

Tata Housing Development Company Limited

September 27, 2023

Facilities/Instruments	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term/Short-term bank facilities	1,425.00 (Enhanced from 1,300.00)	CARE AA; Stable/CARE A1+	Reaffirmed
Non-convertible debentures	700.00	CARE AA; Stable	Assigned
Non-convertible debentures	300.00	CARE AA; Stable	Reaffirmed
Non-convertible debentures	300.00	CARE AA; Stable	Reaffirmed
Non-convertible debentures	800.00	CARE AA; Stable	Reaffirmed
Non-convertible debentures	-	-	Withdrawn
Non-convertible debentures	-	-	Withdrawn
Commercial paper	200.00	CARE A1+	Reaffirmed
Commercial paper	500.00	CARE A1+	Reaffirmed
Commercial paper	500.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings of the bank facilities and instruments of Tata Housing Development Company Limited (THDCL) continue to derive strength from its strong promoters, i.e., Tata Sons Private Limited (TSPL) and Tata Realty Infrastructure Limited (TRIL), and its strategic importance to the group by virtue of being the flagship company that manages the group's real estate business. The same is reflected through the maintenance of ownership, the sharing of the 'Tata' brand name, the nominees of TRIL on THDCL's Board of Directors, and the continued support from the group in the form of fund infusion and implementation of plans and policies. This also reflects TSPL's commitment towards supporting the Tata group's overall business plans in the residential real estate segment carried out by THDCL.

Furthermore, the ratings derive strength from the company's experienced management, wide geographical presence, and diversified product portfolio catering to different income groups.

The ratings' strengths, however, continue to be tempered by the execution risk for under-construction projects, low committed receivables to finance the balance cost and outstanding debt, and the moderately leveraged capital structure.

CARE Ratings Limited (CARE Ratings) has withdrawn the rating assigned to one of the non-convertible debentures (NCDs) of THDCL based on the 'No Dues Certificate' received from the debenture trustee.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in leverage to below 1.0x on a consolidated basis.

Negative factors

- Deterioration in the gearing beyond the envisaged levels on a sustained basis.
- Deterioration in the credit risk profile of the parent.
- Decrease in the direct or indirect shareholding below 51% of TSPL in THDCL, resulting in weakening of the linkages between THDCL and its parent, TSPL.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach: Consolidated

CARE Ratings has adopted the consolidated approach for analysing THDCL. The list of entities whose financials have been consolidated are mentioned in Annexure-6.

Furthermore, CARE Ratings has factored in the linkages with the strong promoters, TSPL and TRIL.

Outlook: Stable

The stable outlook reflects CARE Ratings' belief that the company is expected to derive benefits from the healthy financial flexibility by virtue of being associated with strong promoters and the expectation of continued managerial and financial support.

Detailed description of the key rating drivers**Key strengths****Strong parentage and support of the Tata Group**

THDCL is held by TSPL with direct holding of around 56.98% and 43% through its wholly owned subsidiary, TRIL (rated 'CARE A1+'). The balance minimal stake is held by Tata Industries Limited. The company has strong linkages with its promoters, as reflected through the maintenance of ownership, the sharing of the 'Tata' brand name, the nominees of TRIL on THDCL's Board of Directors, and the continued promoter support towards the implementation of plans and policies approved by the board. Moreover, to support the business, TSPL has infused equity of over ₹2,900 crore in THDCL between FY13 (refers to the period April 1 to March 31) and FY20, and TRIL has infused ₹1,500 crore between FY21 and FY23.

The strong brand image of 'Tata' further provides credibility to THDCL as a developer which assumes high significance in the real estate industry. Furthermore, owing to THDCL's strategic importance to the Tata Group, CARE Ratings expects the demonstrated parental support in the past, in the form of strategic, managerial, and funding support, to continue going forward.

Experienced management

THDCL benefits from its experienced senior management, headed by its Managing Director and Chief Executive Officer, Sanjay Dutt, who has over 25 years of experience in the real estate sector. He is adequately supported by the CFO and other experienced board members.

Wide geographical presence and diversified project portfolio

As on June 30, 2023, THDCL has 13 ongoing or completed projects with a total saleable area of around 85 lakh sq ft (lsf) at various stages of development across various locations in the country. The top five cities, viz., Gurugram, Mumbai, Bengaluru, Noida, and Kolkata, together contribute over 80% of the company's total supply of residential units.

THDCL has a balanced product mix vis-à-vis the mid segment and affordable housing, premium and luxury housing and mix category. The company is expected to be benefitted from wide geographic footprint which safeguards it against potential downturns in any specific or few markets.

Key weaknesses**Leveraged capital structure**

On a consolidated basis, the overall gearing of the company, although improved, remained leveraged at 2.84x as on March 31, 2023, as compared with 3.51x as on March 31, 2022. The improvement is attributable to the infusion of equity amounting to ₹500 crore from the promoters during FY23 along with a reduction of the total debt (TD).

CARE Ratings continues to monitor the funding support from the promoters (if required) and refinancing of debt, which remains critical for the company.

