India Ratings & Research

Fitch Group

Dr. M. Ravi Kanth
Chairperson & Managing Director,
Housing and Urban Development Corporation Ltd. (HUDCO)
Core 7-A, HUDCO Bhawan,
India Habitat Centre
Lodhi Road,
New Delhi – 110003

July 22, 2015

Kind Attn: Dr. M. Ravi Kanth, Chairperson & Managing Director

Dear Sir,

Re: Rating of HUDCO's bonds and bank loans

India Ratings and Research (Ind-Ra) communicates the following ratings:-

- Long-Term Issuer Rating upgraded to 'IND AAA' from 'IND AA+'; Outlook Stable
- Short Term Issuer Rating affirmed at 'IND A1+'
- INR85bn domestic bonds (partly taxable and partly tax-free, including a sub-limit of INR20bn of subordinated debt): assigned at 'IND AAA'/Stable
- INR142.5587bn domestic bonds (partly taxable and partly tax-free): upgraded to 'IND AAA'/Stable from 'IND AA+'
- INR100bn long-term bank loans: upgraded to 'IND AAA'/Stable from 'IND AA+'
- INR30bn short-term debt: affirmed at 'IND A1+'
- INR5bn short-term debt: assigned at 'IND A1+'
- INR30bn domestic term deposit: upgraded to 'IND tAAA'/Stable from 'IND tAA+'

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can

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601-9, Prakashdeep Building, 7 Tolstoy Marg, New Delhi 110001
Tel: +91 11 4356 7230 | Fax: +91 11 4356 7231 | www.indiaratings.co.in

be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

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It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. The rating detailed above is valid for 12 months from the date of this letter. Notwithstanding the above, the rating is subject to review on a continuing basis, with formal reviews being undertaken at regular intervals of no more than 12 months. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch at any time due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,

India Ratings

Dr. Devendra Kr. Pant
Senior Director

Dr. Sunil Kr. Sinha
Director