

## Leena Construction Co

November 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	70.00	CARE BB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Leena construction Company (LCC) is constrained on account of partnership constitution of the entity which exposes it to risks associated with capital withdrawal and limited financial flexibility, leveraged capital structure, its significant reliance of customer advances for the ongoing project, high geographical concentration in Thane district real estate market and exposure to inherent cyclical in real-estate industry. The rating, however, derives strength from the satisfactory construction progress and sales velocity in the ongoing project and the extensive experience of partners in the real estate business. The rating also considers the fact that debt has been sanctioned for the ongoing project and major portion of the promoter's share has already been brought in.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Completion of its ongoing real estate projects within envisaged cost and time parameters
- Timely receipt of customer advances along in line with construction pace for its newly launched project i.e. Imperial Residency

#### Negative factors

- Time overrun in execution of on-going projects from scheduled date of completion.
- Cost overrun by more than 20% as against envisaged
- Delay in receipt of advances from booked units or slower than envisaged bookings of unsold units resulting in time and cost overrun.

**Analytical approach:** Standalone

### Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that LCC shall benefit from promoter's vast experience in Thane district i.e. Bhayandar and Mira Road real estate market along with favourable location of the ongoing project.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Significant reliance on customer advances

Project funding is predominantly dependent upon customer advances. Out of total project cost of Rs. 164 crores, the reliance on bank debt and promoter contribution is around 9% and 29% respectively and the remaining 62% is through customer's advances. Thus, as the project is majorly reliant on customer advances, it is necessary for the firm to maintain reasonable collection trend. Further term loan of Rs. 48 crores has been sanctioned for the project. The firm has witnessed satisfactory sales movement and collection trend with total sales of Rs. 107 crores and advance collection of about Rs. 70.78 Crores as on March 31, 2025. Moreover, the firm has total committed receivables of Rs. 36.29 crores from sold units.

#### Leveraged capital structure

The firm's capital structure remained leveraged as reflected from the overall gearing of 1.33x as on March 31, 2025, deteriorated from 0.52x as on March 31, 2024. High gearing level is attributable to increase in total debt to Rs. 61.04 crore (PY: Rs. 30.18 crore) which comprise of term loan of Rs. 37.75 crore, drop line overdraft of Rs. 20.93 crore, vehicle loans of Rs. 1.66 crore and unsecured loans of Rs. 0.70 crore. The firm has availed drop line overdraft (DLOD) facility against the lease arrangement with Trent Limited however the monthly rental is not sufficient to fulfil the decline in the reduction in DLOD limits on a monthly basis. Hence, it relies majorly on inflow from the residential project and promoter infusion. Going forward, the firm's ability to generate sufficient cashflow will remain key monitorable.

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

### Constitution of the entity as a partnership firm

LCC's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency which will affect its capital structure. Moreover, partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

### High concentration in residential market and exposure to inherent cyclicality in real-estate industry

LCC is exposed to concentration risk as its business is significantly dependent on the performance of the real-estate market, primarily in Thane, where its entire ongoing and upcoming projects are located. Being a cyclical industry, real estate depends on macro-economic factors and the firm's dependence on a particular geography further heightens such risk.

### Key strengths

#### Experienced promoters

LCC is promoted by Dilip Porwal and his son Gaurav Porwal. The promoters have over three decades of experience in real estate development specifically in residential sector. Over this time, the group has completed several projects across Mira Road, Bhayandar and Thane, admeasuring over 7 lsf of saleable area.

#### Healthy project execution status of projects

The firm has completed a commercial project namely Leena House. A portion of the commercial space is given on lease to Trent Limited for 180 months with 36 months of lock-in period. Further, it is currently executing a residential project with a total project cost of ~Rs. 164 crores having scheduled completion date of June 30, 2026, in which ~80% of the cost has been already incurred, with approximately Rs. 32 crores of cost to be incurred on the project, the firm sold 63 units for Rs. 107.07 crore against which they have received Rs. 70.78 crore in advance, Rs. 36.29 crore is receivable from the sold inventory and is sufficient to cover the expected costs to complete the project. Land and transferred development right costs have been completely incurred while, approximately 71% of the construction has been incurred. The firm expects to complete the project on time.

#### Liquidity: Adequate

The liquidity profile remained adequate marked by timely infusion of promoter funds, cash accruals of Rs. 3 crores in FY25, free cash and bank balances of Rs. 5.39 crore (as on March 31, 2025) against scheduled debt repayment obligations in the range of Rs. 13.00 crores in FY26. The liquidity is further supported by the satisfactory sales velocity in the ongoing project. The firm has already sold ~50% of its total saleable area and has customer advances of Rs. 70.76 crores as on March 31, 2025.

**Assumptions/Covenants:** Not applicable

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

### Applicable criteria

[Policy on default recognition](#)

[Liquidity analysis of non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Financial ratios non-financial sector](#)

[Real Estate](#)

[Debt Backed by Lease Rentals Discounting](#)

### About the company and industry

#### Industry classification

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

Leena Group is a real estate developer headquartered in Mumbai, founded in 1981. The company undertakes residential and commercial developments across Mira Road, Bhayandar, and Thane. The firm is currently executing a residential project named "Imperial Residency" in Bhayandar West, totalling a saleable area of 1.68 lakh square feet. The project began implementation in October 2019 and is expected to be completed by June 2026. The total estimated cost of the project is Rs.164 crore, which will be financed through a mix of debt, equity, and customer advances in the ratio of 29:09:62. As of March 31, 2025, ~80% of the total project cost has been incurred and 63 units out of the 127 have been sold.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	31.16	18.01
PBILDT	7.28	8.96
PAT	2.21	2.53
Overall gearing (times)	0.52	1.33
Interest coverage (times)	2.14	1.76

A: Audited UA: Unaudited; Note: these are latest available financial results

**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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	21.50	CARE BB-; Stable
Term Loan-Long Term		-	-	30-06-2027	48.50	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	48.50	CARE BB-; Stable				
2	Fund-based - LT-Bank Overdraft	LT	21.50	CARE BB-; Stable				

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-Bank Overdraft	Simple
2	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

### Contact us

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