

Star Landcraft Private Limited

December 23, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	109.58 (Reduced from 112.47)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in the rating assigned to the bank facilities of Star Landcraft Private Limited (SLPL) takes into consideration significant advancement in sole project – “Ace Starlit” marked by healthy sales momentum, improved receivables collection period, anticipated early project completion, availability of land bank for future projects, comfortable cash coverage ratio for timely debt servicing, and high demand for residential housing in Noida. The rating continues to derive comfort from experienced promoters with established track record of execution.

The ratings, however, continues to remain constrained by high project execution risk for newly commenced lease project which is under nascent stage of construction, high borrowing cost with sizeable related party transactions in form of unsecured loans and advances amongst group companies, high contingent liability vis-a-vis tangible networth of the company, inherent risks associated with real estate sector, cyclical and seasonality associated with real estate industry and exposure to local demand-supply dynamic.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion of the ongoing project with all units sold as envisaged leading to generation of surplus cash for future projects within the company
- Ability to achieve increased sales velocity and strong collection efficiency of more than ~Rs. 30 crore per month till Q1 FY26 along with substantial improvement in liquidity and revenue visibility in FY26 and FY27

Negative factors

- Major delay in realization of customer advances for the on-going project
- Any substantial outflow of funds towards group entities adversely impacting the liquidity profile of SLPL
- Any inordinate delay in execution of leasing project which may adversely impact the company's cash flows and liquidity

Analytical approach:

Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) expects that the company to sustain its sales momentum from the ongoing and upcoming projects with adequate liquidity position as reflected by low reliance on external debt and adequate cash flows for debt servicing.

Detailed description of key rating drivers:

Key strengths

Low project execution and funding risk

SLPL is developing a residential project (Ace Starlit) with saleable area of 7.75 lakh square feet (lsf) is at advance stage of completion and has achieved significant bookings of more than 80% of saleable area in its project which has resulted into build-up of sizeable committed receivables. As on Sep 30, 2024, the company has committed receivables of Rs. 210.9 crore, which covers almost 144% of the balance project cost and outstanding debt. Further as on Sep 30, 2024, the company has an unsold inventory for an approximate value of Rs. 200 crore which further adds liquidity buffer. Due to robust demand for residential housing in Noida region, as evidenced by the rise in the project's per square feet (psf) rate to Rs. 15,000/- to 17,000/- from around Rs. 13,000/- during last year, the value of unsold inventory has increased. Also, the project has minimal construction

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

execution risk with 92% of the total project cost already incurred vis-à-vis 81% of the area sold. The project is expected to be complete before the allowed period ending in April 2025.

Healthy sales momentum

As on Sep 30, 2024, the company has booked ~81% of the saleable area of the "Ace Starlit" project. Over the past 12 months ending on Sep 30, 2024, the company sold 22 units with a sales value of Rs. 40.3 crore and collected of Rs. 30.9 crore. As the project stands substantially sold and inventory in the project stood limited as on Sep 30, 2024 with nearby possession date, months to sell the unsold inventory works out at close to around 12 months, reflecting strong market standing of the project and developer. In total the company has sold inventory of Rs. 495.6 crore of which it has received Rs. 284.7 crore and has pending receivable of Rs. 210.8 crore. Also, major portion of the company is sold on construction linked plan in which next payment of 20% is due at construction completion milestone and balance 30% at the time of possession. Currently, 90% of the construction is complete and all receivables are expected to be collected by Q1 FY2026.

Availability of land bank providing future revenue visibility

The company has two land banks for further development with both the land parcels located in Noida and Greater Noida. Of this one land parcel (8.5 acres) is adjacent to Ace Starlit on which the management is planning to launch a high-rise premium residential project in FY2026, which will enhance future revenue and cash flow visibility. Further, the second land parcel is recently acquired in e-auction conducted by from Noida/GNIDA/Yeida Authority. Also, the company has recently commenced construction on commercial lease project which is expected to be completed in next 3-4 years.

High demand for residential housing

The industry's revenues are likely to grow on the back of a continuation in demand for residential housing (specially in premium segment) during the FY25. Moreover, developers are likely to pass on any rise in input costs (if any) through price hike. Moderate to high single-digit growth expected in property prices in FY2025 across these cities.

