

**Price:** 223

**Recommendation:** Buy

**Industry:** Financial Institution

**Sector:** Financial Services

**Report Date:** 01-May-2025

HUDCO, a leading NBFC-IFC, specializes in infrastructure financing and consultancy services across diverse sectors, including housing, urban development, and rural infrastructure. With a robust loan book, AAA rating, and strong asset quality, HUDCO leverages innovative models like PPP and technology-driven solutions to drive sustainable growth, supporting India's urbanization and infrastructure development goals.

| Sales              |         | Profit & Loss             |         | Profitability Matrix    |           |
|--------------------|---------|---------------------------|---------|-------------------------|-----------|
| Current Year       | 9532 Cr | Operating Profit(Year)    | 9542 Cr | Operating Profit Margin | 100 %     |
| Previous Year      | 7082 Cr | Operating Profit(Quarter) | 2687 Cr | EBITDA Margin           | 81.89 %   |
| Current Quarter    | 2760 Cr | PAT (Year)                | 2111 Cr | Net Profit Margin       | 27.0 %    |
| Previous Quarter   | 2518 Cr | PAT (Quarter)             | 735 Cr  | EPS                     | 13.4      |
| Revenue (QYoY)     | 2013 Cr |                           |         |                         |           |
| Valuation Matrix   |         | Growth(YoY)               |         | Growth(QoQ)             |           |
| Trailing P/E       | 16.7    | Sales Growth              | 25.9 %  | Sales Growth            | 9.61 %    |
| PEG Ratio          | 1.35    | PAT Growth                | 24.03 % | Sales Growth QYoY       | 37.11 %   |
| EV/EBITDA          | 14.2    | EPS Growth                | 26.42 % | PAT Growth              | 6.68 %    |
| P/B                | 2.61    | Dividend Yield            | 1.86    | PAT Growth QYoY         | 41.62 %   |
| Capital Allocation |         | Holdings                  |         | Leverage                |           |
| RoE                | 13.2 %  | Promoter                  | 75.0 %  | Debt/Equity             | 5.46      |
| RoA                | 2.40 %  | FII                       | 2.46 %  | Debt                    | 93565 Cr  |
| RoCE               | 9.23 %  | DII                       | 9.69 %  | Market Cap              | 44734 Cr  |
| RoIC               | 9.23 %  | Public                    | 12.8 %  | Enterprise value        | 137901 Cr |
|                    |         | No of Shares              | 200 Cr  | Cash Equivalents        | 398 Cr    |

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

HUDCO's Q3 FY25 earnings call highlighted its strategic transition from a housing finance company to an NBFC-IFC, emphasizing infrastructure financing across multi-sector domains. The company has expanded its scope to include rural infrastructure and consultancy services, offering end-to-end solutions from project conceptualization to execution. HUDCO's training institutes and collaboration with foreign participants further enhance its capabilities. A key initiative is the focus on PMAY 2.0, with expectations of INR 100,000 crores in disbursements over the next five years, driven by affordable housing and urban development projects. Additionally, HUDCO is exploring PPP housing projects under PMAY, showcasing its commitment to innovative financing models.

The company has demonstrated robust growth, with sanctions increasing fivefold year-on-year to INR 92,000 crores and disbursements reaching INR 31,760 crores in the past nine months, compared to INR 17,000 crores last year. HUDCO's loan book grew by 41% year-on-year to INR 118,000 crores, with a strong pipeline exceeding INR 1.2 lakh crores. The management projects a CAGR of 15%-20%, targeting INR 150,000 crores by FY26 and INR 300,000 crores by 2030. Urban infrastructure, including metro projects, roads, ports, and water supply, will constitute 60% of the portfolio, while housing will account for 40%. HUDCO's diversified borrowing mix, including 17% external commercial borrowings, has helped reduce its weighted average cost of funds to 6.8%.

HUDCO's asset quality remains strong, with net NPAs at 0.18% and aggressive resolution efforts underway. The company has resolved several PSU NPAs and is actively addressing private sector NPAs through NCLT and DRT mechanisms. It has also recruited 65 officers to strengthen operations and ensure compliance with RBI regulations. HUDCO's AAA rating, robust CRAR of 47%-48%, and debt-equity ratio below 6% underscore its financial stability. The company is leveraging technology, including ERP systems and paperless office initiatives, to enhance efficiency and governance.

Looking ahead, HUDCO is poised for sustainable growth, supported by favorable government policies, increasing urbanization, and competitive state-level infrastructure development. Its focus on long-term lending, consortium financing for large projects, and cash flow-based funding ensures adaptability to market dynamics. The management's emphasis on maintaining spreads, NIMs, and profitability, coupled with its commitment to quality assets, positions HUDCO as a key player in India's infrastructure financing landscape.

