Press Release

October 20, 2011

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

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	729.32	**CARE BB (Double B)**	Downgraded from **CARE BBB- (Triple B Minus)**
Total Facilities	**729.32**		

Rating Rationale

The rating revision takes into account the low sales performance, delays in the execution of ongoing projects, absence of new launches in the past ten months despite aggressive development plans and considerable debt repayment obligations in the next two years leading to stressed debt coverage indicators.

The rating is constrained on account of the high debtors and financial guarantees extended to the group concerns. The cyclical nature of the real estate industry further constrains the rating.

The rating continues to derive strength from ACL's highly experienced management with established project execution capabilities, good booking status for some ongoing projects and healthy profit margins inherent in SRA/PPP projects.

The ability of the company to generate adequate cashflows in a timely manner through the fresh launches and sales improvement and through refinancing remains the key rating sensitivities.

Background

Ackruti City Limited (ACL) was incorporated in 1989 by Mr Hemant Shah and Mr Vyomesh Shah as a private limited company and was converted into a public limited company in 2002. ACL specializes in Slum Rehabilitation Authority (SRA) schemes and by May 2011, the group had executed various projects, aggregating over 13.80 million square feet (msf). Currently, the company has plans to develop total saleable area of 62.67 msf (ACL's share would be 34.35 msf), either on a standalone basis or through various associates and JVs. The projects are spread across Mumbai, Thane, Gujarat, Pune and Bangalore with 79% of the total saleable area in Mumbai and Thane.

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

During FY11 (refers to April 1 to March 31), ACL reported the revenue of Rs.714 crore and a PAT of Rs.176 crore on a consolidated basis.

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