Assotech Realty Private Limited

March 21, 2017

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term Bank Facilities	35	**CARE BB; ISSUER NOT COOPERATING (Double B; ISSUER NOT COOPERATING)**	**Issuer not cooperating; Revised from CARE BBB- (Triple B Minus) on the basis of best available information**
Total	**35 (Rupees Thirty Five crore only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Assotech Realty Private Limited (ARPL) to monitor the rating vide e-mails/letter dated October 20, 2016, October 24, 2016, November 3, 2016, November 17, 2016, December 5, 2016, January 4, 2017, February 6, 2017, February 09, 2017, February 15, 2017, March 06, 2017, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The rating on ARPL's bank facilities will now be denoted as **CARE BB; ISSUER NOT COOPERATING**.

The rating have been revised on account of offtake risk for the phase-I of its integrated business park 'Assotech Business Cresterra', moderate financial risk profile and subdued economic scenario in the real estate sector.

The rating however, continues to draw strength from experienced promoters, established track record of project execution and availability of major approvals.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

Experienced promoter and management team

ARPL is currently managed by Mr Neeraj Gulati who is a commerce graduate from SRCC and a Chartered accountant having an experience of about 28 years in managing various businesses such as real estate, financial and investments services, education, social service, etc with 12 years of real estate experience

Proven track record of project execution

ARPL has successfully executed two real estate projects, 'Springfields' (Greater Noida) which is a group housing project with the total saleable area of 6 lsf and 'Windsor Park' (Indirapuram) which is an integrated mini township comprising of residential, retail, service apartments and a club with the total saleable area of 23.30 lsf. ARPL is successfully operating its service apartments named as 'Cabana Residencies' built in Indirapuram under Windsor Park project.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Project approvals

As per the management, the requisite approvals such as Building plan, Layout plan, Clearance from Ministry of Environment, Clearance from Airport Authority of India, Fire approval, Pollution Dept. and others from relevant authorities are in place.

Key Rating Weaknesses

Offtake risk for Phase I

ARPL is developing an integrated business park Assotech Business Cresterra (ABC) with saleable area of approx 19 lsf (Phase I of 9.76 lsf and Phase II of 9.22 lsf). During the last review, the Phase I is scheduled to be delivered in June 2016. As on December 31, 2015, ARPL has already sold around 96% of the office space (comprising of Tower 1, Tower 2 and Tower 3). However, the company has sold majority of Tower 2 and Tower 3 under Assured Rental Scheme with assured rental @ Rs 54 psf. The same exposes the company towards offtake risk with company to start tie-up of the office space.

Moderate financial risk profile

The financial risk profile of the company has continued to remain moderate marked by overall gearing ratio of 1.64 times as on March 31, 2016, as against 1.03 times as on March 31, 2015. Debt coverage indicators remained weak marked by interest coverage ratio of 1.29 times in FY16 (refers to the period April 1 to March 31) as compared with 1.33 times in FY15.

Analytical approach: Standalone

Applicable Criteria

Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition

About the Company

ARPL is a Delhi NCR-based real estate developer. The company was incorporated as Sampada Realty Pvt. Ltd. in December 2002 and was later renamed to ARPL in December 2003. ARPL has developed 29.30 lsf of area with 2 successfully completed and delivered projects; 'Windsor Park' in Indirapuram and 'Springfield' in Greater Noida. ARPL is constructing an integrated business park 'ABC' which includes office space, retail space and service apartments. The project is being developed on a land measuring 13 acres in Noida with total saleable area of approximately 19 lakh square feet (lsf).

During FY16, ARPL has reported a total income of Rs.118.13 crore with PAT of Rs.6.66 crore as compared with the total income of Rs.66.50 crore with PAT of Rs.4.36 crore in FY15.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	14%	Mar-2018	35.00	CARE BB; ISSUER NOT COOPERATING

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	35.00	CARE BB; ISSUER NOT COOPERATING	-	1)CARE BBB- (16-Mar-16) 2)CARE BBB- (20-Apr-15)	1)CARE BBB- (07-Apr-14)	-

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