HUDCO Daily Closing One Year Price Chart



| Name                    | Mar Cap (Rs. Cr.) | P/E   | ROE    | Sales(G) QoQ | Sales(G) QYoY | PAT(G) QoQ | PAT(G) QYoY |
|-------------------------|-------------------|-------|--------|--------------|---------------|------------|-------------|
| <b>HUDCO</b>            | 44734.46          | 16.68 | 13.17% | 9.63%        | 37.14%        | 6.74%      | 41.57%      |
| <b>LIC Housing Fin.</b> | 33056.04          | 6.42  | 16.22% | 1.91%        | 3.91%         | 8.07%      | 22.75%      |
| <b>PNB Housing</b>      | 26257.63          | 13.47 | 12.27% | 5.57%        | 12.73%        | 20.30%     | 27.79%      |
| <b>Aadhar Hsg. Fin.</b> | 20147.81          | 23.19 | 18.41% | 4.36%        | 18.51%        | 5.20%      | 17.17%      |
| <b>Aptus Value Hou.</b> | 15926.58          | 22.49 | 17.22% | 6.80%        | 28.07%        | 4.69%      | 20.88%      |

| Aspect                      | Commentary  |
|-----------------------------|---|
| <b>Revenue</b>              | HUDCO's revenue growth reflects strong performance, with a 25.9% YoY increase and 9.61% QoQ growth. The QYoY growth of 37.11% highlights robust demand for its infrastructure financing services, driven by urbanization and government-backed initiatives like PMAY 2.0. |
| <b>Profit &amp; Loss</b>    | Operating profit margin of 100% and PAT growth of 24.03% YoY demonstrate efficient cost management and profitability. Quarterly PAT growth of 6.68% indicates steady performance, while EPS growth of 26.42% underscores shareholder value creation.                      |
| <b>Profitability Matrix</b> | HUDCO's profitability metrics are strong, with an EBITDA margin of 81.89% and net profit margin of 27%. RoE of 13.2% and RoA of 2.4% reflect efficient asset utilization, while RoCE and RoIC of 9.23% highlight effective capital deployment.                            |
| <b>Valuation Matrix</b>     | Trailing P/E of 16.7 and PEG ratio of 1.35 suggest reasonable valuation relative to growth. EV/EBITDA of 14.2 indicates efficient enterprise value generation, while P/B of 2.61 and dividend yield of 1.86% provide attractive returns for investors.                    |
| <b>Growth (YoY)</b>         | HUDCO's YoY growth metrics are robust, with sales growth of 25.9% and PAT growth of 24.03%. EPS growth of 26.42% reflects strong earnings expansion, supported by strategic initiatives and increased disbursements in infrastructure financing.                          |
| <b>Growth (QoQ)</b>         | QoQ growth metrics show steady improvement, with sales growth of 9.61% and PAT growth of 6.68%. QYoY sales growth of 37.11% and PAT growth of 41.62% highlight HUDCO's ability to capitalize on favorable market conditions and demand.                                   |
| <b>Capital Allocation</b>   | HUDCO's RoE of 13.2% and RoA of 2.4% indicate effective capital allocation. Its AAA rating and CRAR of 47%-48% underscore financial stability, while diversified borrowing and reduced cost of funds enhance operational efficiency.                                      |
| <b>Holdings</b>             | Promoter holding of 75% ensures stability, while FII and DII holdings of 2.46% and 9.69% reflect institutional confidence. Public holding of 12.8% provides liquidity, and cash equivalents of INR 398 Cr support operational flexibility.                                |
| <b>Leverage</b>             | Debt-equity ratio of 5.46 and debt of INR 93,565 Cr reflect HUDCO's leveraged model for infrastructure financing. Strong asset quality with net NPAs at 0.18% and AAA rating highlight financial stability and effective risk management.                                 |

**Analyst viewpoint:** HUDCO's strong quarterly performance and strategic initiatives position it as a compelling investment opportunity in the short to mid-term. The company reported robust QoQ revenue growth of 9.61% and PAT growth of 6.68%, supported by government-backed programs like PMAY 2.0 and increasing urbanization. Its QYoY sales growth of 37.11% and PAT growth of 41.62% underscore its ability to capitalize on favorable market conditions. HUDCO's diversified loan book, which grew 41% YoY to INR 118,000 crores, reflects its focus on infrastructure financing across metro projects, roads, ports, and housing. Valuation metrics such as a trailing P/E of 16.7 and PEG ratio of 1.35 suggest reasonable pricing relative to growth, while its AAA rating and CRAR of 47%-48% highlight financial stability. The company's emphasis on reducing its cost of funds and leveraging technology-driven solutions further enhances operational efficiency.

HUDCO's profitability metrics remain strong, with an operating profit margin of 100% and net profit margin of 27%, showcasing efficient cost management and shareholder value creation. Its RoE of 13.2% and RoA of 2.4% reflect effective capital allocation, while its debt-equity ratio of 5.46 supports its leveraged model for infrastructure financing. Peer comparison highlights HUDCO's competitive edge, with higher QoQ and QYoY growth rates than industry players like LIC Housing Finance and PNB Housing. However, the company's high debt levels of INR 93,565 crores warrant close monitoring to ensure sustained financial health. Overall, HUDCO's strategic focus, robust growth metrics, and favorable market conditions make it a strong buy recommendation for investors seeking exposure to India's infrastructure financing sector.

Please read detailed disclosure on next page.

| Explanation of Investment Rating* |  |
|-----------------------------------|--|
| Investment Rating                 | Expected Return (over 12-month)  |
| BUY                               | >=15%  |
| SELL                              | <-10%  |
| NEUTRAL                           | >-10% to 15%   |
| UNDER REVIEW                      | Rating may undergo a change  |
| NOT RATED                         | We have forward looking estimates for the stock but we refrain from assigning recommendation |

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)