

## Ashiana Landcraft Realty Pvt Ltd

May 05, 2017

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	175.00	CARE BB (SO) (Negative) [Double B (Structured obligation); Outlook: Negative]	Reaffirmed
Non-convertible Debentures-I	124.92	CARE BB (SO) (Negative) [Double B (Structured obligation); Outlook: Negative]	Reaffirmed
Non-convertible Debentures-II	29.01	CARE BB (SO) (Negative) [Double B (Structured obligation); Outlook: Negative]	Reaffirmed
<b>Total Facilities</b>	<b>328.93</b> [Rupees three hundred twenty eight crore and ninety three lacs only]		

\* backed by unconditional & irrevocable corporate guarantee of Ashiana Homes Pvt Ltd (AHPL)  
 Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

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 rating assigned to ALR continue to be constrained by nascent stage of the project leading to execution and funding risk coupled with slow demand off-take of the project, although significant progress has been achieved in execution & sale of project 'Royal Lagoon' being developed by AHPL. Further, the rating continues to derive strength from the combined group profile, experienced promoters of ALR with their established track record and recognized brand name in the NCR region.

Going forward, the timely execution and salability of the project along with timely recovery of receipt/advances from the customers would be the key rating sensitivities.

### Outlook: Negative

The outlook is "Negative" on the back of subdued demand in the real estate sector specifically in Gurgaon (Haryana) region which may have a further adverse impact on the collections and future sales of the company. The outlook may be revised to stable with timely pick up in the booking status of the project.

### Detailed description of the key rating drivers

#### Key Rating Weakness

**Project execution risk:** Ashiana group is currently executing 3 projects, namely, Ashiana Mulberry, Royal Lagoon and The Centre Court. Out of combined project cost of Rs.1,573 cr, the company has incurred ~49% of total cost till Dec-16. With major portion of cost yet to be executed, the company remains exposed to execution risk.

**Project funding risk:** Though, debt has been fully tied-up for the ongoing projects, majority of pending cost of Rs.802 cr is to be funded through customer advances. In light of the prevailing subdued demand scenario in the real estate industry, the projects continue to remain exposed to funding risk.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

**Slow demand off-take of project:** The group has recorded bookings for about 43% of total saleable area of 34.92 Isf till Dec-16. Due to overall subdued demand scenario in the industry, there has been slowdown in sales momentum during the year.

### Key Rating Strengths

**Investment from Piramal Group and India Infoline:** Piramal group has invested in ALR through its private equity fund; 'Indiareit Fund Advisors' via 'Domestic Scheme V'. Indiareit has also invested in form of OCDs (optionally convertible debentures) and NCDs (Non-convertible debentures) in ALR's project. Financial services company; India Infoline (IIFL) has also invested in the project in the form of NCDs and OCDs.

**Experienced promoters with established track record of operations:** The company derives strength from experience of the promoters –Ashiana Homes Pvt Ltd (ALR) and Landcraft Developers pvt Ltd (LDPL) in the real estate sector. Both the companies have a cumulative track record of about 34 years of successful completion of several real estate projects. Till March 2016, both the companies have completed 15 real estate projects with the total developed area of 75.04 Lacs square feet (Isf) in the NCR region.

**Analytical Approach:** Combined; Since Ashiana Homes Pvt Ltd (AHPL) has provided the unconditional & irrevocable corporate guarantee for the debt of Ashiana Dwellings Pvt Ltd (ADPL) & Ashiana Landcraft Realty Pvt Ltd (ALR), CARE has combined the profiles of all three entities for its analysis, collectively referred as 'Ashiana group'.

### Applicable Criteria

[CARE's policy on Default recognition](#)

[Financial Ratios](#)

[CARE's criteria on assigning outlook to credit ratings](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

### About the Company

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. 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, ALR's 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 (lac square feet).

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

During FY16 (refers to the period April 1 to March 31), ALR reported a revenue of Rs.0.38 crore (PY: Nil) and a loss of Rs.0.18 cr at PAT level. (PY: PAT of Rs.0.18 crore).

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

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

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

### 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
Fund-based - LT-Term Loan	-	-	July-21	175.00	CARE BB (SO); Negative
Debentures-Non Convertible Debentures	Mar-14	14% p.a.	Mar-19	124.92	CARE BB (SO); Negative
Debentures-Non Convertible Debentures	April-13	14% p.a.	April-23	29.01	CARE BB (SO); Negative

### 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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Debentures-Non Convertible Debentures	LT	124.92	CARE BB (SO); Negative	-	1)CARE BB (SO) (15-Mar-16)	1)CARE BB- (23-Feb-15) 2)CARE BB- (21-Apr-14)	1)CARE BB- (17-Feb-14)
2.	Debentures-Non Convertible Debentures	LT	29.01	CARE BB (SO); Negative	-	1)CARE BB (SO) (15-Mar-16)	1)CARE BB- (23-Feb-15) 2)CARE BB- (21-Apr-14)	-
3.	Fund-based - LT-Term Loan	LT	175.00	CARE BB (SO); Negative	-	1)CARE BB (SO) (15-Mar-16)	-	-

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