

# Housing and Urban Development Corporation Limited

Private &amp; Confidential

## Issue of Tax Free Secured Redeemable Non-Convertible Bonds

### Issue Highlights

<b>Issue opens</b> : 17th September 2013	<b>Issue Type</b> : Tax Free Secured Non-Convertible Bonds
<b>Issue closed</b> : 14th October 2013	<b>Coupon Rate</b> : 8.14% for 10Yr & 8.51% for 15 Yr & 8.49 % for 20 Yr.
<b>Issue Price</b> : Rs 1000	<b>Minimum Appl.</b> : 5 NCBs i.e. Rs 5,000
<b>Face Value</b> : Rs 1000	<b>In multiple of</b> : 1 NCB i.e. Rs 1000
<b>Listing</b> : BSE	<b>Registrar</b> : Karvy Computershare Private Limited

### Summary of the Issue

<b>Issuer</b>	Housing and Urban Development Corporation Limited
<b>Issuer Brief</b>	Housing & Urban Development Corporation Ltd. (HUDCO) is a public sector company fully owned by Govt. of India for financing of housing and urban infrastructure activities in India. HUDCO was incorporated on April 25, 1970 under the Companies Act 1956. The cardinal objective of HUDCO is to undertake housing and urban infrastructure development programs in the country provide long-term finance for construction of houses for residential purposes in urban & rural areas and finance or undertake, the setting up of the new or satellite towns and industrial enterprise for building material. Business is broadly classified into following two platforms: Housing Finance & Urban Infrastructure Finance.
<b>Issue Size</b>	Base Issue Size 750 crore with the option to retain over subscription upto the Shelf Limit (i.e. 4809.20 crore)
<b>Interest on Application Money on the amount allotted</b>	Application Amounts on the amount allotted, subject to deduction of income tax under the provisions of the Income Tax Act, as applicable, to any Applicants to whom Bonds are Allotted (except for ASBA Applicants) pursuant to the Issue from the date of realization of the cheque(s)/demand draft(s) upto one day prior to the Deemed Date of Allotment, at the rate of 8.14% p.a., 8.51% p.a. and 8.49% p.a in respect of Applications for Allotment of Tranche – I Series 1A Bonds, Tranche – I Series 2A Bonds and Tranche – I Series 3A Bonds, respectively made by Allottees under Categories I, II and III and 8.39% p.a., 8.76% p.a. and 8.74% p.a. in respect of Applications for Allotment of Tranche – I Series 1B Bonds, Tranche – I Series 2B Bonds and Tranche – 1 Series 3B Bonds, respectively made by Allottees under Categories IV.
<b>Mode of Allotment</b>	Both in dematerialized form as well as in physical form as specified by the Applicant (except for Eligible QFIs) in the Application Form
<b>Trading</b>	The trading of the NCBs on the floor of the Stock Exchange shall be in dematerialized form only.
<b>Trading Lot</b>	1 (one) NCB
<b>Credit rating</b>	'CARE AA+' from CARE and 'IND AA+' from IRRPL
<b>Bond Trustee</b>	SBICAP Trustee Company Limited
<b>Bond Trust Deed</b>	Deed and/or Indenture of Trust to be entered into between the Company and the Debenture Trustee which shall be executed within three months of the closure of the Issue. The Company has appointed SBICAP Trustee Company Limited to act as the Trustee for the Bondholders. The company intends to enter into a Debenture Trust Deed with the Debenture Trustee, the terms of which will govern the appointment and functioning of the Debenture Trustee and shall specify the powers, authorities and obligations of the Debenture Trustee. Under the terms of the Debenture Trust Deed, the Company will covenant with the Debenture Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds on the rate specified under this Prospectus Tranche-I.
<b>Depositories</b>	NSDL and CDSL
<b>Day Count Convention</b>	Actual/ Actual; i.e. Interest on the Bonds shall be computed on an actual basis for the broken period, if any.

