Outlook



HUDCO: BUY | LTP: 215

Key Financial Metrics (FY 2024):

Net Profit Margin: HUDCO's profit margin has increased, reaching around 9.54% growth in Q4 FY24. This boost in profitability can be attributed to strong revenue streams from both housing and urban infrastructure financing sectors.

Return on Equity (ROE): The ROE stands as a key indicator of HUDCO's profitability relative to shareholder equity, a critical measure for gauging the company's efficiency at generating profit from its resources.

Current Ratio: HUDCO's current ratio has shown stability, which reflects its ability to cover short-term liabilities. However, recent fluctuations are noted, with the latest being around 2.82

Net Interest Margin (NIM): This ratio has held around 3.2%, showing consistency in the income HUDCO earns on loans relative to its interest expenses.

Other Fundamental Ratios:

Basic and Diluted Earnings per Share (EPS): Basic EPS for FY24 was around ₹10.59, showing an increase from FY23's EPS. Diluted EPS was close to ₹10.57, reflecting stable earnings growth for shareholders.

Dividend Yield: HUDCO declared a dividend per share of ₹4.15, an increase from the previous year. This consistent dividend payout highlights its focus on returning value to shareholders.

Debt-Equity Ratio: HUDCO maintains a balanced debt-equity ratio, aligning with its government-backed status, indicating a stable approach to financing and leverage.

HUDCO's fundamental analysis and financial metrics reflect stable profitability, consistent dividend yields, and a focus on growth through financing for urban development.

For the long term perspective i'll give a **Buy Rating** but if you want a more good discount you can wait for price to come down at 160.

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