

JUNE 26, 2014

CARE ASSIGNS 'IN-PRINCIPLE CARE BBB- (SO)' RATING TO THE BANK FACILITIES OF EIFFEL LIFESPACES PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities (proposed)	75	In-principle CARE BBB- (SO) [Triple B Minus (Structured Obligation)][@]	Assigned
Total Facilities	75		

[@] *in-principle rating is subject to the execution of corporate guarantee deed*

Rating Rationale

The rating assigned to the bank facilities of Eiffel Lifespaces Pvt Ltd. (ELPL) is based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee to be provided by Xrbia Developers Ltd (XDL).

The credit profile of XDL is supported by the experienced and resourceful promoters, established track record of XDL and its subsidiaries in plotting projects in Mumbai and Pune regions, low execution risk and relatively quick operating cycle, strong liquidity position with low reliance on external debt for operations as well as strong marketing network of the group.

The credit profile of XDL is, however, constrained by significant dependence on the customer advances to fund the construction cost, significant exposure to its SPVs engaged in real estate development, geographic concentration in Mumbai and Pune belt and cyclical nature of the real estate industry.

Timely receipt of customer advances at the anticipated price points remains the key rating sensitivity.

Background (ELPL)

Incorporated in February 2011, Eiffel Lifespaces Pvt Ltd (ELPL) is a subsidiary company of Xrbia Developers Ltd which is the holding company of the XRBIA group. ELPL has been set up for the development and sale of residential units and plotted developments at Tadwadi, Karjat (near Mumbai) on a land parcel (owned) aggregating 108 acres. ELPL's project consists of residential units of 1 BHK, 2 BHK and 3 BHK (areas ranging from 330 sq ft to 831 sq ft) and Villas (1,325 sq ft to 1,347 sq ft). In addition to these residential units and villas, ELPL also intends to sell plotted area of 21 lsf.

The total project aggregates to Rs.212 crore and is to be funded by Rs.65 crore in the form of promoter loans, Rs.72 crore in the form of customer advances and the balance Rs.75 crore in the form of bank loan. The project is at initial stage with land acquisition completed.

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

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