

## Clarion Properties Limited

August 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	98.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Clarion Properties Limited (CPL) to monitor the rating vide e-mail communications dated July 17, 2024, July 05, 2024, June 18, 2024, May 24, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating of bank facilities of CPL will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING**.

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

The rating assigned to the bank facilities of the company has been revised on account of non-availability of requisite information due to non-cooperation by the company. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. Further, the rating takes into account the constraints relating to saleability risk of the project, slow sales momentum, intense competition and high cyclicity associated with the industry. However, the rating derives strength from the experienced promoters with long track record of delivering projects in the region, strategically important location of the projects and projects being at high level of execution.

**Analytical approach:** Standalone

**Outlook:** Stable

**Detailed description of the key rating drivers:** At the time of last rating action on July 03, 2023, the following were the rating weaknesses and strengths. (Updated for audited financials for FY23 (refers to the period April 1 to March 31) from MCA)

### Key weaknesses

**High Repayment:** CPL had taken loan of Rs. 127 crores out of which outstanding amount as on March 31, 2023 was Rs. 102.46 crores. The debt obligation in FY24 was of Rs. 37.4 crores, also, the surplus cash flows from "The Hive" were proposed to be utilized for repayment of loan of Satya Developers Private Limited (SDPL) of Rs. 36 crores in FY24 wherein "The Hive" was given as cross collateral. The project in SDPL was completed with very minimal inventory and receivable left as compared to the outstanding loan and therefore the major portion of the SDPL loan was to be serviced from the cash flow of CPL.

**Saleability risk of the projects:** The company had 2 projects, "Element One" and "The Hive". Element One received the OC in November 2017. The element one project had a saleable area of 2.19 Lsf out of which CPL had sold 1.65 Lsf as on February 2023. The collection was slow for last 15 months ended January 2023 and had remained around Rs 5.42 crores in total. The Hive is a commercial project and had received the Part OC in Feb 2023. However, despite of completion of the project, the sales momentum remained slow with unsold inventory accounting for 39% of the total inventory. The average sales and average collection per month stood at Rs 3.41 crores per month and Rs 5.88 crores per month respectively for last 12 months ending May 2023.

**Cyclicity and competition in real estate industry:** Cyclicity in the real estate segment could lead to fluctuations in cash inflow because of volatility in realisation and saleability. This may affect the debt servicing ability of the company. Clarion Properties Limited would remain susceptible to the inherent cyclicity in the real estate sector. Along with the cyclicity of the industry, the projects would also be facing competition from organised and unorganised players from the region.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

## Key strengths

**Experienced promoters with proven execution track record of 'Satya' group in the industry:** Clarion Properties Limited (CPL) was incorporated on June 3, 1996 as a private limited which was subsequently converted into a public limited company (closely held) on June 14, 2001. The company was promoted by two brothers Mr. Naval Kishore Agarwal and Mr. Deepak Agarwal. The company belongs to 'Satya' group, having a track record of more than 20 years of successful completion of several real estate projects, including development of township, group housing, commercial complexes, etc.

**High level of project completion:** "Element One" was a completed project with leftover inventory of 21%, "The Hive" project of the company was at advance stages of execution with more than 94% of the cost already incurred as on March 31, 2023. The project had G+12 floors, the construction and OC of the floors till G+7 was completed and received. The structure of the above floors was also constructed. The pending cost pertains to the finishing up of the project.

**Favourable location of the project "The Hive":** "The Hive" is a commercial project undertaken by the company consisting of high street retail, smart offices, food court, serviced apartments, restaurants and multiplex is located in Sector 102, Gurugram, off Dwarka Expressway with approx. 20 mins drive from IGI Airport making it a favourable location for commercial purposes.

**Liquidity:** Not Applicable

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

## Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

## About the company and industry

### Industry classification

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

Delhi based Clarion Properties Limited (CPL) was incorporated on June 3, 1996 as a private limited which was subsequently converted into a public limited company (closely held) on June 14, 2001. The company was promoted by brothers Mr. Naval Kishore Agarwal and Mr. Deepak Agarwal and guided further under the leadership of their sons Mr. Manish Agarwal (son of Mr. Naval Kishore Agarwal) and Mr. Ankit Agarwal (son of Mr. Deepak Agarwal). CPL, had undertaken 2 commercial projects- "Element One" located in Fathepur, Gurgaon and "The Hive" located in Sector 102, Gurgaon.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	36.37	40.09	NA
PBILDT	1.11	2.01	NA
PAT	0.05	1.87	NA
Overall gearing (times)	0.90	0.85	NA
Interest coverage (times)	78.79	1,236.96	NA

A: Audited NA: Not Available; Note: 'the above results are latest financial results available'

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

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

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

**Complexity level of 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
Fund-based - LT-Term Loan	-	-	-	31-12-2025	98.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	98.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (03-Jul-23)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term

**Annexure-3: Detailed explanation of 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	Fund-based - LT-Term Loan	Simple

#### Annexure-5: Lender details

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

**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](mailto:care@careedge.in) for any clarifications.

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### About us:

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### Disclaimer:

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