Press Release

December 9, 2010

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

Ratings Assigned as inRR

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	1036 (enhanced from Rs.876 crore)	**'CARE BBB-' (Triple B Minus)**	Revised from CARE BB+ [Double B Plus]

Rating Rationale as in RR

The rating revision takes into account improved capital structure as on March 31, 2010 due to qualified institutional placement (QIP) of equity, substantial tie-up of funds for projects in hand and improved liquidity position.

The rating continues to take cognisance of the ACL's highly experienced management with good project execution capability, healthy booking status for some of the ongoing projects and access to extensive land banks primarily in Mumbai which has healthy demand for real estate at attractive price points and had been relatively resilient to decline in property prices in recent past.

However, the rating continues to be constrained by high repayment obligations in short to medium term against the backdrop of moderate operational cash flows, substantial corporate guarantees given to group companies, high competition and inherent cyclical nature of the industry. Besides large number of projects undertaken by ACL amidst moderate recovery in real estate sector is a rating concern.

The ability of the company to manage the execution of the significantly high number of projects and market them in timely manner, so as to manage the cash flows as envisaged, remains the key rating sensitivities.

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

Company Profile

ACL, incorporated in 1989, is engaged in real estate sector, primarily in Slum Rehabilitation Scheme (SRS). 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 has developed over nine million square feet (msf) area in the past, substantial part of which was under SRS having high margins. Going forward, ACL plans to develop over 64 msf of area primarily through joint ventures. On a total income of Rs.513 crore, ACL earned a PAT of 174 crore in FY10. During H1FY11, ACL posted net sales of Rs.207 crore compared for H1FY10 and reported a PAT was Rs.72 crore.

Analyst Contact

Name: Milind Raje

Tel # 022-67543482

Mobile # 9820495390

Email: milind.raje@careratings.com

CARE has 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.

Disclaimer

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra
Managing Director
Cell : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Cell : +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr. P N Sathees Kumar
Exective Vice President – Marketing
Mobile: +91-9820416004
mail:sathees.kumar@careratings.com

Mr.Ankur Sachdeva
Vice President – Marketing (SME)
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

Mr. Vivek Palan
Manager – Banking & Finance
Mobile: +91-98206 06406
E-mail:vivek.palan@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457
Website: www.careratings.com

OFFICES

Mr.Mehul Pandya Regional Manager 32 TITANIUM Prahaladnagar Corporate Road, Satellite, **Ahmedabad - 380 015.** Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com	Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, **Bangalore - 560 025.** Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com
Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, **Chennai 600 002** Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail :Pradeep.kumar@careratings.com	Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar **Hyderabad - 500 029** Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com
Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani **Kolkata - 700 071.** Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com	Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, **New Delhi - 110 001.** Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail :swati.agrawal@careratings.com