
September 28, 2010

**CARE ASSIGNS 'CARE A+' RATING TO THE NCD ISSUE OF
TATA HOUSING DEVELOPMENT COMPANY LTD.**

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Non Convertible Debentures	200.00	'CARE A+' (Single A Plus)	Assigned

Rating Rationale

The rating derives strength from the company's strong parentage and implicit support from Tata Group. Besides, the rating takes cognisance of experienced management of the company, increase in scale of operations, improved profitability and success of the company's low-cost housing project at Boisar (District – Thane). The rating also factors in the joint development model adopted by the company and overall healthy booking status of its ongoing projects.

The rating is, 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



Press Release

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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