

September 14, 2010

**CARE REVISES THE RATING ASSIGNED TO LT BANK FACILITIES
AND REAFFIRMS THE RATING ASSIGNED TO ST BANK FACILITIES OF TATA
HOUSING DEVELOPMENT CORPORATION LTD**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities (Proposed)	75	'CARE A+' (Single A Plus)	Revised from CARE A [Single A]
Short-term Debt	100	'PR1' (PR One)	Reaffirmed
Total Facilities	175		

Rating Rationale

The revision in the long-term rating takes cognisance of the increase in scale of operations of THDCL, improved profitability and success of the company's low-cost housing project at Boisar (District – Thane). The ratings continue to derive strength from the company's strong parentage, implicit support from Tata Group and presence of eminent professionals with wide experience in the real estate and the financial sector including the professionals drawn from Tata group on the Board of Directors and senior management of THDCL. The ratings also factor in the joint development model adopted by the company and overall healthy booking status of its ongoing projects.

The ratings are however constrained by high gearing, high dependence on advances from customers and inherent project execution risk in the cyclical real estate industry.

Ability of THDCL to replicate its low-cost housing model elsewhere, complete the projects as scheduled and achieve the envisaged sales remain the key rating sensitivities.

Company Profile

Tata Housing Development Co. Ltd (THDCL) is a 99.7% subsidiary of Tata Sons Limited (TSL). The company is in the business of real estate development with majority of projects undertaken on joint development basis. Currently, THDCL has seven projects in various stages of execution with total saleable area of around five million square feet under construction.

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

The scale of operations of THDCL increased substantially during FY10 with total income increasing by 150%. Profitability parameters also improved during the year. On a total income of Rs.311.18 crore, THDCL earned a PAT of Rs.39.71 crore in FY10.

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