Press Release

June 16, 2010

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF ACKRUTI CITY LTD.

Ratings Assigned

Facilities / Instruments	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	876.00 (enhanced from Rs.316 crore)	**'CARE BB+' (Double B Plus)**	Revised from CARE BB [Double B]
Total Facilities	**876.00**		

Rating Rationale

The rating revision takes into account improvement in capital structure upon successful completion of qualified institutional placement (QIP) issue by Ackruti City Limited (ACL), substantial tie-up of funds for projects in hand, improved demand resulting in good response to some of the projects of ACL as indicated by improved Q3FY10 performance on sequential basis.

The rating continues to be constrained by large number of projects undertaken by ACL amidst moderate recovery in real estate sector, huge repayment obligations in short to medium term against the backdrop of poor operational cash flows resulting in refinancing risk for ACL.

The rating also continues to take cognisance of the ACL's highly experienced management with good project execution capability, the company's moderate gearing as on March 31, 2009, access to extensive land banks acquired at low costs and launching of a number of residential projects at lower price points.

Timely execution of the ongoing/proposed projects and achieving the envisaged sales volume by ACL remain the key rating sensitivities.

Company Profile

ACL was incorporated in 1989 by Mr. Hemant Shah and Mr. Vyomesh Shah as a private limited company which was converted into public limited company in 2002. The promoters have about 29 years of experience in executing projects in the real estate sector. Its operations are concentrated in western India with most of its projects executed in Mumbai. Besides Mumbai, ACL has presence in Gujarat and Pune. ACL specialises in schemes of Slum Rehabilitation Authority (SRA) of the Government of Maharashtra (GoM). ACL has developed over seven million square feet area in the past, substantial part of which was under SRA having high margins. Going forward, ACL plans to develop over 40 million square feet of area till FY14 primarily through joint ventures.

[1] *Complete definition of the ratings assigned are available at www.careratings.com*

On a total income of 587 crore, ACL earned a PAT of 270.25 crore in FY09. As per the provisional financial results for 9MFY10, net sales achieved were Rs.311.32 crore as compared to Rs. 534.64 crore for the same period a year ago while PAT was 109.21 crore for 9MFY10 as compared to Rs.382.73 crore for the same period a year ago.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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