

## Ecstasy Realty Private Limited

March 21, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	500.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>500.00 (Rs. Five Hundred Crore Only)</b>		
Non Convertible Debentures	250.00	CARE C; ISSUER NOT COOPERATING* (Single C ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Non Convertible Debentures	600.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Long Term Instruments</b>	<b>850.00 (Rs. Eight Hundred Fifty Crore Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. had, vide its press release dated March 23, 2020, placed the rating(s) of Ecstasy Realty Private Limited (ERPL) under the 'issuer non-cooperating' category as ERPL had failed to provide information for monitoring of the rating. ERPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated March 10, 2022, March 08, 2022, February 15, 2022 and February 05, 2022. 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 for the bank facilities and instruments of ERPL are denoted as CARE D/CARE C; 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).**

### Detailed description of the key rating drivers

At the time of last rating on March 22, 2021, the following were the rating strengths and weaknesses (updated for the information available from BSE announcements for listed debts):

#### Key Rating Weaknesses

##### Delays in Debt servicing for the NCD issue

There are ongoing delays in servicing of the NCD issued by ERPL. As per the BSE announcements, the principal repayment due on December 27, 2021 has been delayed. The company has stated that the same shall be paid by March 27, 2022.

##### Sluggishness in sales of Phase-I; albeit expected to improve post receipt of OC

ERPL had earlier envisaged the OC to be received in March 2018 which was however received only in December 2018. Hence the number of flats expected to be sold during FY19 was lower than that envisaged. However after receipt of OC, the sales have gathered momentum and ERPL has been able to sell 8 new flats as comfort for a buyer is much higher for a flat with ready OC available. Currently out of 122 available flats, 79 flats have been sold and the residents have also moved into the apartments.

##### Partial dependency on promoter funds for NCD coupon payment

Due to above postponement of envisaged cashflows, ERPL was totally dependent on promoter support for repayment of the quarterly NCD coupon. There are still delays in the servicing of the NCD issue.

##### Nascent stage of Phase-II of the project thereby exposed to execution risks

For the Phase-II of the project, the land has been acquired and plan has been submitted to authorities for final approval which is expected to be received shortly. Given the nascent stage of construction, with approvals pending, therefore risk exists

<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

pertaining to timely execution of the project. Further, financial closure towards the same is pending and with significant proportion of total cost to be funded through customer advances, funding risk persists.

### Cyclicality in real estate industry

The capital-intensive real estate industry is highly cyclical in nature. Though reforms announced recently in real estate sector have been taken in the right direction, the investor's confidence is yet to pick up. The major challenges pertaining to clearances, land acquisition, project delay, liquidity issues, slow sales and pile up of inventory, are yet to be addressed for complete recovery of the sector. The recent liquidity crisis in NBFCs (non-banking finance companies) and HFCs (housing finance companies) affected the real estate sector, as accessing capital from lenders has become a lot tougher. However, with the improvement in macro-economic conditions in the country, the real estate sector is expected to attain a gradual recovery.

### Key Rating Strengths

#### Experience and track record of the promoters

Mr. Shobhit J. Rajan, the promoter of ERPL, has over 20 years' experience in the construction industry. Mr. Rajan was earlier a Director of Gammon India Limited and was responsible for procurement, resource raising and execution of projects. He has also been the recipient of several industrial accolades. Mr. Rajan is assisted by a team of experienced management team. Over the years, under the leadership of Mr. Rajan, the Raiaskaran Group (RG) has been involved in development of residential and commercial spaces in Mumbai aggregating to 2 million ft<sup>2</sup>.

#### Prime location of the property in Mumbai real estate market

ERPL is currently developing a premium residential tower named "Parthenon" located at J P Road, Versova in Mumbai. Versova is one of the most prime locations in the Western region of Mumbai. This residential tower forms Phase-I of the project. ERPL is also proposing to develop Phase-II which shall be located adjacent to the "Parthenon" building to be comprising of residential flats, commercial complex and a club house. The project is located very close to D.N. Nagar station of Mumbai Metro which provides seamless East-West suburban connectivity. The neighbourhood is also well developed with all the urban amenities in proximity including malls, multiplex, schools, college, restaurants etc. The location is approximately 5 km from Andheri suburban Railway station and about 10-15 km from the Mumbai Domestic & International Airport. Further, the site is well connected by roads through S.V. Road, Western Express Highway and Jogeshwari-Vikhroli Link Road.

#### Liquidity: Poor

The liquidity position of ERPL is under stress due to weak cash accruals vis-à-vis large debt obligations leading to delays in debt servicing.

**Analytical approach:** Standalone

#### Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Real estate sector](#)

[Criteria on Rating Outlook and Credit Watch](#)

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

#### About the Company

Ecstasy Realty Private Limited (ERPL) is a group company of the Mumbai based Raiaskaran Group (RG), which was incorporated in the year 1992. RG, established by Mr. Shobhit Rajan, is into real estate development of commercial and residential spaces. ERPL is developing a residential tower named "Parthenon" (MAHARERA Registration No. P51800008444) located at J P Road, Versova in Mumbai and having total saleable area of 6.35 lakh sqft. This forms Phase-I of the proposed development plan of RG in Versova.

Brief Financials (Rs. crore)	31-03-2019 (A)	31-03-2020 (A)	31-03-2021(A)	9MFY22(UA)
Total operating income	63.07	104.64		
PBILDT	64.42	-25.46		
PAT	-71.96	-136.56	NA	NA
Overall gearing (times)	NM	NM		
Interest coverage (times)	0.62	NM		

A: Audited; UA: Un-Audited; Not Meaningful; NA: Not Available

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**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 for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coup on Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	NA	NA	-	-	500.00	CARE C; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	INE214S07018	March 28, 2018	15%	March 28, 2023	600.00	CARE D; ISSUER NOT COOPERATING*
Debentures-Non Convertible Debentures	Not yet placed	NA	-	-	250.00	CARE C; ISSUER NOT COOPERATING*

NA: Not Applicable

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (27-Mar-19)
2	Fund-based - LT-Term Loan	LT	500.00	CARE C; ISSUER NOT COOPERATING*	-	1)CARE C; ISSUER NOT COOPERATING* (22-Mar-21)	1)CARE C; ISSUER NOT COOPERATING* (23-Mar-20) 2)CARE B; Stable (11-Apr-19) 3)CARE BB+ (CWN); Stable (05-Apr-19)	1)CARE BB+; Stable (27-Mar-19)
3	Debentures-Non Convertible Debentures	LT	600.00	CARE D; ISSUER NOT COOPERATING*	-	1)CARE D; ISSUER NOT COOPERATING* (22-Mar-21)	1)CARE D; ISSUER NOT COOPERATING* (23-Mar-20) 2)CARE D (11-Apr-19) 3)CARE BB+ (CWN); Stable (05-Apr-19)	1)CARE BB+; Stable (27-Mar-19)
4	Debentures-Non Convertible Debentures	LT	250.00	CARE C; ISSUER NOT COOPERATING*	-	1)CARE C; ISSUER NOT COOPERATING* (22-Mar-21)	1)CARE C; ISSUER NOT COOPERATING* (23-Mar-20) 2)CARE B; Stable (11-Apr-19)	-

LT: Long Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities**

Name of the Instrument	Detailed explanation
<b>A. Financial covenants</b>	Not Available
<b>B. Non financial covenants</b>	Not Available

**Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure 5: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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 CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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