## Summary of the Issue

Deemed Date of Allotment	Deemed Date of Allotment shall be the date on which the Board of Directors/or any duly constituted committee thereof, or the Chairman and Managing Director, approves the Allotment of the Bonds for the Issue. All benefits relating to the Bonds including interest on Bonds (as specified for the Issue in this Prospectus Tranche – I) shall be available to the Bondholders from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment
Redemption Date	For Tranche – I Series 1A Bonds and Tranche – I Series 1B Bonds, the date, falling 10 years from the Deemed Date of Allotment; for Tranche – I Series 2A Bonds and Tranche – I Series 2B Bonds, the date falling 15 years from the Deemed Date of Allotment; and for Tranche – I Series 3A Bonds and Tranche – I Series 3B Bonds, the date falling 20 years from the Deemed Date of Allotment.
Lead managers to the Issue	Axis Capital Limited, Edelweiss Financial Services Limited, HDFC Bank Limited, Karvy Investor Services Limited and RR Investors Capital Services Private Limited.
Interest Payment Date	The date, being the day falling one year from the Deemed Date of Allotment (for all Series of Bonds) in case of the first interest payment, and the same date, till the date of redemption for subsequent interest payments.
Security	The security for the Bonds, being a floating first pari-passu charge on present and future receivables of our Company to the extent of amount mobilized under the Issue. Our Company reserves the right to create first pari-passu charge on present and future receivables for its present and future financial requirements.
Category Reservation	Tax-free bond issues have 40% reservation for retail investors, 30% reservation for HNI's, 20% reservation for Corporate and 10% for Institution categories.

## Issue Investment Series

Options	Series of Bonds		
	For Category I, II & III*		
	Tranche I Series 1 A	Tranche I Series 2 A	Tranche I Series 3 A
Coupon rate (%) p.a.	8.14	8.51	8.49
Annualised yield (%) p.a.	8.14	8.51	8.49
Options	For Category IV only*		
	Tranche I Series 1 B	Tranche I Series 2 B	Tranche I Series 3 B
	Coupon rate (%) p.a.	8.39	8.76
Annualised yield (%) p.a.	8.39	8.76	8.74
For Category I, II, III and IV			
Frequency of interest payment	Annual		
Minimum Application size	5 bonds (Rs. 5000), across all Series of Bonds		
In multiples of	1 bond (Rs. 1000)		
Face value	Rs. 1,000 per Bond.		
Issue price	Rs. 1,000 per Bond.		
Coupon Type	Fixed coupon rate		
Put and call option	None		
Tenor	10 years.	15 years.	20 years.
Redemption Date	10 years from the Deemed Date of Allotment.	15 years from the Deemed Date of Allotment.	20 years from the Deemed Date of Allotment.
Redemption Amount (Rs./Bond)	Repayment of the face value along with any interest (at the applicable interest rates) that may have accrued at the Redemption Date.		

\*Note: Category I: Institution, Category II: Corporate, Category III: HNI's (those investing more than Rs 10 lakh) & Category IV: RII (those investing upto Rs 10 lakh)

## Comparison Of Various Debt Investments

Parameters	TFB	FDs	Postal Schemes
Safety-Risk	Secured, pari-passu charge. Relatively very low Risk. Quasi Sovereign	Moderate (Bank FD) to High Risk (Private Cos FD).	Sovereign Risk. Safe.
Liquidity	Listed, tradable	Not tradable, penal interest if liquidated	Not Liquid
Pre-Tax Yield%	12.00-12.50 Assuming 30% Tax Slab	9.00-10.75	8.80-9.00
Capital Appreciation	Possible - Linked with interest movement	Nil	Nil

## Financial Highlights

Particulars (In Rs. Cr.)	2011	2012	2013
Revenue	2,263.46	2,738.36	2,866.35
Profit	550.03	630.33	700.56
EPS	274.75	314.87	349.95
Net interest margin	958.22	1,147.90	1,286.38
Gross NPA (%)	5.46	6.07	5.69
Net NPA (%)	0.19	1.44	0.83
CAR (%)	39.81	31.37	23.24
D/E Ratio (x)	2.89	3.37	2.94
RoNW (%)	10.07	10.63	10.9

**Cheque details:** - "HUDCO Tax Free Bonds 2013-14 – Escrow Account - R" – For Residents  
 "HUDCO Tax Free Bonds 2013-14 – Escrow Account – NR Repat"  
 -For FII, Eligible NRIs Eligible QFIs on repatriation basis  
 "HUDCO Tax Free Bonds 2013-14 – Escrow Account – NR Non-Repat"  
 -For FII, Eligible NRIs, Eligible QFIs on non-repatriation basis

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