

AUGUST 08, 2014

CARE ASSIGNS 'CARE BBB-' RATING TO THE LONG-TERM BANK FACILITIES OF GEECEE VENTURES LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	65	CARE BBB- (Triple B Minus)	Assigned
Total Facilities	65		

Rating Rationale

The rating assigned to the long-term bank facilities of GeeCee Ventures Ltd (GCVL) factors in the strong track record of the contractors/consultants appointed for the project, prime location of the project, availability of all the approvals required for the execution of the project and significant liquidity available with the company.

The rating is, however, constrained by the promoters' inexperience in real estate development, high execution risk for the project, pending debt tie-up and considerable reliance on customer advances to fund the project.

The ability of the firm to complete the projects as per schedule and garner the required customer advances remains the key rating sensitivity.

Background

GeeCee Ventures Ltd (GCVL, formerly Gwalior Chemical Industries Ltd), flagship company of the GeeCee group, was initially engaged in chemical business (manufacturing unit at Nagda, Madhya Pradesh) catering to both the domestic and international markets. The company is promoted by Mr Ashwin Kumar Kothari and Mr Harisingh Shyamsukha who presently hold the position of chairman and executive director respectively. In September 2009, the company sold its chemical business to Lanxes (India) Pvt Ltd, a subsidiary of German Multinational Lanxes AG for an enterprise value of Rs.550 crore and net proceeds from the sale amounted to Rs.229 crore. Post the sale, the company changed its name to GeeCee Ventures Ltd.

In 2010, the company purchased five windmills in Rajasthan with an aggregate generation capacity of 5.35 MW for Rs.27 crore funded from the proceeds of sale of chemical business. Eventually, the company entered into real estate business by acquiring a land on lease basis from CIDCO at a consideration of Rs.101 crore at Ghansoli, Navi Mumbai. Presently, GCVL is developing a residential-cum-commercial project named "Cloud 36" at Ghansoli, Navi Mumbai. The project, with a saleable area of 3.89 lakh square feet (lsf), comprises largely of residential area of 3.52 lsf and the balance commercial area of 0.37 lsf with expected completion date of March 2017. The project consists of three towers having 36 floors each and 249 flats comprising of 2-BHK flats and 3-BHK flats. The revenue estimated from the project is Rs.420.70 crore with an estimated total project cost of Rs.285.20 crore.

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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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