*Press Release*

April 1, 2011

## CARE ASSIGNS 'PR 1' RATING TO THE PROPOSED CP/STD ISSUE OF HOUSING DEVELOPMENT AND INFRASTRUCTURE LTD

### Ratings Assigned

| Instruments | Amount (Rs. crore) | Ratings[1] | Remarks |
|---|---|---|---|
| Proposed Commercial Paper/ Short-term Non Convertible Debenture | 200.00 | PR 1 (PR One ) | Assigned |

### Rating Rationale

The rating derives strength from HDIL's well-established brand name in Mumbai, experienced management, extensive land reserves acquired at low cost, strong execution capabilities, significant presence in high-margin Slum Rehabilitation Projects (SRPs) and the inherent revenue potential of Mumbai International Airport Limited (MIAL) SRP. The rating also takes into consideration the comfortable capital structure on account of Qualified Institutional Placement (QIP) as well as conversion of warrants.

The rating is, however, constrained by high repayment obligations in the near term, concentration of its developments in the Mumbai Metropolitan Region (MMR), historical volatility in Transfer Development Rights (TDR) prices and impact of the proposed regulatory changes on the same, dependence on the MIAL project over the near term, competition in the industry and the inherently cyclical nature of the real estate industry.

The timely execution of the MIAL project, HDIL's ability to achieve the envisaged sales and profitability levels and future regulatory changes remain the key rating sensitivities.

### Company Profile

HDIL, a part of the Wadhawan group, is engaged in the development of residential, commercial projects, slum rehabilitation/development and land development with major operations concentrated in MMR. The company has been in the market for more than a decade and is the largest player in the Mumbai's TDR market with an annual TDR generation potential of around 7-8 million sq. ft. (msf). TDRs constitute a substantial part (around 96% in FY10) of the company's revenue.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

During FY10, on a total income of Rs.1,513 crore, HDIL earned a PAT of Rs.602 crore. During the 9MFY11 period, HDIL posted revenue of Rs.1,279 crore and PAT of Rs.698 crore. Post warrants conversion and QIP issue, the overall gearing of the company stood at 0.45x as on December 31, 2010.

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***CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.***

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