Casa Grande Coimbatore LLP

July 17, 2020

Rating

Facilities	Amount (Rs. crore)	Ratings[1]	Rating Action
Long -term Bank Facilities	67.00	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook:Stable; Issuer not cooperating*)	Issuer not cooperating; Revised from CARE BB+; Stable; (Double B Plus; Outlook:Stable); Issuer not cooperating on the basis of best available information
Total Facilities	**67.00 (Rupees Sixty Seven Crore Only)**		

Details of instruments/facilities in Annexure

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated April 02, 2019, placed the rating(s) of Casa Grande Coimbatore LLP (CGC) under the 'Issuer non-cooperating' category as Casa Grande Coimbatore LLP had failed to provide information for monitoring of the rating. Casa Grande Coimbatore LLP continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated April 23, 2020. 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.

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

Detailed description of the key rating drivers

The rating has been revised by taking into account of non-availability of requisite information due to non-cooperation by CGC with CARE's efforts to undertake a review of the outstanding rating as CARE views information availability risk as a key factor in its assessment of credit risk. The rating assigned to bank facilities of Casa Grande Coimbatore LLP (CGC) continues to be constrained by inherent cyclical nature of the real estate industry. The rating also factors in strong promoter group with an established track record, stable operational performance of the firm albeit short track record of operations.

Key Rating Weakness

Inherent cyclical nature of the real estate industry

The firm is exposed to the cyclicality associated with the real estate sector which has direct linkage with the general macroeconomic scenario, interest rates and level of disposable income available with individuals. In case of real estate companies, the profitability is highly dependent on property markets. A high interest rate scenario could discourage the consumers from borrowing to finance the real estate purchases and may depress the real estate market.

Key Rating Strengths

Strong promoter group with an established track record

CGC was established in 2011, as a Special Purpose Vehicle (SPV) by CasaGrand Builder Private Limited (CGBPL), erstwhile Casa Grande Private Limited, to develop residential properties, in Coimbatore, Tamil Nadu. CGBPL was set-up by Mr. M. Arun Kumar and Mr. K R Anerudhan in 2004 to develop villas and apartments in Chennai and Bengaluru. CGC is promoted by Mr. D. Senthil Kumar (Managing Partner of CGC and Director in CGBPL) and Mr. M. Arun Kumar (Managing Partner). Mr. Senthil Kumar has been associated with CGC since its inception. Further, under the leadership of Mr. Arun Kumar, the group Casa Grande has diversified its operations into the allied sectors of real estate like: Interior solutions (Do My Home), Facilities Management (Casa Grande Prop Care), Online property portal (Realty Compass), and Warehousing and industrial parks (Casa Grande Distri Park). CGC in turn benefits from the invariable group support extended by its group associates.

Stable operational performance of the firm albeit short track record of operations

Although the firm's presence in the real estate business is less than a decade, the advantage it derives from its parent company's expertise, financial support and group associates value addition is immense. The firm has reported PAT of Rs. 12.53 Crore on TOI of Rs.86.65 Crore in FY19 as against PAT of 7.59 Crore on TOI of Rs.56.38 Crore in FY18.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*
**Issuer did not cooperate; based on best available information*

Analytical Approach: Standalone
Applicable Criteria
Policy in respect of Non-cooperation by issuer
Criteria on assigning Outlook and credit watch to Credit Ratings
CARE's Policy on Default Recognition
Financial ratios – Non-Financial Sector
Rating Methodology - Real Estate

About the Firm
Established in 2011, Casa Grande Coimbatore LLP (CGC) is a Special Purpose Vehicle (SPV) constituted by the promoters of Casagrand Builder Private Limited (CGBPL), erstwhile Casa Grande Private Limited : CRISIL BBB-/Stable (Reaffirmed) vide PR dated April 03, 2019; (also refers to CRISIL's rating advisory on May 22, 2020) on the basis of analytical approach by combining the business and financial risk profiles of CGBPL and its SPVs and group associates which were given corporate guarantee), to develop residential properties, in Coimbatore, Tamil Nadu. In the 14 years of real estate business, CGBPL has completed its projects in and around Bengaluru, Chennai and Coimbatore.

Brief Financials (Rs. crore)	FY18(A)	FY19(A)
Total operating income	56.38	86.65
PBILDT	15.17	20.84
PAT	7.59	12.53
Overall gearing (times)	54.87	30.83
Interest coverage (times)	5.24	210.72

Status of non-cooperation with previous CRA: NA
Any other information: Not Applicable
Rating History (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
Fund-based - LT-Cash Credit	-	-	-	67.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable; ISSUER NOT COOPERATING* on the basis of best available information

**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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	67.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (02-Apr-19)	-	1)CARE BBB-; Stable (08-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.*

Contact us

Media Contact
Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact
Group Head Name – Nivedita Ghayal
Group Head Contact no.- 040-69000500
Group Head Email ID - nivedita.ghayal@careratings.com

Business Development Contact
Name: Pradeep Kumar
Contact no. : 044-28501001
Email ID : pradeep.kumar@careratings.com

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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