Press Release

July 20, 2011

CARE REAFFIRMS THE RATINGS ASSIGNED NCD ISSUES OF HOUSING DEVELOPMENT AND INFRASTRUCTURE LTD

Ratings Assigned

Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Non Convertible Debentures (NCD) I	355.69	CARE A+ (Single A Plus)	Reaffirmed
NCD II (issued Rs.1,575 crore)	1667.50	CARE A+ (Single A Plus)	Reaffirmed
Short Term NCD (issued Rs.50 crore)	200.00	CARE A1 (A One)	Reaffirmed
Total Instruments	**2,223.19**		

Rating Rationale

The ratings continue to derive 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 ratings also take into account improved financial leverage post QIP issue and warrant conversion.

The ratings are, however, constrained by HDIL's high debt repayment obligations, considerable commitment towards its ongoing/planned projects and lacklustre market sentiment for fund raising in general and funding for real estate in particular. Besides, volatile TDR prices, slowdown in demand, concentration of HDIL's developments in MMR, stiff competition and cyclical nature of the real estate industry further constrain the ratings.

HDIL's ability to raise required funds for its projects and timely execution of the MIAL project remain the key rating sensitivities.

Company Profile

Housing Development and Infrastructure Ltd (HDIL), a part of HDIL group, is engaged in development of residential, commercial, slum rehabilitation/development and land development with major operations concentrated in Mumbai Metropolitan Region (MMR). The company has been in the industry 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.

During FY11, on a total income of Rs.1,920 crore, HDIL earned a PAT of Rs.869 crore while on consolidated level, it earned a PAT of Rs.823 crore on a total income of Rs.1,900 crore. The capital structure of the company improved to 0.44x (standalone) as on March 31, 2011 on account of QIP issue and warrant conversion.

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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