Project execution risks with high dependence on customer advances for project funding

As on June 30, 2023, the company has incurred more than 65% of the total project cost, which implies moderate execution risk. However, the project execution is largely dependent on customer advances, and with low committed receivables to fund the balance cost and outstanding debt, there is high reliance on fresh sales. Any delays in fresh sales and realisation of customer advances may lead to slower project execution. Nevertheless, need-based funding support from the promoters lends comfort. From a technical perspective, the company's execution record is well supported by adopting new construction technologies, building requisite resource bandwidth, and implementing structural and procedural changes in the organisation.

Inherent cyclical nature of the industry

The company is exposed to the cyclical nature associated with the real estate sector, which has direct linkages with the general macroeconomic scenario, interest rates, and the level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario can further discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Liquidity: Strong

As on June 30, 2023, THDCL's (standalone) cash and bank balance stood at ₹157 crore. At the THDCL group level (combined for SPVs), the cash and bank balance aggregates to ₹500 crore as on June 30, 2023. Additionally, the group had unutilised sanctioned working capital limits (consolidated) of over ₹1239 crore as on June 30, 2023. As against the current liquidity and undrawn limits, the company (consolidated) has long term debt obligations of Rs.45 crore for H2FY24.

Furthermore, being part of the Tata group, THDCL enjoys a significant level of financial flexibility, and the parent is expected to continue extending need-based financial support to THDCL.

Environment, social, and governance (ESG) risks

Not applicable

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating methodology for Real estate sector](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

THDCL is held by Tata Sons Private Limited, with direct holding of around 57% and around 43% through TRIL as on December 31, 2022. The company is in the business of real estate development, with the major projects undertaken on a joint development basis. THDCL and its subsidiaries currently have 13 projects across various stages of development.

Brief Financials (₹ crore) – Consolidated	March 31, 2022 (A)	March 31, 2023 (A)	Q1FY24
Total operating income	714.81	1401.51	Not available
PBILDT	-249.07	-86.51	
PAT	-255.38	-410.03	
Overall gearing (times)	3.51	2.84	
Interest coverage (times)	NM	NM	

A: Audited; NM: Not meaningful. Note: The above results are the latest financial results available.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of the various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper	INE582L14GX8	21-Aug-23	7.30	20-Nov-23	350.00	CARE A1+
Commercial paper	INE582L14GV2	21-Jul-23	7.40	20-Oct-23	75.00	CARE A1+
Commercial paper	INE582L14GW0	24-Jul-23	7.40	23-Oct-23	100.00	CARE A1+
Commercial paper	INE582L14GU4	06-Jul-23	7.50	26-Sep-23	25.00	CARE A1+
Commercial paper	INE582L14GY6	12-Sep-23	7.70	11-Mar-24	95.00	CARE A1+
Commercial paper	INE582L14GY6	20-Sep-23	7.70	11-Mar-24	75.00	CARE A1+
Commercial paper	Not yet placed	-	-	-	480.00	CARE A1+
Debentures-Non-Convertible Debentures	INE582L08029	30-Jan-23	8.48	29-Jan-26	300.00	CARE AA; Stable
Debentures-Non-Convertible Debentures	INE582L08029	30-Jan-23	8.48	29-Jan-26	300.00	CARE AA; Stable
Debentures-Non-Convertible Debentures	INE582L08037	02-May-23	8.25	30-Apr-26	800.00	CARE AA; Stable
Debentures-Non-Convertible Debentures	Not yet placed	-	-	-	700.00	CARE AA; Stable
Fund-based/non-fund-based-LT/ST		-	-	-	1425.00	CARE AA; Stable / CARE A1+
Debentures-Non-Convertible Debentures	INE582L07187	21-May-2020	9.10	19-May-2023	-	Withdrawn
Debentures-Non-Convertible Debentures	INE582L07179	19-May-2020	9.10	19-May-2023	-	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based/non-fund-based-LT/ST	LT/ST*	1425.00	CARE AA; Stable / CARE A1+	1)CARE AA; Stable / CARE A1+ (14-Apr-23)	1)CARE AA; Stable / CARE A1+ (24-Jan-23) 2)CARE AA; Stable / CARE A1+ (28-Sep-22)	1)CARE AA; Stable / CARE A1+ (29-Sep-21)	1)CARE AA; Stable / CARE A1+ (30-Sep-20)
2	Commercial Paper-Commercial Paper (Standalone)	ST*	200.00	CARE A1+	1)CARE A1+ (14-Apr-23)	1)CARE A1+ (28-Sep-22)	1)CARE A1+ (29-Sep-21)	1)CARE A1+ (30-Sep-20)
3	Commercial Paper-Commercial Paper (Standalone)	ST*	500.00	CARE A1+	1)CARE A1+ (14-Apr-23)	1)CARE A1+ (28-Sep-22)	1)CARE A1+ (29-Sep-21)	1)CARE A1+ (30-Sep-20)
4	Commercial Paper-Commercial Paper (Standalone)	ST*	500.00	CARE A1+	1)CARE A1+ (14-Apr-23)	1)CARE A1+ (28-Sep-22)	1)CARE A1+ (29-Sep-21)	1)CARE A1+ (30-Sep-20)
5	Debentures-Non-Convertible Debentures	LT*	-	-	-	1)Withdrawn (07-Jun-22)	1)CARE AA; Stable (29-Sep-21)	1)CARE AA; Stable (30-Sep-20) 2)CARE AA; Stable (16-Jun-20)
6	Debentures-Non-Convertible Debentures	LT*	-	-	-	1)Withdrawn (07-Jun-22)	1)CARE AA; Stable (29-Sep-21)	1)CARE AA; Stable (30-Sep-20) 2)CARE AA; Stable (16-Jun-20)
7	Debentures-Non-Convertible Debentures	LT*	-	-	1)Withdrawn (14-Apr-23)	1)CARE AA; Stable (24-Jan-23) 2)CARE AA; Stable (28-Sep-22)	1)CARE AA; Stable (29-Sep-21)	1)CARE AA; Stable (30-Sep-20) 2)CARE AA; Stable (16-Jun-20)
8	Debentures-Non-Convertible Debentures	LT*	-	-	1)CARE AA; Stable (14-Apr-23)	1)CARE AA; Stable (24-Jan-23)	1)CARE AA; Stable (29-Sep-21)	1)CARE AA; Stable (30-Sep-20)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
						2)CARE AA; Stable (28-Sep-22)		2)CARE AA; Stable (16-Jun-20)
9	Debentures-Non-Convertible Debentures	LT*	-	-	1)CARE AA; Stable (14-Apr-23)	1)CARE AA; Stable (24-Jan-23) 2)CARE AA; Stable (28-Sep-22)	1)CARE AA; Stable (29-Sep-21)	1)CARE AA; Stable (30-Sep-20) 2)CARE AA; Stable (16-Jun-20)
10	Debentures-Non-Convertible Debentures	LT*	300.00	CARE AA; Stable	1)CARE AA; Stable (14-Apr-23)	1)CARE AA; Stable (24-Jan-23) 2)CARE AA; Stable (28-Sep-22)	1)CARE AA; Stable (29-Sep-21)	1)Provisional CARE AA; Stable (30-Sep-20)
11	Debentures-Non-Convertible Debentures	LT*	300.00	CARE AA; Stable	1)CARE AA; Stable (14-Apr-23)	1)CARE AA; Stable (24-Jan-23)	-	-
12	Debentures-Non-Convertible Debentures	LT*	800.00	CARE AA; Stable	1)CARE AA; Stable (14-Apr-23)	-	-	-
13	Debentures-Non-Convertible Debentures	LT*	700.00	CARE AA; Stable	-	-	-	-

