

October 18, 2010

**CARE REVISES THE RATING OF NCD ISSUE OF  
HOUSING DEVELOPMENT AND INFRASTRUCTURE LTD**

**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Non Convertible Debentures (NCD) I	539.60	CARE A+ (Single A Plus)	Revised from CARE A [Single A]
NCD II	1,375.00	CARE A+ (Single A Plus)	Reaffirmed
Proposed NCD II (A)	292.50	CARE A+ (Single A Plus)	Reaffirmed
<b>Total Instruments</b>	<b>2,207.10</b>		

**Rating Rationale**

The rating revision takes into account HDIL's improved financial position after the augmentation of equity capital through recent Qualified Institutional Placement (QIP) placement as well as conversion of warrants. Besides, the ratings continue to take into account 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 positive response received by HDIL for its non-SRP projects.

The rating is, however, constrained by high repayment obligations in the near term, concentration of its developments in MMR, the historical volatility in 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.

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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## Company Profile

HDIL, a part of the Wadhawan group, is engaged into 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 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.

During FY10, on a total income of Rs.1,513 crore, HDIL earned a PAT of Rs. 602 crore. The company was able to successfully raise USD250 mn in September 2010 through the QIP issue thereby considerably improving its capital structure.

### Analyst Contact

Name: Mahendra Patil

Tel # 022-67543443

Mobile # 9920145989

Email: mahendra.patil@careratings.com

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

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : [dr.dogra@careratings.com](mailto:dr.dogra@careratings.com)

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: [rajesh.mokashi@careratings.com](mailto:rajesh.mokashi@careratings.com)

**Mr. P N Sathees Kumar**

Executive Vice President – Marketing

Mobile: +91-9820416004

mail:[sathees.kumar@careratings.com](mailto:sathees.kumar@careratings.com)

**Mr. Ankur Sachdeva**

Vice President – Marketing (SME)

Mobile: +91-9819698985

E-mail: [ankur.sachdeva@careratings.com](mailto:ankur.sachdeva@careratings.com)

**Mr. Vivek Palan**

Manager – Banking & Finance

Mobile: +91-98206 06406

E-mail:[vivek.palan@careratings.com](mailto:vivek.palan@careratings.com)

4 Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: [www.careratings.com](http://www.careratings.com)**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: <a href="mailto:mehul.pandya@careratings.com">mehul.pandya@careratings.com</a></p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's Place No. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: <a href="mailto:sundara.vathanan@careratings.com">sundara.vathanan@careratings.com</a></p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :<a href="mailto:Pradeep.kumar@careratings.com">Pradeep.kumar@careratings.com</a></p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b> Tel – 040 40102030 Mobile – 91766 47599 E-mail: <a href="mailto:ashwini.jani@careratings.com">ashwini.jani@careratings.com</a></p>
<p>Mr. Sukanta Nag Regional Manager 3 Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: <a href="mailto:sukanta.nag@careratings.com">sukanta.nag@careratings.com</a></p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :<a href="mailto:swati.agrawal@careratings.com">swati.agrawal@careratings.com</a></p>