

MARCH 15, 2016

CARE REVISES THE RATINGS ASSIGNED TO THE NCDS OF ASHIANA LANDCRAFT REALTY PVT LTD AND ASSIGNS CARE BB (SO) TO ITS BANK FACILITIES

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	175.00	CARE BB (SO) [Double B (Structured obligation)]*	Assigned
Non-convertible Debentures-I	179.99	CARE BB (SO) [Double B (Structured obligation)]*	Revised from CARE BB-[Double B Minus]
Non-convertible Debentures-II	29.01	CARE BB (SO) [Double B (Structured obligation)]*	Revised from CARE BB-[Double B Minus]
Total Facilities	384.00 [Rupees three hundred eighty four crore only]		

* backed by unconditional & irrevocable corporate guarantee of Ashiana Homes Pvt Ltd (AHPL)

Rating Rationale

Since the debt of Ashiana Dwellings Pvt Ltd (ADPL) & Ashiana Landcraft Realty Pvt Ltd (ALR) is guaranteed by AHPL, CARE has combined the profiles of all three entities for its analysis. The revision in ratings for bank facilities and non-convertible debentures of ALR takes into account the strength derived from consolidated group profile. Further, the ratings continue to be constrained by nascent stage of the project leading to execution risk, partial financial closure of debt and slow demand off-take of the project. The rating, however, derives strength from the experienced promoters of ALR with their established track record and recognized brand name in the NCR region. Going forward, the timely execution and saleability of the project along with timely recovery of receipt/advances from the customers would be the key rating sensitivities.

Background

Incorporated in 2012, ALR is a joint development between Ashiana Homes Pvt Ltd (AHPL) and Landcraft Developers Pvt Ltd (LDPL) formed solely for a premium real estate residential project development named 'The Center Court' located at Sector 88A, Gurgaon.

Incorporated in 2005, LDPL is the real estate vertical of Garg group with the presence in Ghaziabad. The company has developed more than 20.04 Isf of area with 3 residential and 1 commercial completed projects in Ghaziabad. Also, the company has 9 ongoing projects in Ghaziabad with a total saleable area of 37.64 Isf with operations spanning across residential & commercial sectors. The company has 15,000 square yards of land bank. Indiareit, the real estate private equity arm of the Piramal group has invested Rs.100 crore and financial services company, India Infoline Ltd. (IIFL) has invested Rs.80 crore in ALR.

Further, its group concern, Ashiana Dwellings Pvt Ltd (ADPL) is an SPV (Special Purpose Vehicle) of Ashiana Homes Pvt Ltd (AHPL), formed solely for the purpose of 'Ashiana Mulberry' project. AHPL hold ~80% stake in the company while remaining 20% by Indiareit; the real estate private equity arm of Piramal Group. Ashiana Mulberry is a residential and commercial project located in Sohna with total saleable area of 8.68 Isf (1ac square feet).

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

About guarantor: Incorporated in 1987, AHPL is a real estate developer with the presence mostly in North India (especially NCR) and has developed more than 55 lsf of area with 8 completed projects.

On a total operating income of Rs.41.07 crore in FY15 (Rs.31.68 crore in FY14), AHPL earned PAT of Rs.2.53 crore (Rs.1.91 crore in FY14).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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