

21 April, 2014

Rationale-cum-Brief Rationale
CARE ASSIGNS 'CARE BB-' TO THE NCD ISSUE OF
ASHIANA LANDCRAFT REALTY PVT LTD

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Non-convertible Debentures 2	29.01	CARE BB- [Double B Minus]	Assigned

Rating Rationale

The rating assigned to the non-convertible debentures of Ashiana Landcraft Realty Pvt Ltd (ALR) is constrained by the nascent stage of the project and high dependence on customer advances for project funding, necessitating a need for timely execution and sales of the project. The rating is further constrained by the pending approvals for 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, reasonable booking status and financial closure achieved for the project. Going forward, the timely execution and saleability of the project and timely recovery of receipt/advances from the customers would be the key rating sensitivities.

Background

Incorporated in 2012, ALR is a joint venture 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, expected to be completed by April 2018 at a total project cost of approximately Rs.738 crore, proposed to be funded through the promoters' contribution of Rs.40 crore, external debt of Rs.180 crore (NCD 1) and customer advances of Rs.518 crore. The promoter's contribution is in the form of Rs.10.99 crore of equity and Rs.29.01 crore of debentures (NCD 2).

LDPL is the real estate vertical of the Garg group with a presence in Ghaziabad. The company has developed more than 20.73 lsf of area with seven residential and one commercial completed project in Ghaziabad till January 31, 2014. Also, the company has seven ongoing projects in Ghaziabad with a total saleable area of 24.20 lsf with operations spanning across residential, commercial, retail and hospitality sectors.

AHPL is a real estate developer with a presence mostly in North India (especially NCR) and has developed more than 28.51 lsf of area with eight completed projects as on January 31, 2014. Also, the company has three ongoing projects with a total saleable area of 29.40 lsf located in UP, Odisha and Jaipur.

Indiareit, the real estate private equity arm of the Piramal group has invested Rs.100 crore and financial services company, India Infoline (IIFL) has invested Rs.80 crore in ALR.

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

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