*LT- Long term; ST- Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non-Convertible Debentures	Simple
3	Fund-based/non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: Name of the companies consolidated in THDCL as on March 31, 2023

Name of entity	Stake of THDCL
	As at March 31, 2023 (%)
Subsidiary Companies	
Concept Developers & Leasing Limited	100
Tata Value Homes Limited	100

Name of entity	Stake of THDCL
	As at March 31, 2023 (%)
Apex Realty Private Limited	65
Ardent Properties Private Limited (Wef-16-06-2022)	100
HL Promoters Private Limited (Wef- 18-10-2022)	100
Kriday Realty private Limited	100
THDC Management Services Limited	100
Technopolis Knowledge Park Limited	50
Promont Hillside Private Limited	100
World-One Development Company Pte, Limited	100
World-One (Srilanka) Projects Pte Limited	100
One Colombo Project Private Limited	100
Smart Value Homes (Boisar) Private Limited	100
SAS Realtech LLP (wef 10-10-2022)	100
HLT Residency Private Limited	100
Synergizers Sustainable Foundation	100
Princeton Infrastructure Private Limited	100
Promont Hilltop Private Limited	100
Smart Value Homes (Peenya Project) Private Limited	100
Subsidiary Firms	
Sector 113, Gatevida Developers Private Limited	51
Kolkata-one-Excelton Private Limited [Refer note 15]	51
HL Promoters Private Limited	51
Sohna City LLP	51
Arvind and Samrat Value Home LLP	51
One Bangalore Luxury Project LLP	51
Ardent Properties Private Limited (upto 14 June 2022)	51
Landkart Builders Pvt Ltd	51

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact Us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Yogesh Shah Senior Director CARE Ratings Limited Phone: 022 6754 3640 E-mail: yogesh.shah@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-67543404 E-mail: saikat.roy@careedge.in	Divyesh Bharat Shah Director CARE Ratings Limited Phone: 020 4000 9069 E-mail: divyesh.shah@careedge.in
	Amita Yadav Assistant Director CARE Ratings Limited Phone: 020 4000 9004 E-mail: amita.yadav@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For the detailed Rationale Report and subscription information,
please visit www.careedge.in**