Experienced promoters with established track record of execution

Incorporated in 2012, Star Landcraft Private Limited (SLPL) is engaged in real estate development in Noida region. SLPL is promoted by Mr. Ajay Kumar and Mr. Pratap Singh Rathi and is headquartered in Noida. The promoters have prior experience of construction & development of various group housing projects, plotting, IT Park, leasing assets. The company belongs to Ace Group, which has a long track record of operations of around 14 years. Since its inception, the group has executed and completed seven residential real estate projects along with few commercial and one leasing project with total saleable area of 124.25 lsf in Noida and Greater Noida.

Key weaknesses

Nascent stage of lease project

The company has recently commenced construction of a commercial leasing project i.e. Ace 129 at Noida Sector 129. The project has potential of more than 6 lakh square feet leasing under commercial and retail. It is under nascent stage of construction with construction period of around 4 years with no revenue generation till construction period and no pre-lease tie-ups till date due to which projection execution risk remains high. However, funding arrangement of the project is already made in the form of bank loans, promoters funds and the surplus funds generated by the Group companies. Debt servicing for the project is planned to be made from surplus funds of Group projects till generation of adequate cash flows.

High cost of borrowing

The loan taken by the company for its project i.e. Ace Starlit from Tata Capital Housing Finance Limited is currently having effective interest rate of 14.70% p.a. However, pricing of the project has outweighed the extra cost and the project is currently sold at a premium with present rate of Rs.15,000/- to 17,000/- psf.

Sizeable unsecured loans and advances to and from Group companies

The promoters support the Group companies to manage liquidity of the projects on a need basis through loans and advances from their own funds or surplus generated from Group companies. As on Mar 31, 2024, the company has outstanding balance of Rs. 230.5 crore from promoters and related corporate bodies. Furthermore, the company has given loans and advances of Rs. 186.9 crore to Group companies and Rs. 20.0 crore to others.

Contingent liability

As on Mar 31, 2024, overall income tax demand on the company is Rs. 93.4 crore which is currently under appeal. The contingent liability is high vis-a-vis tangible network of the company. If the liability arises, it may lead to cash flow mismatch. However, in such a scenario, the promoters are likely to support through unsecured loans and advances or through internal accruals of the company.

Liquidity: Adequate

The liquidity position of the company remains adequate as reflected by comfortable customer collection. As on Sep 30, 2024, the company has committed receivables of Rs. 210.8 crore, which is 144% of the balance residential project cost and outstanding debt as on Sep 30, 2024 that is likely to support the company in repayment of debt and meeting the remaining expenses of the projects. SLPL's principal repayments are yet to start from July 2025, however due to the escrow account adjustments the debt is reduced by ~40.42 crore as on Sep 30, 2024. The company had free cash and bank balance of Rs. 2.10 crore along with escrow account balance of Rs. 15.8 crore as on Sep 30, 2024. Collection momentum is expected to increase as the project is expected to be complete and handed over by Jan 31, 2025. Further lease project is in initial phase of construction and the funding is tied up through promoters fund, bank loans and surplus generated from other projects of the Group.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Incorporated in 2012, Star Landcraft Private Limited (SLPL) belongs to the Ace Group, which has a long track record of operations of around 14 years in the real estate sector in Noida and Greater Noida region. SLPL is promoted by Mr. Ajay Kumar and Mr. Pratap Singh Rathi (both brothers) and is headquartered in Noida. SLPL has one ongoing residential project "Ace Starlit" located in Sector 152, Noida which is a residential project with saleable area of 7.45 lsf along with small commercial complex of 0.30 lsf. Also, the company is undertaking a commercial leasing project "Ace 129" on a commercial land parcel of 8,240 sq mt in Sec 129, Noida with leasable area of more than 6.00 lsf.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	112.82	124.98
PBILDT	18.21	25.00
PAT	-24.52	40.58
Overall gearing (times)	20.63	6.16
Interest coverage (times)	0.25	1.51

A: Audited; 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: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	January 2028	109.58	CARE BBB; Stable

Annexure-2: Rating history for 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	109.58	CARE BBB; Stable	-	1)CARE BBB-; Stable (09-Oct-23)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of 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 complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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