

Newtone Construction Private Limited

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	240.00	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Rating assigned to the bank facilities of Newtone Construction Private Limited (NCPL) continued to remain constrained on account of implementation and saleability risk associated with the on-going project, high geographical concentration of its operations and inherent risks associated with cyclical nature of real estate sector. Rating takes cognisance of the lower than earlier envisaged project progress during FY25 albeit project is envisaged to complete within envisaged time and cost parameter.

Rating, however, derives comfort from experienced promoter group having an established presence in real estate development in Surat (Gujarat), favourable location of the project along with availability of all requisite approvals/ permissions and achievement of financial closure for the entire project debt.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Satisfactory progress of the ongoing real estate project as per scheduled implementation plan of the company.
- Receipt of healthy bookings and collection therefrom resulting in lower than envisaged reliance on external borrowings for project funding.

Negative factors

- Delay in project execution beyond scheduled timeline and/ or cost overrun of more than 20%.
- Lower than envisaged bookings and collection upon launch of the project necessitating support from promoters or higher reliance on external debt.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that NCPL shall benefit from the vast experience of promoters and its established presence in Surat real estate market and favourable location of the ongoing project.

Detailed description of key rating drivers:

Key weaknesses

Implementation risk associated with an on-going project:

NCPL has launched a luxurious residential project "Aashirwad River Home" in December 2022, to be constructed on a land parcel admeasuring 11,032 sq. meter. The total estimated project was ₹483.91 crore, envisaged to be funded through promoter's contribution/ unsecured loans (USL), project term loan and customer advances in the ratio of 34:49:17.

Though the project progress is slower than earlier envisaged level, it is slated to complete by June 2026. As on March 30, 2025, NCPL has incurred total cost of ₹240.02 crore (i.e. 50% of the total estimated project cost), which includes ₹103.79 crore towards civil construction cost (i.e. 43% of the total construction cost), funded by mix of promoter's equity/ USL and project debt. Till March 30, 2025, the promoters have infused its entire envisaged promoter's contribution for the project in form of equity/ USL towards the project. Completion of the on-going project within envisaged cost and time parameters shall remain a key rating monitorable.

Saleability risk associated with an on-going project

The project is to be developed as luxurious residential flats in Surat, Gujarat with total saleable area of 4.38 LSF with configuration of 5BHK and 6BHK aiming high-net worth individuals (HNIs) as its customer base. The project is yet to be launched for sale and considering the project progress, receipt of unit bookings at an envisaged prices and timely collection therefrom shall remain crucial from credit perspective.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Inherent risk associated with cyclical nature of real estate sector

The life cycle of a real estate project is long and the state of economy from land acquisition, construction to actual delivery, has an impact on the project. India's real estate sector is fragmented, with numerous regional players dominating local markets, resulting in fierce industry competition. Sensitivity to macroeconomic cycles and interest rates characterizes the real estate sector. Adverse movement in interest rate affects the real estate players in both ways – by hampering demand as well as increasing the project construction cost.

Key strengths**Experienced promoters in real estate industry**

NCPL is incorporated by Gopal Dokania in February 1991 as a part of Aashirwad Group, Surat, Gujarat having more than 30 years of experience in the Surat real estate. The group has track record of completion of more than 15 real estate projects, and one project is under construction. He is well supported by Mayaben Dokania, who looks after human resources department, Mahendra Rathi, finance and liaison department, and Anupam Mishra, sales and marketing. The firm benefits from the distinct experience of the promoters in real estate market and hence completion and sale of the on-going project looks achievable.

Strategic location of the project

NCPL's on-going project comprises 88 units (5BHK and 6BHK units), situated at Piplod area of Surat, close to the Tapi river viewpoint. Conveniently located near the Airport (6 km) and Railway Station (11 km), as well as malls, schools, colleges, and clubs, ensuring accessibility. The project benefits from the nearby infrastructure development, fostering favourable demand for the on-going project.

Requisite approvals/ permissions are in place

NCPL has obtained all requisite approvals and permissions for commencing project execution, including non-agricultural land approval, building construction approval, height clearance from the Airport Authority of India (AAI), No-objection Certificate from the Fire department regarding project design and drawings, building layout plan approvals, construction permission, and RERA registration.

Liquidity: Stretched

NCPL's liquidity remains stretched as the project is not yet launched for sale and the entire cost incurred till March 30, 2025, has been funded through availing project debt and promoters' funds. Hence, customer advances receivable as a percentage of total outstanding debt and balance construction cost stood nil. Though reliance on customer advances is low at 17%, timely launch of the project and receipt of customer advances remains a key monitorable. As on March 30, 2025, NCPL has availed project debt of ₹54.06 crore, out of the total sanctioned project debt of ₹240 crore which along with the funds infused by the promoter group has been utilized for land acquisition as well as for the construction of the project. Also, promoters have also infused additional short-term loan of ₹20.24 crore as on March 30, 2025.

According to the sanction terms, NCPL shall create a Debt Service Reserve Account (DSRA) of ₹ 20.81 crore gradually, equivalent to three months of debt servicing, providing additional comfort in case of cash flow mismatch. Furthermore, project debt repayment will commence in Q2FY27, after a moratorium period of 32 months.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Rating methodology for Real estate sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

Incorporated in February 1991, Newtone Construction Private Limited (NCPL) is promoted by Mr. Gopal Dokania and is engaged in the construction of residential and commercial complexes. Further, group has completed more than 15 residential and commercial projects in and around Surat and currently there is one ongoing project under the group.

Brief Financials: Not meaningful as project stage entity

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	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term	-	-	-	30/06/2028	240.00	CARE BB; 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 2025-2026	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
1	Term Loan-Long Term	LT	240.00	CARE BB; Stable	-	1)CARE BB; Stable (28-May-24)	-	-

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	Term Loan-Long Term	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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Jignesh Trivedi Assistant Director CARE Ratings Limited Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in</p> <p>Bhaumik Shah Analyst CARE Ratings Limited E-mail: Bhaumik.shah@careedge.in</p>
--	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**