

December 10, 2015

**HBS Realtors Private Limited (HBS): ICRA revises rating for Rs 65 crore Non-Convertible Debenture issue from '[ICRA] BB (Stable) to '[ICRA] BB- (Stable)'**

ICRA has revised its rating on the Non-Convertible Debenture issue from '[ICRA] BB (Stable) to '[ICRA] BB- (Stable)'

The revision in the rating assigned to the Non-Convertible Debentures (NCDs) takes into account significant delays in project execution on account of delays in receiving key approvals for the three ongoing redevelopment projects under its subsidiaries which has subsequently resulted in substantial cost over-run risks and further impeding the sales collections for the said projects. The subsidiaries continue to remain exposed to permit risks, given that commencement certificate (CC) is yet to be received for two of the ongoing projects, and project execution risks, considering nascent stage of all projects, with construction yet to commence under two of the projects. Moreover, as the NCDs were expected to be repaid through the surplus cash flows from the projects, the company is exposed to high re-financing risk as the debentures fall due for redemption in March 2016 and the cash flows generated by the subsidiaries being inadequate to service the debt obligations. The rating however draws comfort from the attractive location of three re-development projects in South and South Central Mumbai with the healthy pre-sales achieved for all three projects.

IDBI Trusteeship Services Limited

Sd/-

Authorised Signatory