Ashiana Landcraft Realty Private Limited

June 12, 2019

Ratings

S. No.	Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
1	Long-term Instruments-Optionally fully convertible debentures	10.00 (Rs. Ten crore only)	**CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
2	Long-term Instruments-Non-convertible debentures	29.01 (Rs. Twenty Nine crore and one lakhs only)	**CARE C; Stable; ISSUER NOT COOPERATING* (Single C; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information
3	Long-term Instruments-Non-convertible debentures	81.00 (Rs. Eighty One crore only)	**CARE C; Stable; ISSUER NOT COOPERATING* (Single C; Outlook: Stable; ISSUER NOT COOPERATING*)**	Issuer not cooperating; based on best available information

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Ashiana Landcraft Realty Pvt. Ltd. to monitor the ratings vide e-mail communications dated June 6, 2019, June 4, 2019, May 30, 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Ashiana Landcraft Realty Pvt. Ltd.'s instruments will now be denoted as **CARE C; Stable; ISSUER NOT COOPERATING*/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating takes into account the delays in interest payment on OCD (S. No. 1) of Rs.10cr. Further, the ratings for instruments (S. No. 2 and 3) are constrained by continued tight liquidity position of the company, exposure to project execution risk and subdued industry scenario. However, the ratings continue to derive strength from the experience of the promoters in the real estate industry.

Detailed description of the key rating drivers

At the time of last rating on April 3, 2019, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Recent delays in debt servicing

There were recent delays in servicing of debt obligations on the OCD and bank facilities. The company had delayed the monthly installment due for the month of March 2019 and the interest payment due on OCD on March 31, 2019. This is on the account of tight liquidity position of the company due to slower sales momentum for its ongoing projects.

Project execution risk

The company is developing a residential group housing project in Sector 88-A, Gurgaon. The total estimated cost of the project is Rs. 1038 cr which will be funded through promoter's contribution of Rs. 59.00 cr, debt of Rs. 423 cr and the rest through customer advances. As on Dec 31, 2018, the promoters have brought in Rs 52.6 Cr, Outstanding debt of Rs. 333 cr availed from PNBHFL and the Piramal Group.

As on March 31, 2018, the company has incurred Rs.610 cr out of the total project cost of Rs. 1038 cr that is, ~57% of the total project cost as on Dec 31, 2018 (49% upto March 31, 2018). However, the spending on construction remains low with total expenditure of Rs. 247 cr out of the total Rs. 498 cr on the construction and administration portion, that is, 50% of the total construction and administration cost.

As significant portion of the cost is yet to be incurred; the project is exposed to execution risk.

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

**Issuer did not cooperate; Based on best available information*

Off take risk
Out of total saleable area of the project of 17.24 lsf, For Phase-1 (saleable area of 8.42 lsf), the company has sold 5.45 lsf of area that is ~64% (61% upto Mar 31, 2018) for sale value of Rs 351 Cr till Dec 31, 2018. The sale has remains slow due to the slowdown in the real estate market.
In last 12 months ending Feb 2019, the company has been able to generate collections of Rs. 20 cr.. With significant portion of the project yet to be sold, the company remains exposed to project off-take risk.

Subdued industry scenario
The industry has witnessed muted housing demand during recent past. Further, the impact of Real Estate Regulation Act, 2016 remains to be seen on the developers. It is expected that the developers will have to bring about operational transformation in their business models to comply with RERA requirements.

Liquidity: The liquidity of the company remained tight due to slowdown in the sales and collection momentum. During the 12 months ending February 2019, the company has an average monthly collection of Rs. 1.66 Cr.

Key Rating strengths
Experienced promoters with track record of project execution
The company derives strength from experience of the promoters –Ashiana Homes Pvt ltd (AHPL) and Landcraft Projects Private Limited (LPPL) in the real estate sector. Both the companies have a established track record of executing several real estate projects, including development of township, group housing, commercial complexes, etc. Some of the major completed projects include Ashiana Upvan (Ghaziabad), Ashiana Greens (Ghaziabad), Golf Links Flat (Ghaziabad), Ashiana Palm court (Ghaziabad) etc.

Analytical approach: Standalone

Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios- Non-Financial Sector

About the Company
Incorporated in 2012, ALR is a joint development between Ashiana Homes Pvt Ltd (AHPL) and Landcraft Projects Private Limited (LPPL) formed solely for a premium real estate residential project development named 'The Center Court' located at Sector 88A, Gurgaon. LPPL was incorporated in 2007, and is the real estate vertical of Garg group with the presence in Ghaziabad. The group has developed more than 20.04 lsf of area with residential and commercial projects in Ghaziabad. AHPL was incorporated in 1987, with presence mostly in North India and has developed more than 55 lsf of area with 8 completed projects.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	1.63	1.56
PBILDT	47.82	67.99
PAT	(0.04)	(0.34)
Overall gearing (times)	16.86	22.43
Interest coverage (times)	0.98	0.98

*A: Audited

Status of non-cooperation with previous CRA: ICRA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	March 31, 2014	8%	28/04/2023	29.01	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Optionally Fully Convertible Debenture	March 31, 2014	8%	31/03/2021	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	March 27, 2018	14%	27/03/2021	81.00	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Annexure-2: Rating History of last three years*Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	-	-	1)Withdrawn (01-Apr-19)	1)CARE D (11-May-18) 2)CARE D (05-Apr-18)	1)CARE D (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)	-
2.	Debentures-Non Convertible Debentures	LT	29.01	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE C; Stable (04-Apr-19) 2)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)	-
3.	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (14-Jul-17) 2)CARE BB (SO); Negative (05-May-17)	-
4.	Debentures-Optionally Fully Convertible Debenture	LT	10.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE D (04-Apr-19) 2)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative	1)CARE BB-; Negative (14-Jul-17)	-

						(05-Apr-18)		
5.	Debentures-Non Convertible Debentures	LT	81.00	CARE C; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	1)CARE C; Stable (04-Apr-19) 2)CARE B-; Stable (01-Apr-19)	1)CARE B+; Stable (11-May-18) 2)CARE BB-; Negative (05-Apr-18)	1)CARE BB-; Negative (23-Mar-18) 2)CARE BB-; Negative (19-Feb-18)	-

Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: *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.*

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About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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